Draft Letter of Offer
Dated: September 19, 2014
For Eligible Equity Shareholders only

GMR INFRASTRUCTURE LIMITED

GMR Infrastructure Limited (our "**Company**" or the "**Issuer**" or "**GIL**") was incorporated as a public limited company under the name of Varalakshmi Vasavi Power Projects Limited on May 10, 1996 under the Companies Act, 1956. On May 31, 1999, the name of our Company was changed to GMR Vasavi Infrastructure Finance Limited. The name of our Company was further changed to GMR Infrastructure Limited on July 24, 2000. For details of change in our name, see the section "General Information" on page 83.

Registered Office: Skip House, 25/1 Museum Road, Bengaluru 560 025
Corporate Office: IBC Knowledge Park, Phase 2, "D" Block, 11th Floor, 4/1, Bannerghatta Road, Bengaluru 560 029
Contact Person: C. P. Sounderarajan, Company Secretary and Compliance Officer
Tel: (91 80) 4053 4281; **Fax**: (91 80) 2227 9353; **E-mail**: gmrr@gmrgroup.in / csd-group-gmrr@gmrgroup.in; **Website**: www.gmrgroup.in;
Corporate Identity Number: L45203KA1996PLC034805

PROMOTERS OF OUR COMPANY: G. M. RAO AND GMR HOLDINGS PRIVATE LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH OF OUR COMPANY (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) NOT EXCEEDING ₹ 1,500.00 CRORE ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] EQUITY SHARE FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). FOR FURTHER DETAILS, SEE THE SECTION "TERMS OF THE ISSUE" ON PAGE 386.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. **Investors are advised to refer to the section "Risk Factors" on page 21 before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from the BSE and the NSE for listing the Equity Shares to be allotted pursuant to the Issue vide their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is the [●].

LEAD MANAGERS TO THE ISSUE				REGISTRAR TO THE ISSUE
JM Financial Institutional Securities Limited* 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Tel: (91 22) 6630 3030 Fax: (91 22) 6630 3330 E-mail: gmr.rights.2014@jmfl.com Investor Grievance E-mail: grievance.ibd@jmfl.com Website: www.jmfl.com Contact Person: Lakshmi Lakshmanan SEBI Registration Number: INM000010361 CIN: U65192MH1995PLC092522	**Axis Capital Limited** 1st floor, Axis House, C-2 Wadia International Centre P.B. Marg, Worli Mumbai 400 025 Tel: (91 22) 4325 2183 Fax: (91 22) 4325 3000 E-mail: gmrinfra.rights@axiscap.in Investor Grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Prashant Kolhe SEBI Registration Number: INM000012029 CIN: U51900MH2005PLC157853	**ICICI Securities Limited** ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai 400 020. Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 E-mail: gmrinfra.rights@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Ayush Jain / Manvendra Tiwari SEBI Registration Number: INM000011179 CIN: U67120MH1995PLC086241	**SBI Capital Markets Limited** 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Tel: (91 22) 2217 8300 Fax: (91 22) 2218 8332 E-mail: gmr.rights@sbicaps.com Investor Grievance E-mail: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Kavita Tanwani/Nikhil Bhiwapurkar SEBI Registration Number:INM000003531 CIN: U99999MH1986PLC040298	**Karvy Computershare Private Limited** Plot No. 17-24, Vittal Rao Nagar, Madhapur Hyderabad 500 081 Tel: (91 40) 4465 5000 Fax: (91 40) 2343 1551 E-mail: murali.m@karvy.com Investor Grievance Email: einward.ris@karvy.com Website: https://karisma.karvy.com Contact Person: M.Murali Krishna SEBI Registration No.: INR000000221 CIN: U74140TG2003PTC041636

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

**Formerly JM Financial Institutional Securities Private Limited.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

This Draft Letter of Offer uses certain definitions and abbreviations, which unless the context indicates or implies otherwise, have the meanings as provided below. Reference to any legislation, act or regulation shall be to such legislation, act or regulation, as amended from time to time.

Company Related Terms

Term	Description
Our Company / the Company / the Issuer / GIL	GMR Infrastructure Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at Skip House, 25/1 Museum Road, Bengaluru 560 025, Karnataka
we / us / our / our Group	Our Company and its consolidated Subsidiaries, Joint Ventures and Associates including entities controlled through contractual arrangements, except as the context otherwise requires
Alaknanda Power Project	Our 300 MW planned capacity run-of-the-river power facility to be constructed on the Alaknanda River in the Chamoli district in the State of Uttarakhand
Articles / Articles of Association	Articles of association of our Company, as amended from time to time
ATSCL	Aravali Transmission Service Company Limited
Audit Committee	The audit committee of our Board
Auditors	S.R. Batliboi & Associates LLP, Chartered Accountants, statutory auditors of our Company
Bajoli Holi Power Project	Our 180 MW planned capacity run-of-the-river power facility being constructed on the River Ravi in the Chamba district in the state of Himachal Pradesh
Board of Directors / Board	The board of directors of our Company or any duly constituted committee thereof
Cebu Airport	Mactan-Cebu International Airport in the Philippines
Celebi	Celebi Hava Servisi A.S.
Chennai Outer Ring Road Project	Our 29.65 kilometer stretch forming the outer ring road to the city of Chennai
Chennai Power Plant	Our 200 MW gross capacity LSHS-fired power plant in Chennai in the state of Tamil Nadu
Chhattisgarh Power Project / GMR Chhattisgarh	Our 1,370 MW supercritical coal-based power project, consisting of two 685 MW units, under implementation at Raipur in the state of Chhattisgarh
DDFS	Delhi Duty Free Services Private Limited
Delhi Airport	Indira Gandhi International Airport located at Delhi, India

Term	Description
DIAL	Delhi International Airport Private Limited
Directors	The directors of our Company
EMCO	EMCO Energy Limited
Equity Shares	The equity shares of our Company of a face value of ₹ 1 each
Financial Results	Standalone unaudited financial results of our Company and/or consolidated unaudited financial results of our Group (submitted pursuant to the requirement of clause 41 of the Listing Agreement), as the case may be, which were subjected to limited review by Auditors
Financial Statements	Audited standalone and/or audited consolidated financial statements of our Company, as the case may be
GADLIL	GADL International Limited
GAL	GMR Airports Limited
GAL Investors	Macquarie SBI Infrastructure Investments 1 Limited, Standard Chartered Private Equity (Mauritius) III Limited, JM Financial – Old Lane India Corporate Opportunities Fund I Limited, JM Financial Trustee Company Private Limited, JM Financial Products Limited and Build India Capital Advisors LLP
GAPL	GMR Aviation Private Limited
GBHHPL	GMR Bajoli Holi Hydropower Private Limited
GBHPL	GMR (Badrinath) Hydro Power Generation Private Limited
GCCL	GMR Corporate Center Limited
GCEL / GCHEPL	GMR Chhattisgarh Energy Limited
GCORRPL	GMR Chennai Outer Ring Road Private Limited
GCRPL	GMR Coal Resources Pte Limited
GEL	GMR Energy Limited
GEL Investors	Claymore Investments (Mauritius) Pte. Limited, IDFC Limited, IDFC Private Equity Fund III, IDFC Investment Advisors Limited, Ascent Capital Advisors India Private Limited and GKFF Capital
GEMS / PT GEMS	PT Golden Energy Mines Tbk
GEMS Coal Assets	Coal assets held by GEMS in Indonesia
GETL	GMR Energy Trading Limited
GGSPL / GGSPPL	GMR Gujarat Solar Power Private Limited
GHIAL	GMR Hyderabad International Airport Limited
GHPL	GMR Holdings Private Limited, our holding company
GHRL	GMR Hotels and Resorts Limited

Term	Description
GKEL	GMR Kamalanga Energy Limited
GKUAEL	GMR Kishangarh Udaipur Ahmedabad Expressways Limited
GLHPL / GLHPPL	GMR Londa Hydropower Private Limited
GMCAC	GMR Megawide Cebu Airport Corporation, Philippines
GMIAL	GMR Male International Airport Private Limited
GMR Ambala Chandigarh / GACEPL	GMR Ambala Chandigarh Expressways Private Limited
GMR Highways / GMRHL	GMR Highways Limited
GMR Hyderabad Vijaywada / GHVEPL	GMR Hyderabad Vijayawada Expressways Private Limited
GMR Jadcherla / GJEPL	GMR Jadcherla Expressways Limited
GMR Mauritius / GEML	GMR Energy (Mauritius) Limited
GMR OSE Hungund Hospet / GOSEHHHPL	GMR OSE Hungund Hospet Highways Private Limited
GMR Pochanpalli / GPEPL	GMR Pochanpalli Expressways Limited
GMR Renewable	GMR Renewable Energy Limited
GMR Tambaram Tindivanam / GTTAEL	GMR Tambaram-Tindivanam Expressways Limited
GMR Tuni Anakapalli / GTAEL	GMR Tuni-Anakapalli Expressways Limited
Ulundurpet / UEPL	Ulundurpet Expressways Private Limited (name changed from erstwhile GMR Ulundurpet Expressways Private Limited)
GMR Upper Karnali / GUKPL	GMR Upper Karnali Hydropower Limited
GPCL	GMR Power Corporation Limited
GPIL	GMR Power Infra Limited
GPPL	GMR Projects Private Limited
GREL	GMR Rajahmundry Energy Limited
GVPGL	GMR Vemagiri Power Generation Limited
HEG / HEGL	Homeland Energy Group Limited
Himtal Hydro / HHPPL	Himtal Hydro Power Company Private Limited
Hyderabad Airport	Rajiv Gandhi International Airport located at Hyderabad, Telanga India
ISGIA / ISG	Istanbul Sabiha Gökçen Uluslararasi Havalimani Yatirim Yapim Ve İşletme A.Ş.
Istanbul Airport	Istanbul Sabiha Gökçen International Airport located at Istanbul, Turkey

Term	Description
Joint Ventures	Following jointly controlled entities of our Company as on date of the Draft Letter of Offer: TIM Delhi Airport Advertising Private Limited; Wipro Airport IT Services Limited; Delhi Aviation Services Private Limited; Delhi Aviation Fuel Facility Private Limited; Delhi Cargo Service Center Private Limited; Delhi Airport Parking Services Private Limited; Celebi Delhi Cargo Terminal Management India Private Limited; Travel Food Services (Delhi Terminal 3) Private Limited; Devyani Food Street Private Limited; TVS GMR Aviation Logistics Limited; Asia Pacific Flight Training Academy Limited; Laqshya Hyderabad Airport Media Private Limited; RCMEPL; Limak-GMR Adi-Oratakli; AMG Healthcare Destination Private Limited; İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş. (ground handling company); Hyderabad Menzies Aircargo Private Limited; PT GEMS (including its subsidiaries and joint ventures); and GMCAC.
Kakinada Power Plant	Our 235.17 MW gross capacity gas-fired power plant in Kakinada in the state of Andhra Pradesh
Kakinada SIR	Our SIR near Kakinada in the East Godavari district of the state of Andhra Pradesh
Krishnagiri SIR	Our SIR in the Krishnagiri district of the state of Tamil Nadu
KSPL	Kakinada SEZ Private Limited
KTCPL	Karnali Transmission Company Private Limited
LGM Tourism	LGM Havalimani Isletmeleri Ticaret Ve Turizm A.S.
Male Airport	Ibrahim Nasir International Airport located at Malé, Maldives
Memorandum or Memorandum of Association	Memorandum of association of our Company, as amended from time to time
MGAE / MGAECL	MAS-GMR Aerospace Engineering Company Limited
MTCPL	Marsyangdi Transmission Company Private Limited
MTSCL	Maru Transmission Service Company Limited
Niko	Niko (NECO) Limited
OMDA	The operation, management and development agreement in respect of the Delhi Airport, entered into between DIAL and the AAI in April 2006, or any other operation, management and development agreement, as the context requires
Patan Power Plant	Our 25 MW solar power plant at Charanka village in the Patan district of the state of Gujarat
Phase I Kamalanga Power Plant	Our 1,050 MW coal-based power plant, consisting of three 350 MW units, in Dhenkanal district of the state of Odisha
Phase II Kamalanga Power Project	Our 1,050 MW coal-based power project, whose capacity is being sought to be expanded to 1,400 MW by developing fourth 350 MW unit, in Dhenkanal district of the state of Odisha

Term	Description
Preference Shares	Preference shares of our Company of face value of ₹ 1,000 each
Promoter Group	Promoter group of our Company as per the definition provided in Regulation 2(1)(zb) of the SEBI Regulations
Promoters	Promoters of our Company, being G.M. Rao and GHPL
PT BSL / PTBSL	PT Barasentosa Lestari
PT BSL Coalfields	Coal blocks in Indonesia in which PT BSL owns mining rights
PTC	Power Trading Corporation of India Limited
Rajahmundry Power Project	Our 767.56 MW gas-based combined cycle power project under implementation at a site adjacent to the site of our operating Vemagiri Power Plant
Rampia Coal Mine	Our coal blocks located at Sundergarh, in the state of Odisha
RCMEPL	Rampia Coal Mine and Energy Private Limited
Registered Office	The registered office of our Company is located at Skip House, 25/1 Museum Road, Bengaluru 560 025, Karnataka
Series A CCPS	Compulsorily convertible Preference Shares of Series A with a coupon rate of 0.001% per annum, convertible into Equity Shares upon expiry of 17 months from the date of allotment
Series B CCPS	Compulsorily convertible Preference Shares of Series B with a coupon rate of 0.001% per annum, convertible into Equity Shares upon expiry of 18 months from the date of allotment
SJK Power Project	Our 1,320 MW planned capacity coal-based power project in the state of Madhya Pradesh
Subsidiaries	Following subsidiaries of our Company as on date of the Draft Letter of Offer: *Corporate subsidiaries:* Dhruvi Securities Private Limited; GAPL; GCCL; GMR Corporate Affairs Private Limited; and GMR Business Process; and Services Private Limited; *Property subsidiaries:* Asteria Real Estates Private Limited; Larkspur Properties Private Limited; Bougainvillea Properties Private Limited; Advika Properties Private Limited; Aklima Properties Private Limited; Amartya Properties Private Limited; Baruni Properties Private Limited; Camelia Properties Private Limited; Eila Properties Private Limited; Gerbera Properties Private Limited; Lakshmi Priya Properties Private Limited; Honeysuckle Properties Private Limited; Idika Properties Private Limited; Krishnapriya Properties Private Limited; Nadira Properties Private Limited; Prakalpa Properties Private Limited; Purnachandra Properties Private Limited; Shreyadita Properties Private Limited; Sreepa Properties Private Limited; Deepesh Properties Private Limited; Padmapriya Properties Private Limited; Pranesh Properties Private Limited; Radhapriya Properties Private Limited; GMR Hosur Industrial City Private Limited; GMR Hosur EMC Limited; Honeyflower Estates Private Limited; Namitha Real Estates Private Limited; East Godavari Power Distribution Company Private Limited; Suzone Properties Private Limited; and Lilliam Properties Private

Term	Description
	Limited. *Highways subsidiaries:* GMR Highways; GMR Tuni Anakapalli; GMR Tambaram Tindivanam; GMR Ambala Chandigarh; GMR Pochanpalli; GMR Hyderabad Vijayawada; GCORRPL; GMR OSE Hungund Hospet; GMR Highways Projects Private Limited; and GKUAEL; *Airport subsidiaries:* GAL; DDFS; GMR Airports (Malta) Limited; GMR Airport (Global) Limited; GMR Airports (Mauritius) Limited; GMIAL; and GMR Malé Retail Private Limited; *Delhi Airport subsidiaries:* DIAL; and Delhi Aerotropolis Private Limited; *Hyderabad Airport subsidiaries:* GHIAL; Gateways for India Airports Private Limited; GMR Hyderabad Aerotropolis Limited; GMR Hyderabad Airport Resource Management Limited; GMR Hyderabad Aviation SEZ Limited; GMR Hyderabad Multiproduct SEZ Limited; Hyderabad Airport Security Services Limited; GHRL; Hyderabad Duty Free Retail Limited; GMR Airport Handling Services Company Limited; GMR Hyderabad Airport Power Distribution Limited; GMR Airport Developers Limited; GADLIL; GADL (Mauritius) Limited; MGAE; and MAS GMR Aerotechnic Limited. *Energy subsidiaries:* GEL; GPCL; GVPGL; GBHPL; GMR Mining and Energy Private Limited; GKEL; GETL; GMR Consulting Services Private Limited; Himtal Hydro; GMR Upper Karnali; GMR Mauritius; GMR Lion Energy Limited; GMR Energy (Cyprus) Limited; GMR Coastal Energy Private Limited; GMR Energy (Netherlands) BV; GBHHPL; GLHPL; GCEL; GMR Kakinada Energy Private Limited; PT Dwikarya Sejati Utama; PT Duta Sarana Internusa; PT BSL; EMCO; GREL; SJK Powergen Limited; PT Unsoco; KTCPL; MTCPL; GMR Maharashtra Energy Limited; GMR Bundelkhand Energy Private Limited; GMR Uttar Pradesh Energy Private Limited; GMR Hosur Energy Limited; GGSPL; GMR Indo-Nepal Energy Links Limited; GMR Indo-Nepal Power Corridors Limited; ATSCL; MTSCL; GMR Renewable; GPIL; GMR Coal Resources Pte. Ltd; HEG; and Homeland Energy Corp.; *SIR subsidiaries*: GMR Krishnagiri SEZ Limited; GMR SEZ & Port Holdings Private Limited; and KSPL; *International subsidiaries*: GMR Infrastructure (Mauritius) Limited; GMR Infrastructure (UK) Limited; GMR Infrastructure (Singapore) PTE Limited; GMR Infrastructure (Cyprus) Limited; GMR Infrastructure (Global) Limited; GMR Energy (Global) Limited; GMR Infrastructure Overseas Limited; GMR Infrastructure Overseas (Malta) Limited; GMR Energy Projects (Mauritius) Limited; and GMR Infrastructure (Overseas) Limited
Talong Power Project	Our 225 MW planned capacity run of the river power facility to be constructed in the East Kameng district of the state of Arunachal Pradesh
Upper Karnali Power Project	Our 900 MW planned capacity run of the river power facility to be constructed on the Upper Karnali river in Nepal on a build-operate-own-transfer basis

Term	Description
Upper Marsyangdi-2 Power Project	Our 600 MW planned capacity run of the river power facility to be constructed on the Upper Marsyangdi river in Nepal
Vemagiri Power Plant	Our 387.63 MW gross capacity gas fired power plant in Vemagiri in the state of Andhra Pradesh
Warora Power Plant	Our 600 MW coal fired power plant, consisting of two 300 MW units each, at Warora Taluka in the Chandrapur district of the state of Maharashtra

Issue Related Terms

Term	Description
Abridged Letter of Offer / ALOF	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI Regulations and the Companies Act
Allot / Allotment / Allotted	Allotment of Equity Shares pursuant to the Issue
Allotment Date	Date on which the Allotment is made
Allottee(s)	Person(s) who is Allotted Equity Shares pursuant to the Allotment
Applicant	Eligible Equity Shareholder(s) and/or Renouncees who make an application for the Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Applicant
Application Money	Aggregate amount payable in respect of the Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount / ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the application amount in a specified bank account maintained with the SCSB
ASBA Account	Account maintained with the SCSB and specified in the CAF by the Applicant for blocking the amount mentioned in the CAF
ASBA Applicant / ASBA Investor	Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and who: 1. are holding the Equity Shares of our Company in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Equity Shares in dematerialized form; 2. have not renounced their Rights Entitlements in full or in part; 3. are not Renouncees; and 4. are applying through blocking of funds in a bank account maintained with the SCSBs.
Bankers to the Issue / Escrow Collection Banks	[●]
CAF	Form used by an Investor to make an application for the Allotment of

Term	Description
	Equity Shares in the Issue
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Stock Exchange	[●]
Draft Letter of Offer / DLOF	Draft letter of offer dated September 19, 2014 issued by our Company in accordance with the SEBI Regulations and filed with SEBI for its observations
Eligible Equity Shareholder(s)	Holder(s) of the Equity Shares of our Company on the Record Date
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, i.e. [●] and the Renouncee(s)
Issue / the Issue / this Issue	Issue of up to [●] Equity Shares for cash at a price of ₹ [●] (including a premium of ₹ [●] per Equity Share) not exceeding ₹ 1,500.00 crore on a rights basis to Eligible Equity Shareholders in the ratio of [●] Equity Share for every [●] fully paid-up Equity Shares held on the Record Date
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●] per Equity Share
Issue Proceeds	Gross proceeds of the Issue
Issue Size	Amount up to ₹ [●] crore
Lead Managers	JM Financial Institutional Securities Limited, Axis Capital Limited, ICICI Securities Limited and SBI Capital Markets Limited
Letter of Offer / LOF	Final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from SEBI on this Draft Letter of Offer
Listing Agreement	Listing agreements entered into between our Company and the Stock Exchanges
Monitoring Agency	[●]
Net Proceeds	Issue Proceeds less the Issue related expenses. For details, see the section "Objects of the Issue" on page 95
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process

Term	Description
Non-Institutional Investors	Investor, including any company or body corporate, other than a Retail Individual Investor and a QIB
Qualified Institutional Buyers / QIBs	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Record Date	[●]
Registered Foreign Portfolio Investors / Foreign Portfolio Investors / Registered FPIs / FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Registrar to the Issue / Registrar	Karvy Computershare Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from Eligible Equity Shareholders
Retail Individual Investor	Individual Investors who have applied for Equity Shares for a cumulative amount of not more than ₹ 2,00,000 (including HUFs applying through their karta) through one or more applications
Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date
SAF(s)	Split Application Form(s) which is an application form used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncee(s)
SCSB(s)	Self certified syndicate bank registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE
Working Days	Any day, other than Saturdays and Sundays, on which commercial banks in Bengaluru or Mumbai are open for business, provided however, for the purpose of the time period between the Issue Closing Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days excluding Sundays and bank holidays in Bengaluru or Mumbai in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

Conventional and General Terms or Abbreviations

Term	Description
₹ / Rs. / INR / Rupees	Indian Rupees
AAI	Airports Authority of India
ACI	Airports Council International
AERA	India's Airports Economic Regulatory Authority

Term	Description
AERA Act	Airports Economic Regulatory Authority of India Act, 2008
AERA Tariff Guidelines	AERA (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011
AERAAT	Airports Economic Regulatory Authority Appellate Tribunal
AGM	Annual general meeting
AP Transco	Transmission Corporation of Andhra Pradesh Limited
APCPDCL	Central Power Distribution Company of Andhra Pradesh Limited
APEDCL	Eastern Power Distribution Company of Andhra Pradesh Limited
APNPDCL	Northern Power Distribution Company of Andhra Pradesh Limited
APSPDCL	Southern Power Distribution Company of Andhra Pradesh Limited
APTEL	Appellate Tribunal for Electricity
AS	Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the MCA
BP	BP Exploration (Alpha) Limited
BSE	BSE Limited
Calendar Year	Year ending on December 31 of each year
CCI	Competition Commission of India
CCPS	Compulsorily convertible preference shares
CDM	Clean Development Mechanism
CDSL	Central Depository Services (India) Limited
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CERs	Certified Emission Reductions
CIL	Coal India Limited
CIN	Corporate Identity Number
Companies Act	The Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections) and the rules made thereunder
Companies Act, 2013	The Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, and the rules made thereunder
Competition Act	The Competition Act, 2002

Term	Description
Crore	10 million
CSPTCO	Chhattisgarh State Power Trading Company Limited
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
Discoms	Electricity distribution companies
DP ID	Depository participant identity
DTA	Deferred Tax Asset
Electricity Act	The Electricity Act, 2003
EOM	Emphasis of matter
EPC	Engineering, procurement and construction
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII Regulations	The Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FIIs	Foreign institutional investors as defined under the SEBI FPI Regulations
Financial closure	With respect to a project, that all necessary funding has been secured and ready to be disbursed for such project. Upon financial closure the relevant project moves from the development stage to the implementation stage
Financial Year or Fiscal Year or Fiscal	Period of 12 months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations. Any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration is deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the FII Regulations
FSA	Fuel supply agreement
GAAP	Generally accepted accounting principles
GAIL	GAIL (India) Limited

Term	Description
Government	Governments in India, central or state, as applicable
GRIDCO	Grid Corporation of Orissa Limited
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IND AS	Indian accounting standards converged with IFRS, which has been proposed for implementation by the ICAI
Indian GAAP	GAAP in India
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority
kV	Kilovolts
kwh	Kilowatt-hours
Land Acquisition Act, 2013	Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013
LSHS	Low sulphur heavy stock
Ltd	Limited
MACL	Maldives Airport Company Limited
MAHB	Malaysian Airports Holdings Berhad
MAS	Malaysian Aerospace Engineering Sdn Bhd.
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government
MOC	Ministry of Coal, Government
MOCA	Ministry of Civil Aviation, Government
MoEF	Ministry of Environment and Forests, Government
MoF	Ministry of Finance, Government
MoFT	Ministry of Finance and Treasury, the Government of the Republic of Maldives
MoPNG	Ministry of Petroleum and Natural Gas, Government
MRO facility	A maintenance, repair and overhaul facility

Term	Description
MSEDCL	Maharashtra State Electricity Distribution Company Limited
MTPA	Million tons per annum
MW	Megawatt
NEA	Nepal Electricity Authority, Government of Nepal
NEFT	National Electronic Fund Transfer
Net worth	Net worth comprises equity share capital and reserves and surplus and is adjusted for miscellaneous expenditure to the extent not written off
NHAI	National Highways Authority of India
Non-Resident or NR	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
Notified Sections	Sections of the Companies Act, 2013 that have been notified by the Government
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Issue
P.a.	Per annum
PAN	Permanent Account Number allotted under the I.T. Act
PGCIL	Power Grid Corporation of India Limited
PPA	Power purchase agreement
QFI	Qualified financial investor as defined under the SEBI FPI Regulations
RBI	Reserve Bank of India
Re.	One Indian Rupee
Reliance	Reliance Industries Limited
RES	Renewable energy sources
RTGS	Real Time Gross Settlement
SBU	Strategic Business Unit

Term	Description
SEBI	The Securities and Exchange Board of India established under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBs	State Electricity Boards
SEC	The U.S. Securities Exchange Commission
Securities Act	The United States Securities Act of 1933
SERC	State Electricity Regulatory Commission
SEZ	Special economic zone, which is an area that is subject to certain tax benefits and, in particular, is a duty-free, license-free, entrepreneurial-friendly and environmentally-conducive enclave that is primarily directed towards export-oriented activities
SIR	Special investment region
Stock Exchanges	The BSE and the NSE
STT	Securities Transaction Tax
Supreme Court	The Supreme Court of India
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TANGEDCO	Tamil Nadu Generation and Distribution Corporation Limited
TNEB	Tamil Nadu Electricity Board
TNERC	Tamil Nadu Electricity Regulatory Commission
U.S.	United States of America
UNFCCC	United Nations Framework Convention on Climate Change

Industry related terms

Term	Description
ADF	Airport development fee customarily collected by DIAL from passengers departing from Delhi Airport, respectively
Annuity road project	A highway project in which the developer receives periodic payments on a yearly or six-monthly basis commencing from COD from the Government or NHIA (generally for a period ranging between 15 years to 17.5 years). In this system, the Government or NHAI collects tolls and the developer's returns are independent of traffic volumes or toll rates

Term	Description
ATM	Air traffic movement (measured as the aggregate number of flights to land and take-off at a specified airport in a given period)
BOP / Balance of Plant	With respect to a power plant, the remaining systems, components, and structures that comprise a complete power plant or energy system that are not included in the prime mover and waste heat recovery systems (i.e. the boiler, boiler auxiliaries, turbine and turbine auxiliaries). Balance of Plant typically includes, among other things, the cooling tower, water generation plant, fuel oil system and coal handling systems located on a power plant
BOT	With respect to a project, a contract to build, operate and transfer the ownership and/or operations of such project to a third party upon the occurrence of a specified date or event
Busbar	With respect to a power plant, an electrical conductor that makes a common connection between several circuits and is the first point at a power plant from which power generated at such plant is received and transmitted externally
COD	With respect to a project, the commercial operation date of such project, being the date that such project commences commercial operations
Development	With respect to a project, that such project is in the initial planning and land acquisition stage and that such project has not yet achieved financial closure
DTA Zone	A domestic tariff area, which is an area within India that is adjacent to but outside an SEZ
Greenfield	With respect to a project, a not-already-existing project that we have developed from the land acquisition stage through to design, development and operation
Implementation	With respect to a project, that such project has achieved financial closure
JORC Code	The reporting guidelines of the 2004 Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy
Toll road project	Project in which the developer recovers its costs and earns its revenues by collecting tolls on the relevant highway. The developer takes the risk of traffic volume and toll rates and returns are linked to the collections

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for its observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to Equity Shares. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Financial Data

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from our Company's Financial Statements as at and for the Financial Year ended March 31, 2014. Our Company's Financial Year commences on April 1 and ends on March 31 of the following Calendar Year. The Financial Statements as at and for the Financial Year ended March 31, 2014 and Financial Results for the three months period ended June 30, 2014 as submitted to the Stock Exchanges in terms of Clause 41 of the Listing Agreements, have been included in the sections "Financial Statements" and "Interim Financial Results" on pages 149 and 326.

Our Company prepared its Financial Statements as at and for the Financial Year ended March 31, 2014 in accordance with the Indian GAAP, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs and other applicable statutory and / or regulatory requirements, which differ in certain respects from GAAP in other countries. Indian GAAP differs in certain significant respects from IFRS**.** Our Company publishes its Financial Statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

All numerical and financial information as set out and presented in this Draft Letter of Offer for the sake of consistency and convenience have been rounded off to two decimal places. In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in crore and lakh.

Currency of Presentation

All references to 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India and any reference to

'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America.

Please note:

One million is equal to 10,00,000 / 10 lakh;

One crore is equal to 10 million / 100 lakh; and

One lakh is equal to 1,00,000.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- Our inability to raise the necessary funding for our capital expenditures, including for the development of our projects;
- Unavailability of fuel for our power plants;
- Reliance on government entities for a large portion of our revenues;
- Inability to collect amount invoiced for services provided under the airport segment;
- Limited history in constructing, developing or managing hydroelectric and coal based power plants, transmission projects and coal mining blocks;
- Changing laws, rules, regulations, government policies and legal uncertainties, including adverse application of tax laws and regulations;
- Changes in other countries' laws, rules and regulation, government policies or formation of new laws, rules, regulations and government policies including any change in their interpretation;
- Limited flexibility in managing our operations due to regulatory environment in which we operate;
- Inability to enter into or renew certain of our revenue generating and other commercial agreements on terms that are acceptable to us, or at all;
- Tariff regulations being subject to regulatory scrutiny and being determined based on policies formulated by the Government and/or the relevant regulatory authority;
- Inability to manage the risk arising out of our expansion into new geographic areas, including expanding our operations and making new investments overseas, poses various risks associated with changes in political, economic, regulatory, law;
- Foreign exchange rates, equity prices or other rates or prices; and
- General economic and business conditions in India.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections "Risk Factors" and "Our Business" on page 21 and page 119 respectively. The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II: RISK FACTORS

Prospective investors should carefully consider the risk factors described below together with all other information contained in this Draft Letter of Offer before making any investment decision relating to the Equity Shares. These risks and uncertainties are not the only issues that we face. These risks and uncertainties and additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may have an adverse effect on our business, results of operations, financial condition, cashflows, or prospects and cause the market price of the Equity Shares to fall significantly and you to lose all or part of your investment in the Equity Shares. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and that our Company is subject to a legal and regulatory environment which may differ in certain respects from other countries.

Risks associated with our businesses

1. We have in the past not been, and continue not to be, compliant with certain financial and other covenants, in relation to certain loan agreements, which have resulted and potentially could result in an event of default under the respective loan agreements and cross-defaults under other instruments, thereby accelerating our obligations under our debt facilities.

We enter into loan agreements, with various lenders for the financing of our projects and other purposes, which require us to comply with certain financial as well as non-financial covenants and to provide certain guarantees, during the currency of the respective loans. In respect of most of these loan agreements, in case of an event of default, the lenders have the right to, inter alia, declare all amounts outstanding with respect to that loan immediately due and payable (subject to the expiry of any applicable cure periods), exercise their rights pursuant to cross-default and cross-acceleration provisions under such loan agreements, guarantees or instruments and enforce their security created in their favour.

Any acceleration, cross acceleration, enforcement of security and/or guarantee, trigger of a cross-default or declaration of a cross-default under the financing agreements entered into by our Company or any of our Subsidiaries or Joint Ventures may not only have a material adverse effect on our business, prospects, cashflows and financial condition but also lead to the cessation of our business as a going concern.

As of March 31, 2014 our borrowings (aggregate of long-term borrowings, short-term borrowings and current maturities of long-term borrowings) were ₹ 45,040.73 crore.

There have been, in the past, breaches of covenants under the loan agreements of our Subsidiaries, including breaches of financial covenants and certain other projected revenue requirements under such financing agreements, which may have resulted in an event of default under the financing agreements and a cross-default under other loan agreements. Additionally, we are currently not in compliance with some of the financial and non-financial covenants (including covenants relating to creation of security) under the loan agreements of our Company and certain of our Subsidiaries which in some cases has resulted in, and may result in, a notice of default and acceleration being served on us. Such actions by the lender shall and may continue to in the future cause a material adverse effect on our business, prospects and financial condition.

For instance:

- GMIAL availed itself of a secured foreign currency loan, of which ₹ 967.84 crore was outstanding as on March 31, 2014. The loan itself was repayable in half yearly instalments commencing from June 2015. The loan was availed for the purpose of developing the Male Airport. Pursuant to the termination of the contract for the development of the Male Airport, and its subsequent takeover by MACL/GoM, the bank served upon us a notice of event of default on December 7, 2012 and called for an accelerated repayment of the principal and interest. The bank on March 6, 2013 agreed that the said loan would not be payable until March 6, 2014. Subsequently, (in light of the pending Male Airport arbitration proceedings for which GMIAL recently received a part final award in its favour, however, the award relating to the compensation and damages is awaited), the due date for the repayment of the said loan was extended on March 3, 2014 until December 6, 2014. (For details in relation to the Male Airport arbitration proceedings, see the sections "— Our expansion into new geographic areas, including expanding our operations and making new investments overseas, poses various risks associated with changes in political, economic, regulatory, law amongst various other risks associated with doing business", "Material Developments – Recent Developments" and "Outstanding Litigation and Defaults" on pages 43, 322 and 358.) We cannot assure you that we shall continue to receive any extensions from the lenders in relation to the repayment of the accelerated loan facilities. In addition, GIL has entered into a sponsor support agreement with the lenders for this loan. In the event GMIAL is unable to service the loan repayments, GIL may be called upon to make these payments. As of the date of the Draft Letter of Offer the lenders have made no demands on GIL under the sponsor support agreement.

- Under a facility agreement entered into by our subsidiary EMCO with certain lenders dated March 25, 2010, EMCO was required to comply with certain financial covenants (including maintenance of a minimum fixed asset cover and debt service coverage ratio specified in the agreement), which were to be tested for the first time for the Financial Year ended March 31, 2013 and subsequently on a yearly basis. For the period ending March 31, 2013 and March 31, 2014, we were not in compliance with the specified financial covenants, which would amount to an event of default under the agreement and, consequently, a cross default under our other loan documents. We have on March 24, 2014 availed of additional rupee financing from some of the lenders that were party to the 2010 facility agreement. Pursuant to the terms of the additional facility agreement, we have also rescheduled the commercial operations date of the power project and accordingly rescheduled the repayment schedule. We have subsequent to the execution of the additional facility agreement, requested all the requisite lenders to extend the timeline for testing of the financial covenants, however, we have not received any confirmation on the deferment of the timeline for testing of the financial covenants. There can be no assurance that even after the extension of the repayment schedule and deferment of timelines for testing of financial covenants, the non-compliances and events of default will be waived.

There is no assurance that we shall not be in breach of any covenants in the future under our current or future financing agreements and that such breach will not cause a material adverse effect on our business, prospects and financial condition or cause the cessation of our business as a going concern. While the lenders may not have declared an event of default under any of our financing agreements where there have been defaults (irrespective of their knowledge of such defaults) and though we continue to service our debts on their respective due dates, we cannot assure you that the lenders will not seek to enforce their rights in respect of any past, present or future breaches or that we will be able to obtain any waivers from any or all lenders. In the absence of waivers for any non-compliance of the covenants, irrespective of payments of any penalties by us, we may continue to be in default of the covenants and our lenders have the right to accelerate payment of all amounts outstanding under the relevant loan agreements and declare such amounts immediately due and payable together with accrued and unpaid interest. Any such action by our lenders to declare us in default may trigger cross-default and cross-acceleration clauses under other loan agreements, including loan agreements of our Company, and would have a material adverse effect on our business, prospects, cashflows, financial condition and results of operations.

While certain of our lenders have granted waivers or agreed to amend the loan documents in relation to the defaults and breaches thereunder, our discussions with other lenders are ongoing. There can be no assurance that all our lenders will agree to waivers or amendments on acceptable terms and the timelines for obtaining any such waivers or amendments are uncertain. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. If the obligations under any of our financing documents are accelerated it may also result in a decline in the trading price of the Equity Shares and you may lose all or part of your investment. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay our debts as they fall due.

Further, we cannot assure you that our assets or cash flow would be sufficient to fully pay interest payments due or repay borrowings under our outstanding debt facilities, either upon maturity or if accelerated upon an event of default, or that we would be able to refinance or restructure the payments on those debt facilities. Further, most of the financing arrangements entered into by us are secured by movable (including investments, non-disposal of shares of our Subsidiaries and Joint Ventures), immovable or intangible assets, whether existing or future. If we are unable to repay, refinance or restructure the indebtedness of our Company or that of our Subsidiaries and Joint Ventures, which own or operate our properties, the lenders under those debt facilities could proceed against the collateral securing that indebtedness which constitutes substantially all of the assets and shares of our Company or those of our Subsidiaries, Joint Ventures and other investments. In that event, proceeds received upon realisation of the collateral would be applied first towards amounts due under those debt instruments. The value of the collateral may not be sufficient to repay all of our indebtedness, which could result in the loss of your investment as a shareholder.

2. ***Our Company has given guarantees in relation to certain debt facilities provided to our Subsidiaries, Joint Ventures and associates, which, if called upon, may materially and adversely affect our business, results of operations, cash flows and financial condition.***

Our Company has given certain corporate guarantees in favour of companies of our Group in relation to certain liabilities including debt facilities availed by them. The aggregate corporate guarantees outstanding as of March 31, 2014 was ₹ 15,566.28 crore. In the event these guarantees are enforced, our business, prospects, results of operations, cash flow and financial condition may be adversely affected. Additionally, in the event that any of the guarantees provided by us is revoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our business, prospects, results of operations, cashflows and financial condition.

3. ***We require additional capital or funding for our planned and future projects or other operational needs, which may have to be met by debt or equity financing. Such debt or equity financing may subject our Subsidiaries and Joint Ventures to certain restrictions as well as obligate our Subsidiaries and Joint Ventures to grant security over future revenue streams. If we are unable to obtain such financing on acceptable terms, our growth plans or one or more of our projects may be adversely affected.***

As a developer of infrastructure projects, we have high levels of debt and require, and will continue to require, substantial capital expenditure and consequently will continue to have substantial debt and debt service obligations for completing our projects, funding initial operating activities, making debt service payments and funding anticipated expansion of our operations. Such levels of debt depend on a number of factors, including whether our projects are completed within budget and the time period, commencement of revenue generating operations at our projects post its completion, any further investments and/or acquisitions we may make, and the amount of cash flow from our operations. Our debt financing is primarily incurred for the purpose of funding the costs associated with the development of our large capital intensive projects and are secured against the assets and receivables of the project company. As of March 31, 2014, we had total borrowings (consisting of long-term borrowings, short-term borrowings and current maturity of long-term borrowings) of ₹ 45,040.73 crore and our consolidated net worth (consisting of issued, subscribed and fully paid up equity share capital, reserves and surplus, and minority interest) was ₹ 8,493.06 crore. Further, as of March 31, 2014 we had issued, subscribed and fully paid up CCPS of ₹ 1,136.67 crore (consisting Series A CCPS and Series B CCPS) and preference shares issued by Subsidiaries of ₹ 1,155.60 crore. A substantial portion of our indebtedness is secured by charges over immovable and movable properties and other collaterals (including non-disposal of our Equity Shares and shares of our Subsidiaries and Joint Ventures), receivables, bank accounts, and pledges of our Equity Shares and equity shares of our Subsidiaries and Joint Ventures.

As of March 31, 2014, our total secured borrowings (consisting of secured long-term borrowings, secured short-term borrowings and secured current maturity of long-term borrowings) was ₹ 43,170.59 crore.

Additionally, as of March 31, 2014, we had unsecured borrowings (consisting of unsecured long-term borrowings, unsecured short-term borrowings and unsecured current maturity of long-term borrowings) amounting to ₹ 1,870.14 crore.

Our significant indebtedness could have consequences. For example, it could:

(a) increase our vulnerability to general adverse economic and industry conditions;

(b) impair our ability to obtain additional financing in the future for working capital needs, capital expenditures, acquisitions or general corporate purposes;

(c) require us to dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds available to us for our operations;

(d) grant our lenders certain rights to determine how we operate our relevant businesses;

(e) limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

(f) subject us to higher interest expense in the event of increases in interest rates to the extent a portion of our debt will bear interest at variable rates;

(g) cause us to incur additional expenses by hedging interest rate exposures of our debt and exposure to hedging counterparties' failure to pay under such hedging arrangements, which would reduce the funds available to us for our operations;

(h) in the event we were to default, result in the loss of all or a substantial portion of our and our Subsidiaries' assets, over which our lenders have taken or will take security;

(i) require us to divest one or more of our projects; and

(j) in the event of a default on a particular loan, trigger cross-defaults on other loans.

Indeed, we and some of our Subsidiaries are subject to restrictions under existing loans with banks. Such restrictions limit us and our Subsidiaries' ability to carry out certain actions without the consents of the relevant local bank, including (but not limited to):

(a) carrying out reorganisations;

(b) carrying out mergers and acquisitions;

(c) selling or transferring material assets;

(d) declaring dividends above a certain percentage or at all;

(e) incorporating new subsidiaries;

(f) changing share capital structures;

(g) creation of security or charge over existing and future assets; and

(h) providing any form of guarantee.

We have so far been able to arrange for debt financing on acceptable terms for the construction of our assets. We cannot assure you that market conditions and other factors will permit future project and acquisition financings on terms acceptable to us, or that we will have sufficient unencumbered assets to grant to our lenders as collateral for any loans that they may grant to us.

Adverse developments in the credit markets, globally or in India, or a reduced perception of our creditworthiness could increase our debt service costs and the overall cost of our funds. Furthermore, our ability to obtain required capital on acceptable terms and the costs of such capital are subject to a variety of uncertainties, including:

(a) limitations on our ability to incur additional debt, including, as a result of prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of further debt in our existing and anticipated credit facilities;

(b) limitations on our ability to raise capital from the credit markets, especially if the current volatility in the credit markets continues;

(c) investors' and lenders' perception of, and demand for, debt and equity securities of infrastructure companies similar to ours, as well as the offerings of competing financing and investment opportunities in India;

(d) whether it is necessary to provide credit support or other assurances from our promoters on terms and conditions and in amounts that are commercially acceptable to them;

(e) limitations on our ability to raise capital in the capital markets and conditions of the Indian, U.S., Singapore and other capital markets in which we may seek to raise funds;

(f) governmental regulation of infrastructure assets in India and abroad;

(g) economic, political and other conditions in India and other countries in which we have operations; and

(h) our future results of operations, financial condition and cash flows.

If we are unable to repay or refinance our outstanding indebtedness, or if we are unable to obtain additional financing on terms acceptable to us, we may be unable to implement our development plans and growth strategy, and our business, prospects, financial condition and results of operations may be adversely affected.

4. The auditors' report in respect of our Financial Statements as at and for the period ended March 31, 2014 contains certain qualifications and EOMs.

The auditors' reports in respect of our consolidated Financial Statements as at and for the period ended March 31, 2014 were qualified to indicate the following:

1. GREL has capitalised ₹ 397.56 crore and ₹ 679.95 crore for the year ended and cumulatively up to March 31, 2014 respectively towards indirect expenditure and borrowing costs (net of income earned during aforementioned period) incurred on a plant under construction where active construction work has been put on hold pending securing supply of requisite natural gas and has approached the Ministry of Corporate Affairs for clarification on the applicability of / relaxation from the provisions of AS -10 and AS -16 to the capitalisation. However, in our Auditor's opinion, the aforesaid capitalisation of such expenses is not in accordance with the relevant AS. Had the aforesaid expenditure not been capitalised, profit after tax and minority interest of our Group for the year ended and cumulatively up to March 31, 2014 would have been lower by ₹ 389.25 crore and ₹ 665.74 crore, respectively. In respect of the above matter, our Auditor's audit report for the year ended March 31, 2013 was similarly modified. For details see the section "Financial Statements" on page 149.

2. Furthermore, GKUAEL has issued a notice of intention to terminate the Concession Agreement with NHAI which has been disputed by NHAI. Subsequently, the management of our Group has submitted the proposal for the continuance of the project subject to certain conditions which is pending acceptance by NHAI. As at March 31, 2014, GKUAEL has incurred and capitalised indirect expenditure and borrowing costs of ₹ 124.42 crore (including ₹ 16.67 crore incurred during the year ended March 31, 2014) and has given capital advances of ₹ 590.00 crore. In our Auditor's opinion, in view of the uncertainty as stated above such expenses of ₹ 124.42 crore; lower by ₹ 16.67 crore, respectively, should have been charged off in the Financial Statements. Had the aforesaid expenditure not been capitalised, profit after tax and minority interest of our Group for the year ended and cumulatively up to March 31, 2014 would have been lower. Further, having regard to the uncertainty in view of the dispute, our Auditors are also unable to comment on the final outcome of the matter and its consequential impact that may arise in this regard on the Financial Statements for the year ended March 31, 2014. In respect of above matter, our Auditor's audit report for the year ended March 31, 2013 was similarly modified. For details see the section "Financial Statements" on page 149.

3. Also, the concession agreement entered into between GMIAL, MACL and MoFT, and Male Airport for a period of 25 years has been declared void ab initio by MACL, and MoFT and MACL have taken possession of Male Airport with effect from December 8, 2012. GMIAL has initiated arbitration process to seek remedies under the aforementioned agreement and pending resolution of the dispute, continues to recognise the assets at their carrying values of ₹ 1,431.50 crore (USD

23.66 crore) as at March 31, 2014 including the claim recoverable of ₹ 1,062.90 crore (USD 17.57 crore) as the management is of the opinion that GMIAL will be able to recover at least the carrying value of the assets. For details see the section "Financial Statements" on page 149.

Further, GMIAL had executed work construction contracts with GADL International Limited ('**GADLIL**'), a subsidiary of our Company and other service providers for the rehabilitation, expansion and modernization of Male Airport. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and has received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognised in the Financial Statements as at March 31, 2014. For details see the section "Financial Statements" on page 149.

The takeover of Male Airport by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL. However, the financial statements of GMIAL and GADLIL as at and for the year ended March 31, 2014 continue to be prepared and consolidated on a going concern basis. For details see the section "Financial Statements" on page 149.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, our Auditors are unable to comment on its impact on the carrying value of the assets of GMIAL and GADLIL and any other consequential impact that may arise in this regard on the Financial Statements for the year ended March 31, 2014. In respect of above matter, our Auditor's audit report for the year ended March 31, 2013 was similarly modified. For details see the section "Financial Statements" on page 149.

4. The management of our Group has recognized the profit on sale of its investments in ISG and LGM of ₹ 1,658.93 crore (net of cost incurred towards sale of shares) in the Financial Statements for the year ended March 31, 2014. In our Auditor's opinion, since receipt of sale consideration, the transfer of shares and certain regulatory approvals were obtained subsequent to March 31, 2014, recognition of the profit on sale of such investments in the Financial Statements of our Group for the year ended March 31, 2014 is not in accordance with the relevant AS. Accordingly, profit after tax and minority interest of our Group for the year ended March 31, 2014 would have been lower by ₹ 1,652.96 crore with a consequential effect on the reserves of our Group as at the year end. For details see the section "Financial Statements" on page 149.

The auditors' reports in respect of our standalone Financial Statements as at and for the period ended March 31, 2014 were qualified to indicate the following:

1. Our Company, through its Subsidiary, GMR Infrastructure (Mauritius) Limited ("**GIML**") has made investment of ₹ 190.97 crore (USD 3.16 crore) (including equity share capital of ₹ 139.73 crore and share application money, pending allotment of ₹ 51.24 crore) towards 77% holding in GMIAL and has given a corporate guarantee of ₹ 2,540.58 crore (USD 42.00 crore) to the lenders in connection with the borrowings availed by GMIAL.

The concession agreement entered into between GMIAL, MACL and MoFT, and Male Airport for a period of 25 years has been declared void ab initio by MACL, and MoFT and MACL have taken possession of Male Airport with effect from December 8, 2012. GMIAL has initiated arbitration process to seek remedies under the aforementioned agreement and pending resolution of the dispute, continues to recognise the assets at their carrying values as at March 31, 2014 including the claim recoverable as the management is of the opinion that GMIAL will be able to recover at least the carrying value of the assets of ₹ 1,431.50 crore including claim recoverable of ₹ 1,062.90 crore. For details see the section "Financial Statements" on page 149.

Further, GMIAL had executed work construction contracts with GADL International Limited ('**GADLIL**'), a subsidiary of our Company and other service providers for the rehabilitation, expansion and modernization of Male Airport. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and has received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognised in the

Financial Statements as at March 31, 2014. For details see the section "Financial Statements" on page 149.

The takeover of Male Airport by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL. However, the financial statements of GMIAL and GADLIL as at and for the year ended March 31, 2014 continue to be prepared and consolidated on a going concern basis. For details see the section "Financial Statements" on page 149.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, our Auditors are unable to comment on its impact on the carrying value of the assets of GMIAL and GADLIL and any other consequential impact that may arise in this regard on the Financial Statements for the year ended March 31, 2014. In respect of above matter, our Auditor's audit report for the year ended March 31, 2013 was similarly modified. For details see the section "Financial Statements" on page 149.

2. The management of our Group has recognized the profit on sale of its investments in ISG of ₹ 458.78 crore (net of cost incurred towards sale of shares) in the Financial Statements for the year ended March 31, 2014. In our Auditor's opinion, since receipt of sale consideration, the transfer of shares and certain regulatory approvals were obtained subsequent to March 31, 2014, recognition of the profit on sale of such investments in the Financial Statements of our Company for the year ended March 31, 2014 is not in accordance with the relevant AS. Accordingly, profit after tax of our Company for the year ended March 31, 2014 would have been lower by ₹ 452.80 crore with a consequential effect on the reserves of our Company as at the year end. For details see the section "Financial Statements" on page 149.

The auditors' reports in respect of our consolidated Financial Statements as at and for the period ended March 31, 2014 include following EOMs:

1. GMR Ambala Chandigarh has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration. Based on the management's internal assessment and legal opinion obtained, management of our Group is of the view that the carrying value of ₹ 224.45 crore (after providing for losses till date of ₹ 132.90 crore) as regards investment in GMR Ambala Chandigarh is appropriate. In respect of the above matter, our Auditor's had drawn attention on similar lines in the audit report for the year ended March 31, 2013. For details see the section "Financial Statements" on page 149.

2. The claims and counter claims filed by GPCL and TAGENDCO in respect of PPA dated September 12, 1996 and land lease agreement dated March 26, 1997 is pending before the Supreme Court and has not attained finality. Pending the final adjudication of the matter, no adjustments have been made in the consolidated Financial Statements for the year ended March 31, 2014. Given that substantial amount (under protest) has been received by GPCL, GPCL has offered the amount of claims received up to March 31, 2013 as income in its income tax returns and has claimed the deduction under Section 80IA of the Income Tax Act, 1961. In respect of the above matter, our Auditor's had drawn attention on similar lines in the audit report for the year ended March 31, 2013.For details see the section "Financial Statements" on page 149.

3. GEL and GVPGL had ceased its operations and incurred losses which resulted into erosion of net worth due to the unavailability of adequate supply of natural gas. Additionally, the commercial operations date of Rajahmundry Power Project and the repayment of certain project loans by GREL were rescheduled, pending linkage of natural gas supply. The continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of GEL, GVPGL and GREL to establish consistent profitable operations as well as raising adequate finance to meet their short term and long term obligations. The consolidated Financial Statements of our Group for the year ended March 31, 2014 do not include any adjustments that might result from the outcome of this uncertainty. In respect of the above matter, our Auditor's had drawn attention on similar lines in the audit report for the year ended March 31, 2013.For details see the section "Financial Statements" on page 149.

The auditors' reports in respect of our standalone Financial Statements as at and for the period ended March 31, 2014 include following EOMs:

1. GMR Ambala Chandigarh has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration. Based on the management's internal assessment and legal opinion obtained, the investment of ₹ 357.35 crore (including loans of ₹ 117.76 crore and investment in equity / preference shares of ₹ 239.59 crore made by our Company and its Subsidiaries) as at March 31, 2014 has been carried at cost. Accordingly, no provision for diminution in the value of investments has been made in the standalone Financial Statements for the year ended March 31, 2014. In respect of the above matter, our Auditor's had drawn attention on similar lines in the audit report for the year ended March 31, 2013. For details see the section "Financial Statements" on page 149.

2. GEL and GVPGL had ceased its operations and incurred losses which resulted into erosion of net worth due to the unavailability of adequate supply of natural gas. Additionally, the commercial operations date of Rajahmundry Power Project and the repayment of certain project loans by GREL were rescheduled, pending linkage of natural gas supply. The continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of GEL, GVPGL and GREL to establish consistent profitable operations as well as raising adequate finance to meet their short term and long term obligations. The standalone Financial Statements of our Group for the year ended March 31, 2014 do not include any adjustments that might result from the outcome of this uncertainty. In respect of the above matter, our Auditor's had drawn attention on similar lines in the audit report for the year ended March 31, 2013. For details see the section "Financial Statements" on page 149.

The limited review report in respect of our standalone Financial Results as at and for the quarter ended June 30, 2014 were qualified to indicate the following:

1. Our Company, through its Subsidiary, GIML has made investment of ₹ 218.91 crore (USD 3.62 crore) (including equity share capital of ₹ 139.73 crore and share application money, pending allotment of ₹ 79.18 crore) towards 77% holding in GMIAL and has given a corporate guarantee of ₹ 2,540.58 crore (USD 42.00 crore) to the lenders in connection with the borrowings availed by GMIAL.

   The concession agreement entered into between GMIAL, MACL and MoFT, and Male Airport for a period of 25 years has been declared void ab initio by MACL, and MoFT and MACL have taken possession of Male Airport with effect from December 8, 2012. GMIAL has initiated arbitration process to seek remedies under the aforementioned agreement and the tribunal has on June 18, 2014 passed an award declaring the aforesaid concession agreement valid. However, the quantum of the damages are yet to be decided and pending the final outcome of the matter, the investment in GMIAL are carried at a cost in the standalone Financial Results for the period ended June 30, 2014 as the management is of the opinion that GMIAL will be able to recover at least the carrying value of the assets of ₹ 1,430.26 crore including the claim recoverable of ₹ 1,074.53 crore as at June 30, 2014. For details see the section "Interim Financial Results" on page 326.

   Further, GMIAL had executed work construction contracts with GADL International Limited ('**GADLIL**'), a subsidiary of our Company and other service providers for the rehabilitation, expansion and modernization of Male Airport. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and has received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognised in the standalone Financial Results for the period ended June 30, 2014. For details see the section "Interim Financial Results" on page 326.

   The takeover of Male Airport by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL. However, the financial statements of GMIAL and GADLIL as at and for the year ended March 31, 2014 continue to be prepared and consolidated on a going concern basis. For details see the section "Interim Financial Results" on page 326.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, our Auditors are unable to comment on its impact on the carrying value of the assets of GMIAL and GADLIL and any other consequential impact that may arise in this regard on the standalone Financial Results for the period ended June 30, 2014. In respect of above matter, our Auditor's audit report for the year ended March 31, 2014 was similarly modified. For details see the section "Interim Financial Results" on page 326.

2. The management of our Company has recognized the profit on sale of its investments in ISG of ₹ 458.78 crore (net of cost incurred towards sale of such investments) in standalone Financial Results for the period ended June 30, 2014. In our Auditor's opinion, since receipt of sale consideration, the transfer of shares and certain regulatory approvals were obtained in the quarter ended June 30, 2014, recognition of the profit on sale of such investments in the Financial Statements of our Company for the year ended March 31, 2014 is not in accordance with the relevant AS, and should have been recognised in the standalone Financial Results for the period ended June 30, 2014. Accordingly, profit before tax of our Company for the year ended March 31, 2014 and the loss before tax for the quarter ended June 30, 2014 would have been lower by ₹ 458.78 crore with a consequential effect on the reserves of our Company as at the year end. For details see the section "Interim Financial Results" on page 326.

The limited review report in respect of our standalone Financial Results as at and for the quarter ended June 30, 2014 include following EOMs:

1. GMR Ambala Chandigarh has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration. Based on the management's internal assessment and legal opinion obtained, the investment of ₹ 362.53 crore (including loans of ₹ 122.94 crore and investment in equity / preference shares of ₹ 239.59 crore made by our Company and its Subsidiaries) as at June 30, 2014 has been carried at cost. Accordingly, no provision for diminution in the value of investments has been made in the standalone Financial Results for the period ended June 30, 2014. For details see the section "Interim Financial Results" on page 326.

2. GEL and GVPGL had ceased its operations and incurred losses which resulted into erosion of net worth due to the unavailability of adequate supply of natural gas. Additionally, the commercial operations date of Rajahmundry Power Project and the repayment of certain project loans by GREL were rescheduled, pending linkage of natural gas supply. The continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of GEL, GVPGL and GREL to establish consistent profitable operations as well as raising adequate finance to meet their short term and long term obligations. The standalone Financial Results for the period ended June 30, 2014 do not include any adjustments that might result from the outcome of this uncertainty. For details see the section "Interim Financial Results" on page 326.

The limited review report in respect of our consolidated Financial Results as at and for the quarter ended June 30, 2014 were qualified to indicate the following:

1. GREL has capitalised ₹ 104.76 crore and ₹ 784.71 crore for the quarter ended and cumulatively up to June 30, 2014 respectively towards indirect expenditure and borrowing costs (net of income earned during aforementioned period) incurred on a plant under construction where active construction work has been put on hold pending securing supply of requisite natural gas and has approached the Ministry of Corporate Affairs for clarification on the applicability of/relaxation from the provisions of AS -10 and AS -16 to the capitalisation. However, in our Auditor's view, the aforesaid capitalisation of such expenses is not in accordance with the relevant AS. Had the aforesaid expenditure not been capitalised, loss after tax and minority interest of our Group for the quarter ended and cumulatively up to June 30, 2014 would have been higher by ₹ 97.01 crore and ₹ 762.75 crore. In respect of the above matter, our Auditor's audit report for the year ended March 31, 2014 was similarly modified. For details see the section "Interim Financial Results" on page 326.

2. The management of our Group has recognized the profit on sale of its investments in ISG and LGM of ₹ 1,658.93 crore (net of cost incurred towards sale of such investments) in consolidated

Financial Results for the quarter ended June 30, 2014. In our Auditor's view, since receipt of sale consideration, the transfer of shares and certain regulatory approvals were obtained during the quarter ended June 30, 2014, recognition of the profit on sale of such investments in the Financial Statements of our Group for the year ended March 31, 2014 is not in accordance with the relevant AS and should have been recognised in the standalone Financial Results for the period ended June 30, 2014. Accordingly, profit after tax and minority interest of our Group for the year ended March 31, 2014 and loss before tax and minority interest of our Group for the quarter ended June 30, 2014 would have been lower by ₹ 1,658.93 crore. In respect of the above matter, our Auditor's audit report for the year ended March 31, 2014 was similarly modified. For details see the section "Interim Financial Results" on page 326.

3. Furthermore, GKUAEL has issued a notice of intention to terminate the Concession Agreement with NHAI which has been disputed by NHAI. Subsequently, the management of our Group has submitted the proposal for the continuance of the project subject to certain conditions which is pending acceptance by NHAI. As at June 30, 2014, GKUAEL has incurred and capitalised indirect expenditure and borrowing costs of ₹ 126.38 crore (including ₹ 1.96 crore incurred during the quarter) and has given capital advances of ₹ 590.00 crore. In our Auditor's opinion, in view of the uncertainty as stated above such expenses should have been charged off in the Financial Results. Had the aforesaid expenditure not been capitalised, loss after tax and minority interest of our Group for the quarter ended and cumulatively up to June 30, 2014 would have been higher by ₹ 1.96 crore and ₹ 126.38 crore, respectively. Further, having regard to the uncertainty in view of the dispute, our Auditors are also unable to comment on the final outcome of the matter and its consequential impact that may arise in this regard on the consolidated Financial Results for the quarter ended June 30, 2014. In respect of above matter, our Auditor's audit report for the year ended March 31, 2014 was similarly modified. For details see the section "Interim Financial Results" on page 326.

4. Also, the concession agreement entered into between GMIAL, MACL and MoFT, and Male Airport for a period of 25 years has been declared void ab initio by MACL, and MoFT and MACL have taken possession of Male Airport with effect from December 8, 2012. GMIAL has initiated arbitration process to seek remedies under the aforementioned agreement and the tribunal has on June 18, 2014 passed an award declaring the aforesaid concession agreement valid. However, the quantum of the damages are yet to be decided and pending the final outcome of the matter, the investment in GMIAL continues to reflect assets amounting to ₹ 1,430.26 crore, including a claim recoverable of ₹ 1,074.53 crore at their carrying values as at June 30, 2014 as the management is of the opinion that GMIAL will be able to recover at least the carrying value of the assets. For details see the section "Interim Financial Results" on page 326.

   Further, GMIAL had executed work construction contracts with GADLIL, a subsidiary of our Company and other service providers for the rehabilitation, expansion and modernization of Male Airport. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and has received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognised in the consolidated Financial Results for the period ended June 30, 2014. For details see the section "Interim Financial Results" on page 326.

   The takeover of Male Airport by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL. However, the financial statements of GMIAL and GADLIL as at and for the quarter ended June 30, 2014 continue to be prepared and consolidated on a going concern basis. For details see the section "Interim Financial Results" on page 326.

   Having regard to the uncertainty in view of the dispute and the final outcome of the matter, our Auditors are unable to comment on its impact on the carrying value of the assets of GMIAL and GADLIL and any other consequential impact that may arise in this regard on the Financial Results for the quarter ended June 30, 2014. In respect of above matter, our Auditor's audit report for the year ended March 31, 2014 was similarly modified. For details see the section "Interim Financial Results" on page 326.

The limited review report in respect of our consolidated Financial Results as at and for the period ended June 30, 2014 include following EOMs:

1. GMR Ambala Chandigarh has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration. Based on the management's internal opinion and legal opinion obtained, management of our Group is of the view that the carrying value of net assets of ₹ 217.77 crore (after providing for losses till date of ₹ 144.76 crore) as regards investments in GMR Ambala Chandigarh in appropriate. Accordingly, no adjustments have been made in the consolidated Financial Results for the quarter ended June 30, 2014. For details see the section "Interim Financial Results" on page 326.

2. The claims and counter claims filed by GPCL and TAGENDCO in respect of PPA dated September 12, 1996 and land lease agreement dated March 26, 1997 is pending before the Supreme Court and has not attained finality. Pending the final adjudication of the matter, no adjustments have been made in the consolidated Financial Results for the quarter ended June 30, 2014. Given that substantial amount (under protest) has been received by GPCL, GPCL has offered the amount of claims received up to March 31, 2013 as income in its income tax returns and has claimed the deduction under Section 80IA of the Income Tax Act, 1961. For details see the section "Interim Financial Results" on page 326.

3. GEL and GVPGL had ceased its operations and incurred losses which resulted into erosion of net worth due to the unavailability of adequate supply of natural gas. Additionally, the commercial operations date of Rajahmundry Power Project and the repayment of certain project loans by GREL were rescheduled, pending linkage of natural gas supply. The continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of GEL, GVPGL and GREL to establish consistent profitable operations as well as raising adequate finance to meet their short term and long term obligations. The consolidated Financial Results for the quarter ended June 30, 2014 do not include any adjustments that might result from the outcome of this uncertainty. For details see the section "Interim Financial Results" on page 326.

4. In connection with the Alaknanda Power Project, being constructed by GBHPL, the Supreme Court of India, while hearing a civil appeal in the matters of a hydro power company, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by any of the 24 projects until further orders. The management of the Group is confident of obtaining the requisite clearances and is of the view that the carrying value of the net assets of Rs. 432.52 crore of GBHPL is appropriate. The consolidated Financial Results for the quarter ended June 30, 2014 do not include any adjustments. For details see the section "Interim Financial Results" on page 326.

If we are required to restate the accounts for any reason including due to requirements under AS or regulatory requirements or otherwise, we may be required to expense all of the expenses specified in the above qualifications which may not only result in a loss for the subsequent period or us being unable to meet our financial covenants/obligations and an event of default or cross-default being declared which would have a material adverse effect on our business, prospects, financial condition and results of operations, but also lead to the cessation of our business as a going concern. For details, see the risk factor titled "— We have in the past not been, and continue not to be, compliant with certain financial and other covenants, in relation to certain loan agreements, which have resulted and potentially could result in an event of default under the respective loan agreements and cross-defaults under other instruments, thereby accelerating our obligations under our debt facilities" on page 21.

In addition to the potentially higher losses mentioned above, a qualified audit report from our Auditors may limit our ability to access certain types of financing, or may prevent us from obtaining financing no acceptable terms. There can be no assurance that our Auditors will not qualify their opinion in the future.

5. ***We are involved in a number of legal proceedings in various states in India and abroad, both as plaintiff and as well as defendant. Our business, financial conditions, cash flows and results of operation may be adversely affected if we do not prevail in these proceedings.***

We are involved in a number of legal proceedings in India and abroad, both as plaintiff and as defendant. Such proceedings could divert management time and attention, and consume financial resources in their defense or prosecution. While we expect to prevail in the proceedings, no assurance can be given that we will so prevail or that a negative outcome will not have a material adverse impact on our business, prospects, financial condition, cash flows and results of operations. For details see the section "Outstanding Litigation and Defaults" on page 358.

6. ***Governmental bodies may terminate or reacquire our airport concessions under various circumstances, some of which are beyond our control. Further, we may be unable to renew our concessions when their current term expires, which could materially and adversely affect our business, financial condition, cash flows and results of operations.***

Our airports business is one of our principal assets which is subject to various concessions granted to us pursuant to contractual arrangements.

A concession may be revoked, terminated or may not be renewed upon the expiry of its initial term by the relevant governmental authority granting such concession. This could be on account of any unremedied material defaults under the relevant concession agreement, project financing documents, airport master plans or any major development plans under any of these agreements, on account of a permanent or sustained halt in our operations or on account of the failure to pay the annual fee or any damages resulting from our operations. Our concessions may also be terminated upon our insolvency, winding up or liquidation or administration, trust or receivership of all or substantially all of our undertaking or upon violations of Indian laws or regulations.

Further, if we are unable to comply with the applicable law and the terms of our concessions, we may be subject to fines or damages. The relevant government bodies may also terminate one or more of our concessions at any time through reversion, if, in accordance with applicable law, it is determined that it is in the public interest to do so. These governmental bodies may also assume the operation of any airport in the event of any emergency, including war, public disturbance or a threat to national security. In the event of a reversion of the public domain assets that are the subject of our concessions, the governmental bodies under law are required to compensate us for the value of the concessions or added costs based on the results of an audit performed by appraisers or, in the case of a mandated change in our operations, the cost of that change. Similarly, in the event of an assumption of our operations, other than in the event of war, the governmental bodies are required to compensate us and any other affected parties for any resulting damages. There can be no assurance that we will receive compensation equivalent to the value of our investment in or any additional damages related to our concessions and related assets in the event of any such action. Thus, the loss of any concession would have a material adverse effect on our business, financial condition, cash flows and results of operations.

7. ***Our Company and some of our Subsidiaries are subject to terms under certain loan agreements pursuant to which the relevant lenders may convert any amounts that such entity has failed to pay, into equity of such entity.***

Under the terms of some of the loans provided to our Company and certain of our Subsidiaries, upon defaults in payment under the loans, the lenders have the right to convert the outstanding payment amounts into fully paid-up equity shares of the respective companies at their par values. Such conversions may be exercised on more than one occasion, whenever there is a default in payment under the loans. Upon such a conversion, our Company may be required to procure the listing of the Equity Shares so issued, on stock exchanges in India, as required by the lenders. While we have not yet executed loan documents for our other projects under development, we expect that the loan documents for these projects will include substantially similar provisions. The occurrence of such conversions of payment default amounts into equity shares issued to the lenders would (i) reduce the effective shareholding of our Company in these Subsidiaries, thus reducing the value of our investments and our revenues; and (ii) dilute the shareholders' holdings in our Company, each of which in turn would have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

8. ***GAL and GEL are party to certain agreements with private equity investors which may limit their ability to pay dividends, incur additional indebtedness and require us to repurchase their shares and provide certain other rights to such investors.***

Both GAL and GEL have sourced certain financing through the issuance of CCPS to various private equity investors, including, in the case of GAL, Macquarie SBI Infrastructure Investments 1 Limited, Standard Chartered Private Equity (Mauritius) III Limited, JM Financial – Old Lane India Corporate Opportunities Fund I Limited, JM Financial Trustee Company Private Limited, JM Financial Products Limited and Build India Capital Advisors LLP (collectively, the "**GAL Investors**") and, in the case of GEL, Claymore Investments (Mauritius) Pte. Limited, IDFC Limited, IDFC Private Equity Fund III, IDFC Investment Advisors Limited, Ascent Capital Advisors India Private Limited and GKFF Capital (collectively, the "**GEL Investors**"). The terms of the applicable investment, share subscription and shareholder agreements contain certain covenants that could restrict their ability to engage in certain activities without investor consent, including paying dividends, entering into related party transactions, providing guarantees and incurring additional indebtedness (and in the case of GAL, beyond certain prescribed thresholds). In certain cases the private equity investors may require us to repurchase their shares.

For example, under the terms of the applicable investment, share subscription and shareholder agreements entered into by GEL with the GEL Investors, the GEL Investors have a right to sell the shares of GEL to our Company at any time subject to the condition that the IPO of GEL has not been completed and the volume weighted average price of the Equity Shares for the immediately preceding period of one month exceeds ₹ 40 per Equity Share, subject to adjustments for bonus or share split, on the stock exchange on which higher trading volume in the Equity Shares is recorded over the same period. If the GEL Investors choose to exercise this right, they shall, pursuant to such sale, be allotted the Equity Shares where the Equity Shares will be issued at the minimum price prescribed under the relevant SEBI regulations. Under the terms of the agreements, the GEL Investors can exercise this right at any time prior to the occurrence of the IPO of GEL. Any further issuance of the Equity Shares (as indicated above) may significantly affect the trading price of the Equity Shares. For details see the section "— Future issues or sales of the Equity Shares may significantly affect the trading price of the Equity Shares" on page 72. GEL and its promoter group have agreed to provide an exit through an IPO to (i) the GEL Investors (other than IDFC Investment Advisors Limited) within 30 months, and (ii) IDFC Investment Advisors Limited within 24 months, from November 29, 2013 (subject to certain parameters laid down in the respective agreements). However, if an IPO is not consummated (i) within 24 months from November 29, 2013 in case of the GEL Investors (other than IDFC Investment Advisors Limited), and (ii) by January 31, 2016 in case of IDFC Investment Advisors Limited, GEL and its promoter group shall provide an alternative exit to such GEL Investors. These include, exit options such as (i) entities forming part of the 'promoter group' or 'GMR group' (as defined in the respective agreements) may purchase the share of GEL held by such GEL Investors (other than IDFC Investment Advisors Limited) and in case of IDFC Investment Advisors Limited, IDFC Investment Advisors Limited shall be entitled to require our Company to purchase the shares of GEL held by it, (ii) if not, then GEL shall provide the GEL Investors (other than IDFC Investment Advisors Limited) an exit option at a specified amount obtained by selling one or more 'project subsidiaries' (as defined in the respective agreements), (iii) if not, then our Company will be required to issue to the GEL Investors (other than IDFC Investment Advisors Limited) such number of Equity Shares for a value amounting to the remainder of the investor exit amount, and (iv) in event the Equity Shares allotted to such GEL Investors are insufficient, then GEL Investors (other than IDFC Investment Advisors Limited) have a right to, inter alia, recover the remainder of the investor exit amount from sale of any assets of GEL. However, in case of the GEL Investors (other than IDFC Investment Advisors Limited) if an IPO is consummated after expiry of 24 months but before 30 months from November 29, 2013, the such investors will be entitled to an exit only through the IPO and to the exclusion of all other exit rights under the agreement.

In addition, in terms of the agreements executed among GAL and its private equity investors, in the event such investors are not provided an exit in accordance with the agreed terms, the investors shall, in addition to the right to convert the CCPS held by them into equity shares, also have and shall be entitled to certain additional rights, which include the right to appoint further nominee directors on GAL's board of directors.

9. ***Except with respect to our EPC operations, the only material sources of cash for our Company are and are expected to be dividends, distributions and payments under shareholder loans from our Subsidiaries and our Joint Ventures.***

Our Company is a holding company with no material business operations of our own other than our EPC operations. Whilst our EPC operations are subject to a number of risks that impact margins, the only significant asset of our Company is the shares of our Subsidiaries and our Joint Ventures. Our Company conducts virtually all of our business operations through our Subsidiaries and our Joint Ventures (other than our EPC operations). Accordingly, the primary sources of cash for our Company are dividends, distributions and payments with respect to our ownership interests in, or shareholder loans that our Company may make to, our Subsidiaries and our Joint Ventures that are derived from the earnings and cash flow generated by our operating companies. Our Subsidiaries and Joint Ventures might not generate sufficient earnings and cash flow to pay dividends, distributions or payments under shareholder loans in the future. In addition, our Subsidiaries', Joint Ventures' debt instruments and other agreements limit or prohibit, or are expected to limit or prohibit, certain payments of dividends, other distributions or payments under shareholders' loans to us.

The ability of our Subsidiaries and Joint Ventures to make payments to us depends largely on their respective financial condition and ability to generate profits as well as current and future prevailing regulatory conditions. In addition, because our Subsidiaries and Joint Ventures are separate and distinct legal entities, they will have no obligation to pay any dividends and may be restricted from doing so by contract, including other financing arrangements, their charter documents, other shareholders or partners or the applicable laws and regulations of the jurisdictions in which they operate.

10. ***Increases in interest rates may materially impact our results of operations.***

Substantially all of our secured and unsecured debt carries interest at fixed rates or at rates that are subject to adjustments at specified intervals. We are exposed to interest rate risk in respect of contracts for which we have not entered into any swap or interest rate hedging transactions in connection with our loan agreements, although we may decide to engage in such transactions in the future. In the case of some of our Subsidiaries and our Joint Ventures we are currently unable to pass any increase in interest expense to our existing customers.

Any such increase in interest expense may have a material adverse effect on our business, prospects, financial condition and results of operations. Furthermore, if we decide to enter into agreements to hedge our interest rate risk, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us fully against our interest rate risk.

11. ***We are dependent upon the continued supply of raw materials, the supply and costs of which can be subject to significant variation due to factors outside our control.***

We currently rely on a number of suppliers to provide certain raw materials, including coal, fuel, gas, water, cement, steel, building products, electricity and support services. If we are unable to continue to obtain adequate supplies of materials or services in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies (due to factors outside of our control, such as general economic conditions, competition for resources, production levels, transportation costs, the construction, operation and maintenance of the transportation infrastructure in the regions in which we operate, and import duties), our business, prospects, financial conditions and results of operations may be materially and adversely affected. All of our infrastructure businesses face potential risks in relation to the supply of raw materials concerning the construction of various projects.

In particular, our power business faces potential risks in relation to the supply of raw materials. For instance, we do not have natural gas allocation for our Rajahmundry Power Project. We have not been able to commission this power project due to the delay in securing fuel. In addition, since March 1, 2013, we have not received any natural gas supply under our gas sales and purchase agreements for our Kakinada and Vemagiri Power Plants, owing to a shortfall of natural gas in the Krishna-Godavari basin. The shortfall in supply of natural gas from the Krishna-Godavari basin may continue in the future. If we are unable to source natural gas in sufficient quantities to operate our natural gas based power plants at their optimum plant load factor or at all, our business, reputation, financial condition, cash flows and results of operations could be materially and adversely affected. The gas supply agreements for the Kakinada Power Plant and Vemagiri Power Plant both expired in March 2014 and we have signed the revised FSA term sheets which are valid subject to the execution of the gas sale and purchase agreements by March 31, 2015. Under the revised FSA term sheets, the rates for supply of gas would be based on the gas prices notified by MOPNG. Gas supply under these agreements is only available for the sales of power to state utilities under PPAs. There can be no assurance that we will succeed in discussions regarding the extension of the FSAs with respect to our Kakinada and Vemagiri Power Plants or that we will be able to negotiate favourable terms. Although we had committed agreements for the supply of gas for these plants, since March 1, 2013, we have not been receiving any supply of natural gas under this arrangement and we may not be unable to make any further alternate arrangements for the supply of natural gas for these power plants.

We operate our Warora Power Plant and our Phase I Kamalanga Power Plant, which are both fuelled by coal. We rely primarily on coal sourced from CIL and its subsidiaries under FSAs. Under the current policy, this supply is linked to the volume of power contracted under the long-term PPAs. In addition, we procure coal through CIL's e-auction process, or pursuant to our coal supply agreements with GEMS, or though the open market or importation from third parties. The quantity of coal available to us through CIL's e-auction process is subject to the demand for such coal from purchasers. If the demand for coal available through CIL's e-auction is high or there is a shortage in CIL's coal supply, we may be unable to source coal in sufficient quantities. Alternatively, if we fail to meet our purchase requirements under our coal supply agreements with GEMS, then GEMS is entitled to sell the shortfall tonnage to third parties and GCRPL must compensate for the difference in sales price. We may also face delays in obtaining contracted quantities of coal from GEMS, and the Rampia Coal Mine for which we have received a notice of de-allocation, which has been challenged by us in the High Court of Delhi. On February 11, 2014, the High Court of Delhi pronounced an interim order to maintain status quo and prohibited the Government from re-allocating the mine and creating third party interest. Subsequently, on February 17, 2014, the MOC issued a letter informing us that while the recommendation of the inter-ministerial group has been accepted by the competent authority on February 11, 2014, no further action will be taken by the Government in light of the order passed by the High Court of Delhi. Since we cannot be assured of the result of the matter pending before the High Court of Delhi we are not in a position to explore the mining block in the Rampia Coal Mine which may require us to source coal supply from other sources. For details see the section "Outstanding Litigation and Defaults" on page 358. Further, the Supreme Court has passed an order dated August 25, 2014 pursuant to a writ petition filed before the Supreme Court, pronouncing that the allocations of coal blocks made between 1993 and 2010 were arbitrary, illegal and impermissible under the applicable law. The consequences of such allocation have not been determined by the Supreme Court as on the date of this Draft Letter of Offer. If our counterparties fail to honour their commitment, there can be no assurance that we will be able to make alternate arrangements for coal in the quantities or qualities we need, or at all.

Furthermore, our mining operations are dependent on the global market prices of coal. Sale prices and volumes in the worldwide coal market depend predominantly on the prevailing and expected levels of demand for and supply of coal. A number of factors beyond our control influence the demand for coal, the most significant of these being the prevailing level of worldwide demand for energy, forward selling activity and general global economic conditions and political trends. Further, coal is sold throughout the world based principally on a U.S. dollar price. Consequently, an unfavourable fluctuation of the U.S. dollar against the Rupee or Indonesian Rupiah or any change in the U.S. dollar coal price may negatively impact our results of operations and cash flows.

If coal prices fall or remain below our costs of production for any sustained period due to these or other factors and events, our mining operations could be delayed or even abandoned. A delay in mining operations or the abandonment of one or more of our mines may require us to write-down our coal assets and may have a material adverse effect on the our business, reputation, financial condition and results of operations.

12. ***We rely on government owned entities for a large portion of our revenues. Political or financial pressures could cause them to renegotiate our contracts or delay or default on payments, which could adversely affect our business, prospects, financial condition and results of operations.***

We are dependent on government owned entities for a large portion of our revenues, in all our businesses. There can be substantial delays and non-compliance of the contractual terms by these entities in relation to payment of our dues in a timely manner or at all. In addition our ability to take recourse against these government owned entities is limited and may be time consuming. Further, political pressures or new regulations may lead to reduced returns for the services provided by our companies under the various concession arrangements. Any such reductions, delays or defaults, if material, could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

In our power segment, a significant portion of our total revenue came from the supply of electricity to state utility companies such as TNEB (and its successor, TANGEDCO), AP Transco, Gujarat Urja Vikas Nigam Limited ("**GUVNL**") and other state distribution companies. Furthermore, we have entered into PPAs with state-owned entities in the states of Odisha, Maharashtra, Dadra and Nagar Haveli, Tamil Nadu, Bihar and Haryana with respect to portions of the expected capacity of our Kamalanga Power Plant and Warora Power Plant.

In the past, there have been delays in receipt of payments from these state-owned entities. For example, the TNEB has delayed in the payment of amounts due in terms of the PPA with respect to the Chennai Power Plant. This matter is sub-judice and is currently pending before the Supreme Court. For further details see the section “Outstanding Litigation and Defaults” on page 358. In addition, we cannot assure you that the state governments will honour their guarantees for the payment obligations of the respective state-owned entities, which are our customers.

While we are entitled to charge penal interest for any such delay in payments, the delay in recovering the amounts due under these off-take arrangements could still adversely affect our operational cash flows. Furthermore, government authorities, as well as the relevant SEBs and utility companies, establish electricity rates and effect rate increases periodically. In the past, several state governments, including the governments of the states in which our operating power plants are located, have announced their intention to provide free electricity to farmers which could adversely impact our state-owned off-takers ability to pay us for supply of electricity.

NHAI's revenues are dependent upon grants from the Government and cash flows generated by its annuity road operations, and if such revenues are not sufficient to discharge its liabilities, there may be pressure to reduce the fees we are entitled to receive from NHAI.

We cannot assure you that the payments we are entitled to receive from government owned entities will not be subject to reductions, delay or default. Any such reductions, delays or defaults, if material, could materially and adversely affect our business, prospects, financial condition and results of operations.

13. ***Our revenue from our airport operations could decline as a result of a reduction in flights, passengers or other factors outside our control.***

We generate aeronautical revenue from landing charges, parking and housing charges, fuel supply, counter charges and user development fees amongst others. We raise invoices with airlines for the aeronautical charges due from them for their use of aeronautical services at our airports, including the user development fee payable by customers, on a fortnightly basis. However, there are no specific operating contracts with the airlines operating at our airports. There can therefore be no assurance as to the level of our future aeronautical revenue from any one or more airline operators. Decisions by, legal disputes with, financial difficulties at, or the failure of, a significant airline customer, or the withdrawal of their landing rights, could lead to a reduction in flights and passenger numbers and/or failure or delay in recovering aeronautical revenues.

We derive non-aeronautical revenues from a variety of sources. These revenues are directly impacted by the number of passengers using our airports.

Our revenues from our airport operations are impacted by a number of factors, including:

- macroeconomic events (including changes in fuel prices and currency exchange rates) whether or not affecting the Indian economy, where our airports are based, or the global economy generally;
- political factors that are beyond our control;
- increased competition, which may make our airports less attractive to those of our competitors;

- wars, riots or political action;
- industrial action;
- an increase in airfares due to increased airline costs;
- decisions by airlines regarding the number, type and capacity of aircraft (including the mix of premium and economy seats), as well as the routes on which particular aircraft are utilised;
- discontinuance of operations of any airlines, for instance, the discontinuance of operations of Kingfisher Airlines in the recent past led to reduction in ATMs at the Delhi and Hyderabad Airports;
- health scares;
- disruptions caused by natural disasters;
- bad weather at airports, such as the fog experienced at the Delhi Airport during the months of December to January each year, which causes flights to be cancelled;
- acts of terrorism or cyber-security threats;
- adverse changes in domestic or international regulation or policy; and
- the development of efficient and viable alternatives to air travel, including the improvement or expansion of existing surface transport systems, the introduction of new transport links or technology and the increased use of communications technology.

A decrease in the number of passengers using our airports as a result of the factors noted above could have a material adverse effect on our business, financial condition and results of operations.

14. Revenues from airport operations are not fully secured, and we may not be able to collect amounts invoiced in the event of the adverse financial condition of any of our principal airline customers.

In recent years, many airlines have reported substantial losses and increased leveraging. While our revenues from passenger charges and other aeronautical services are secured by a performance bond or other types of guarantees however, guarantees may not fully cover the amount owed by an airline at a certain date. In the event of the insolvency of any of these airlines, we would not be certain of the collection of any amounts invoiced to that airline in respect of passenger charges. Furthermore, our operations depend on certain key airline customers. The arrangements with the airlines for using our airports as a hub are not for any definite period and may be terminated at any time. Some of our key airline customers have delayed payments in the past and we cannot assure you that such payments will not be delayed going forward or we may be able to recover such delayed payments at all. Such events are likely to have an adverse effect on our revenues and result of operations. Consequently, the loss or suspension of operations of one or more of them could result in a loss of a significant amount of our revenues.

Although passenger traffic volume (and therefore overall revenues) may increase, any agreed incentives and/or discounts could reduce our aeronautical revenues per terminal passenger in the future. In addition, should any of our principal airline customers refuse to continue to make payment to us, or should they refuse to pay increases in our charges for aeronautical services in future years, our results of operations could be adversely impacted by decreased cash flows from operations.

15. We have limited history in constructing, developing or managing hydroelectric and coal based power plants, transmission projects and coal mining blocks, and we may not be successful in these endeavours.

We have limited experience in constructing, managing and operating hydroelectric and coal based power plants, transmission projects and mining blocks. Further, we have no prior experience in constructing, managing and operating power plants of the scale we are currently constructing and developing. Accordingly, we may be subject to risks associated with developing, constructing and managing hydroelectric and coal based power plants, transmission projects and mining blocks such as:

(a) our ability to raise capital to finance these projects;

(b) our ability to hire and retain skilled personnel experienced in such areas;

(c) our ability to adapt to changes in technology;

(d) the future competitive environment for the power industry in India;

(e) adverse developments in the area surrounding our operations;

(f) economic and political environment in India, Indonesia and Nepal in particular;

(g) regulations and policies relating to the power sector in India, Indonesia and Nepal in particular; and

(h) the diversion of our management's attention from our existing businesses.

We may also need to incur additional capital expenditure for developing, constructing and managing hydroelectric power plants, transmission projects and mining blocks, which may adversely affect our business, financial condition and results of operations. Furthermore, if we are unsuccessful in these endeavours, our business, prospects, financial condition, cash flows, reputation and results of operation may be adversely affected.

16. Changing laws, rules, regulations, government policies and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.

Our business and financial performance could be adversely affected by the changes in, or interpretation of, existing laws, or the promulgation of new laws, rules and regulations applicable to us and our business. For instance, on August 30, 2013, the Companies Act, 2013 was notified by the Government and subsequently certain sections of the Companies Act, 2013 were brought into force. Various provisions of the Companies Act, 2013, are yet to be notified and are subject to further directions to be issued by the Government. For details see the section "The Companies Act, 2013 has effected significant changes to the existing Indian company framework, which may subject us to higher compliance requirements and increase our compliance costs" on page 68. Additionally, the application of various Indian sales, value-added and other tax laws, rules and regulations to our products and services, currently or in the future which are subject to interpretation by applicable authorities, if amended / notified, could result in an increase in our tax payments (prospectively or retrospectively), to the extent we are unable to pass on such payments to our customers, and / or subject us to penalties, which could affect our business operations. For example, the Government has proposed the introduction of the Direct Taxes Code ("**DTC**"), to revamp the implementation of direct taxes. If the DTC is passed in its present form by both houses of the Indian Parliament and approved by the President of India and then notified in the Gazette of India, the tax impact discussed in this Draft Letter of Offer will be altered by the DTC. Although we have not yet determined the impact of these proposed legislations on our business, there is a possibility that it could materially and adversely affect our business, prospects, financial condition and results of operations.

Indeed, our results of operation are sensitive to the fluctuation in natural gas prices. Under the current natural gas pricing policy, the price of natural gas is determined by the Government based on a number of factors, including but not limited to well-head price, cost of transportation, general market conditions and applicable VAT and taxes. In June 2013, the Government revised the natural gas price upwards. Also, the Government announced the Domestic Natural Gas Pricing Guidelines, 2014 that came into effect from April 1, 2014 for a period of five years. Under these guidelines the price for natural gas produced domestically will be determined based on international prices prevailing at the time and will be determined on a quarterly basis. While the PPA with respect to the Vemagiri Power Plant avails us the option to pass through fuel costs to our customers, the PPA with respect to the Kakinada Power Plant does not, and when executed, the PPA with respect to the Rajahmundry Power Project may not, avail us the option to pass through fuel costs to our customers. The Government increases the price of natural gas without providing a corresponding increase in subsidies, and / or without making corresponding adjustments to the on-grid tariffs for natural gas-based power plants. Going forward, the price for natural gas may fluctuate according to global natural gas prices. In the event we are unable to pass on the increase in the cost of natural gas to our customers, our business, financial condition and results of operations may be materially and adversely affected.

In the airport sector, in 2009 the Government created AERA to regulate the tariffs charged for aeronautical services at major airports and certain revenues from both GHIAL and DIAL with respect to aeronautical services are now subject to limitations imposed by AERA. Pursuant to an order dated February 24, 2014, AERA has determined that the user development fee at the Hyderabad Airport shall be zero with effect from April 1, 2014 until March 31, 2016, for both domestic and international passengers. GHIAL challenged the said order before the High Court of Andhra Pradesh on grounds of jurisdiction. Pursuant to an order dated June 10, 2014, the High Court of Andhra Pradesh while disposing of the matter has directed the Central Government to pass appropriate orders as warranted by law on the representation submitted by the GHIAL with reference to the notification of policy on the appropriate tariff applicable to the Hyderabad Airport, within eight weeks from the date of receipt of the copy of this order. The High Court of Andhra Pradesh also granted a time of four weeks to refer an appeal against the order of the AERA. An appeal was filed by GHIAL before the Appellate Tribunal on July 7, 2014 but the Appellate Tribunal refused to hear the same as it is not constituted under the AERA Act. GHIAL has now filed a writ petition before the High Court of Andhra Pradesh. There can be no assurance that the Central Government will pass the appropriate orders within the said timelines or in our favour. Any negative outcome of any future proceedings arising out of this order may have a material adverse impact on our airport business, prospects, financial condition, results of operations and cash flows. For details see the section "Outstanding Litigation and Defaults" on page 358.

In addition the recent bifurcation of the state of Andhra Pradesh and the creation of the new state of Telangana may impact the operations of our Hyderabad Airport in the event that the new state were to commence the development and construction of an airport.

The governmental and regulatory bodies in India may notify new regulations and / or such policies or their interpretations thereof, either by a court of law, regulatory authority or otherwise, which may impose onerous requirements and conditions on our operations in addition to what we are undertaking currently, as well as subject us to additional approvals and licences from the Government and other regulatory bodies. Any uncertainty in the applicability, interpretation or implementation of any amendment to or change in governing law, regulation or policy in our industry in the jurisdictions in which we operate (including by reason of an absence, or a limited body, of administrative or judicial precedent) may be time consuming as well as costly for us to resolve, and may impact the viability of our current business or restrict our ability to grow our business and have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

17. Changes in other countries' laws, rules and regulation, government policies or formation of new laws, rules, regulations and government policies including any change in their interpretation may materially adversely impact our projects and investments in India and hence materially adversely affect operations, cash flows and financial condition.

In January 2009, the Government of Indonesia promulgated a new law on mineral and coal mining (the "**New Mining Law**"), which provides that existing mining contracts will continue to be valid until their expiry, but that the terms of the existing contracts must be modified to make them comply with the New Mining Law. The New Mining Law is unclear as to which of the provisions of the existing contracts will require amendments in order to bring those contracts into compliance with the New Mining Law. Although, the New Mining Law specified that the existing contracts be brought into compliance by January 12, 2010, renegotiations of existing contracts between the Ministry of Energy and Mineral Resources of Indonesia and the contract holders are still ongoing. The legal uncertainty raised by the adoption and implementation of the New Mining Law has increased the risks, and may increase the costs involved in our plans to source Indonesian coal. Further, implementation of the regulations expected to be issued by the Indonesian government in the future may impose significant changes to the regulation of the Indonesian mining industry which may be adverse to our interests. The compliance by PT BSL with the New Mining Law and its implementing regulations may increase our operating costs which could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

We are developing the Upper Marsyangdi-2 Power Project and Upper Karnali Power Project in Nepal with the aim of exporting electricity to India. The entire power generated from these projects, net of any free power to be supplied to the Government of Nepal, will be imported to India. The export of power from Nepal to India for these projects is particularly dependent on prevailing licensing regimes, export levy duties, the grant of connectivity, the terms of bulk power transmission agreements and open access policies. Any change in Nepalese or Indian policies or laws in relation to these or other factors, which may depend on the state of Indian-Nepalese relations at a given time, may have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

In our airports sector we are presently engaged in a dispute relating to the concession of the Male Airport. The matter has been referred to arbitration and GMIAL has recently received a part final award in its favour. For details see the sections "Material Development – Recent Developments" and "Outstanding Litigation and Defaults" on pages 322 and 358. Also, we were recently awarded the concession for the Cebu Airport in Philippines. We are subject to the laws prevailing in the Maldives and Philippines for our business in these countries. In addition, the Federal Aviation Authority recently downgraded the Indian aviation industry for its safety record. This downgrade impacts the ability of Indian carriers to expand their flight operations within and to the United States including by way of code shares with other airlines. These restrictions could impact the passenger volumes from our airports.

18. Our flexibility in managing our operations is limited by the regulatory environment in which we operate. This environment is undergoing reform and we may not be able to respond effectively. These reforms may also result in increased competition for us.

The infrastructure sector in India, particularly the airport sector, power sector and roads sector are highly regulated. The regulatory framework, which consists of regulations and directives issued by government authorities, has changed significantly in recent years and the impact and ramifications of these changes are yet to be fully ascertained. There can be no assurance that we will be able to respond in a timely and effective manner to the changes taking place in the sectors in which we operate and any future regulatory changes.

All infrastructure projects require substantial tracts of land for the setting up of the projects. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the "**Land Acquisition Act, 2013**") has come into force with effect from January 1, 2014. However, the rules related to its implementation are yet to be notified. The Land Acquisition Act, 2013, inter alia, stipulates (i) restrictions on land acquisition (e.g. certain types of agricultural land), and (ii) compensation, rehabilitation and resettlement of affected people residing on such acquired land. For details see the section "— We have not yet acquired certain land in relation to our power projects, mining projects and transmission projects and we may not be able to acquire the required land for these projects in a timely manner" on page 46.

Additionally, in the power sector, the Electricity Act provides for significant deregulation. Whereas the Government presently owns a majority of the generation business and nearly all transmission and distribution businesses and there are only a limited number of distribution licensees and independent power producers, such as us, the Electricity Act permits new generation plants to come into existence without restriction, except for limited approval requirements for hydroelectric power projects. Furthermore, proposed changes in power tariff policy based on the CERC Approach Paper by public notice dated June 25, 2013, the unbundling of the SEBs of India and consequent restructuring of companies in the power sector, open access and parallel distribution, and liberalised licensing requirements for, and tax incentives applicable to, companies in the hydroelectric power sector may provide opportunities for increased private sector involvement in power generation. For instance, the Electricity Act, removes licensing requirements for thermal power generators, provides for open access to transmission and distribution networks, and removes restrictions on the right to build captive generation power plants. Specifically, the open access reforms enable the generators to sell their output directly to the distribution companies, and ultimately, to the consumers and may increase the financial viability of private investment in power generation. Furthermore, the Hydro Power Policy 2008 aims to encourage and increase private investment in the development of hydropower by providing financial benefits such as an income tax holiday for 10 years and duty-free import of capital goods to developers of mega hydropower projects. The Hydro Power Policy, 2008 also seeks to encourage joint ventures with private developers, the use of an independent power producer model and promotes power trading by speeding up the clearance procedures. Large Indian businesses that already have a presence in the Indian power sector, specifically in captive power generation, may seek to expand their operations in the hydroelectric power sector. Any increase in competition may result in a material adverse effect on our business, prospects and financial condition.

Further, there are new regulators that the government may introduce that would regulate certain aspects of our business. In particular the introduction of a regulator overseeing the roads and mining activities in India may increase the levels of regulatory scrutiny and compliance for these businesses.

Our operations are also subject to extensive governmental regulation, requiring us to obtain and comply with the terms of various approvals, permits and registrations. While certain approvals, permits and registrations are one-time in nature, which remain valid unless or until cancelled, certain other approvals are only valid for stipulated periods of time and require periodic renewals, some of which may have expired and for which we may have either made, or are in the process of making, an application for obtaining the approval or its renewal. We cannot assure you that we will apply for, and acquire, the necessary approvals in a timely manner, or at all. For example, we are currently in the process of obtaining a recommendation from the CEA in order to obtain coal linkage for our Chhattisgarh Power Project, and there is no guarantee that we will be successful in this process. With respect to our allocation of coal block to fuel our Phase I Kamalanga Power Plant, we intended to supply coal partially from coal from the Rampia Coal Mine. However, due to delays in developing the Rampia Coal Mine, we received a notice of de-allocation of the Rampia Coal Mine from the MOC on January 15, 2014. We have challenged the de-allocation of the Rampia Coal Mine in the High Court of Delhi. On February 11, 2014, the High Court of Delhi pronounced an interim order to maintain status quo and prohibited the Government from re-allocating the mine and creating third party interest. Subsequently, on February 17, 2014, the MOC issued a letter informing us that while the recommendation of the inter-ministerial group has been accepted by the competent authority on February 11, 2014, no further action will be taken by the Government in light of the order passed by the High Court of Delhi. Further, the Supreme Court has passed an order dated August 25, 2014 pursuant to a writ petition filed before the Supreme Court, pronouncing that the allocations of coal blocks made between 1993 and 2010 were arbitrary, illegal and impermissible under the applicable law. The consequences of such allocation have not been determined by the Supreme Court as on the date of this Draft Letter of Offer. If we fail to obtain, retain or comply with any such permission in a timely manner, or at all, our business may be adversely affected. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditure. If we fail to comply, or a regulator claims we have not complied with these conditions, our business, prospects, financial condition, cash flows and results of operations would be materially adversely affected.

Further, we are also required to adhere to the terms of our agreements executed for the purposes of our business. For instance, in connection with our Talong Power Project, under the terms of our memorandum of agreement with the Government of Arunachal Pradesh, we are required to transfer a 12.00% equity interest in GLHPL at the time of construction of this power project to the Government of Arunachal Pradesh.

In the roads sector, the NHAI has introduced a model concession agreement for new road concessions that has changed the terms traditionally associated with road concessions in India. Among other changes, these terms limit revenues that may be earned from a concession, introduce uncertainty into the period of a concession and fix deadlines for environmental clearance with respect to a concession.

Additionally, for each of the airport, power, road and urban infrastructure sectors, we are restricted in our ability to, among other things, increase prices, sell our interests to third parties, undertake expansions and contract with other customers. These restrictions limit our flexibility in operating our business, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

19. We may not be able to enter into or renew certain of our revenue generating and other commercial agreements on terms that are acceptable to us, or at all.

We have entered into various revenue generating and other commercial agreements for the purposes of our business in each of the airport, power, roads and urban infrastructure sectors and are dependent on ongoing commercial relationships with certain third parties. Our failure to enter into or renew these agreements could have a material adverse affect on our business, financial condition and results of operations.

For instance, in relation to power business, we do not have a long-term PPA for the sale of power generated by the Kakinada Power Plant. Additionally, we do not have a PPA for the Rajahmundry

Power Project. As we do not have a long term fuel supply arrangement in place, we will not be able to bid for PPAs under Case I bidding. We also do not have long-term PPAs for most of the capacity of our Chhattisgarh Power Project. A failure to have long-term PPAs in place for the sale of the power generated from our power plants will force us to sell power on a short-term basis in the open market. Sales in the open market are based on demand and the pricing could be volatile. As a result, we may be unable to sell all the power generated by our plants or at acceptable prices. Our inability to enter into PPAs for our power plants will materially and adversely impact, our business, financial condition, cash flows and results of operation.

Further, in relation to our power business, the FSAs executed with Reliance Gas Transportation Infrastructure Limited, Niko and BP for the supply of natural gas to the Kakinada Power Plant and Vemagiri Power Plant expired in March 2014 (although we have signed the revised FSA term sheets which are valid subject to the execution of the gas sale and purchase agreements by March 31, 2015).

Additionally, with respect to our Chennai Power Plant, we had entered into a PPA with TNEB for the sale of 200 MW power generated by the Chennai Power Plant which PPA expired in February 2014. We currently await the order from TNERC (pursuant to the application filed by TANGEDCO) seeking its approval for the extension of the term of the PPA. The FSA of the Chennai Power Plant is co-terminus with the PPA. There is no guarantee that such order shall be granted by TNERC to TANGEDCO to extend the PPA.

In relation to our airport business, we have formed joint ventures and continue to enter into agreements to form joint ventures or for other commercial or retail business carried out at our airports. We are and will endeavour to renew or replace such agreements as and when they expire. However, if we are not able to renew or replace the contracts on economically beneficial terms, or at all, this could have a material adverse affect on our business, financial condition and results of operations.

20. Tariff regulations are subject to regulatory review and are determined based on the concession agreements, policies formulated by the Government and/or the relevant regulatory authority and may adversely affect our revenues and results from operations.

In relation to our power business, the Government has notified the national power tariff policy that deals with various parameters with respect to the fixation of power tariffs, such providing adequate return on investment to the power generator and supplier and ensuring reasonable user charges for the consumers. It provides uniform guidelines to the SERCs for the fixation of tariffs for their respective entities as well as the CERC. These guidelines include a detailed methodology for the different components of the tariff and also lay down the parameters for what types of charges are scalable and non-scalable. Once the tariff for a power project under construction or an operating power plant has been approved by the SERC or the CERC, any changes or revisions to the tariff due to factors such as cost overruns or delays in the project implementation can only be revised by filing a petition to review the tariff with the appropriate SERC or the CERC. There can be no assurance that any such petition to revise the tariff, for reasons such as project cost overruns or delays in project implementation or for any other reason, will be approved. Some of our projects such as the Warora Power Plant and Kamalanga Power Plant have filed petitions for a revision in the tariff. For instance, there are currently three petitions filed by GKEL with CERC, two of which are in respect of revisions of tariff under the PPAs with Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited, and one is in respect of the tariff determination for the sale of power to GRIDCO. There can be no assurance that the above petitions will be approved by CERC.

In relation to our airports business, the aeronautical fees charged to airlines and passengers are regulated and determined by AERA in respect of the Delhi Airport and the Hyderabad Airport. AERA determines tariffs for aeronautical services (as defined under the OMDA) in India through a consultative process with stakeholders such as the airlines, relevant government departments, based on, among other things, the project cost, means of finance, forecasts of operation and maintenance expenses of aeronautical services and forecasts of revenues from non-aeronautical services, as submitted by the airport concessionaire. Further, although the finalisation of a tariff order in India is a consultative process, our submissions regarding the underlying assumptions and components of tariff calculation (for instance our calculation of weighted average cost of capital) may not be agreed to or incorporated by AERA in its tariff orders. As such, we are subject to AERA's views on such assumptions and components of tariff calculation, which may not be consistent with ours. For instance, we are involved in certain legal proceedings pending at the AERAAT, wherein we have challenged

AERA's decisions on certain aspects of the tariff orders applicable to the Delhi and the Hyderabad airports. Further, while in the past AERA has agreed to adopt the 'light touch' approach for the determination of tariffs for services relating to ground handling, cargo and supply of fuel to aircrafts (which are considered as aeronautical services under the AERA Act), it may not continue to do so and may instead adopt a 'price cap' approach of tariff determination for subsequent control periods, in accordance with the AERA Tariff Guidelines in the event that AERA is of the view that the user agreements we have entered into with service providers for such material services are not competitive and reasonable.

Accordingly, it is possible that AERA may not, in the future, agree to, or incorporate, our submissions regarding changes to the underlying assumptions and components of tariff calculation. AERA may also not agree to increase tariffs in subsequent control periods, and may not agree to adopt a 'light touch' approach towards the determination of tariffs for cargo facility, ground handling and supply of fuel to aircraft.

These regulations may limit our aeronautical revenues, which could have a material adverse effect on our business, results of operations, prospects and financial condition. For instance, we do not have the ability to unilaterally change our obligations under the AERA Tariff Guidelines or our concession agreements or to increase the fees charged from airlines or passengers, should the traffic or other assumptions on which the regulations were based change during the applicable term.

Further, AERA's orders are for a "control period" of five years and are re-examined at the end of the control period. The tariff determined by AERA may be revised downwards upon re-examination at the end of the control periods. For instance, we expect a substantial decrease in revenue of Delhi Airport in the Financial Year 2015 due to lower tariffs in the next control period and significant increase in operating expenses mainly on account of higher passenger service fee expenses, repairs and maintenance expenses, airport operating fee and utility charges (net of recovery) resulting in a lower EBITDA. Additionally, as AERA and AERAAT were constituted relatively recently, the AERA Tariff Guidelines applicable to the Delhi Airport and Hyderabad Airport are therefore also relatively recent. Given the limited operating history, we may be unable to accurately predict the impact of AERA's determination on various legal and administrative matters, on our business and results of operations.

21. Our expansion into new geographic areas, including expanding our operations and making new investments overseas, poses various risks associated with changes in political, economic, regulatory, law amongst various other risks associated with doing business.

Our business is subject to risks and challenges generally associated with international operations and investments. These risks and challenges include risks with respect to interest rate and foreign currency fluctuations, different tax and regulatory environments (particularly with respect to the provision of financial services and direct investment), changes in social, political and economic conditions, the need to recruit personnel combining product skills and local market knowledge, obtaining the necessary clearances and approvals to set up business and competing with established players in these regions and cost structures in international markets, including those in which we and the companies in which we have investments operate, that are significantly different from those that we have experienced in India. Additionally, we may evaluate international expansion opportunities through capital investment in other projects.

Expansion into a market outside of our current operation could require significant capital expenditures and have a material effect on our capital structure. If we pursue an international expansion opportunity, we could face internal or external risks, including, without limitation:

- a lack of brand recognition and local market and industry knowledge in the relevant country;
- foreign exchange and economic volatility;
- the dedication of significant management resources to executing the international operation;
- difficulties in staffing and managing multiple international operations;
- risk arising from the introduction of restrictions on foreign investment and operations by foreign entities;

- any need to obtain governmental approvals and permits under unfamiliar regulatory regimes;
- increased costs resulting from the need to comply with complex foreign laws and regulations including those relating to aeronautical services and tax laws that apply to our international operations;
- imposition of, or unexpected adverse changes in, the laws, regulatory requirements or policies of foreign governments;
- restrictions on the transfer of funds into or out of a country;
- inability to obtain adequate insurance;
- inability to maintain or enforce legal rights and remedies, including those relating to intellectual property, at a reasonable cost or at all;
- potential for political unrest, war or acts of terrorism;
- challenges caused by distance, language and cultural differences and by doing business with foreign agencies, joint venture partners and governments;
- longer payment cycles in some countries;
- credit risk and higher levels of payment fraud; and
- potentially adverse tax consequences.

We may be unsuccessful in developing and implementing policies and strategies that will be effective in managing these risks in each country where we have business operations. Our failure to manage these risks successfully could adversely affect our business, operating results and financial condition. Furthermore, we may face competition in other countries from companies that have more experience with operations in such countries or with international operations generally. If we are unable to successfully develop or manage our international operations, it may limit our ability to grow our international business.

We have expanded into the following countries namely: the Philippines, which is the location of the Cebu Airport, the project which was awarded to the consortium of our Company and Megawide Construction Corporation on April 4, 2014; Nepal, where we own a majority interest in Himtal Hydro, which is developing the Upper Marsyangdi power project, and a majority interest in GMR Upper Karnali; and Indonesia, which is the location of our Barasentosa and Golden Energy coal assets. There can be no assurance that we will be able to successfully develop and operate further projects outside India. For example, there can be no assurance that we will be successful in evacuating power from our projects in Nepal, each of which includes an associated transmission line to connect the project to the nearest substation on the Indian electricity grid, or transporting coal from the Barasentosa and Golden Energy coal assets in Indonesia to our coal-fired power projects under development, each of which is located in India.

Indeed, the concession agreement dated June 28, 2010 entered into between GMIAL, MACL and the MoFT for the rehabilitation, expansion, modernisation, operation and maintenance of the Male Airport was declared *void ab initio* by MACL and the MoFT. GMIAL vacated the possession of Male Airport with effect from December 7, 2012. The matter has been referred to arbitration and GMIAL has recently received a part final award in its favour. For details see the sections “Material Development – Recent Developments" and "Outstanding Litigation and Defaults” on pages 322 and 358. The Auditors have stated in their audit report that the initiation of the Male Airport arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL. For details see the section “Outstanding Litigation and Defaults” on page 358. In relation to the Cebu Airport, a petition has been filed before the Supreme Court of the Republic of the Philippines, seeking direction to restrain the Mactan Cebu International Airport Authority from issuing an award or executing the Cebu Airport concession agreement alleging that the Mactan Cebu International Airport Authority and AC have wrongfully determined GMR-Megawide Consortium as a qualified bidder. For details see the section

"Outstanding Litigation and Defaults" on page 358. Additionally, as at March 31, 2014, GMR Infrastructure (Cyprus) Limited has fixed deposits of ₹ 832.78 crore with Eurobank, Cyprus and received USD 2.6 crore subsequent to March 31, 2014. The Republic of Cyprus is presently facing economic difficulties, as a result of which, the withdrawal of the amount from the Republic of Cyprus may be subject to restrictions as may be imposed by the Central Bank of Cyprus.

Each of the Upper Marsyangdi-2 Power Project and the Upper Karnali Power Project are power projects under development in Nepal. In the past, political uncertainties in Nepal have resulted in violent strikes and protests, primarily in the capital city, Kathmandu and also in areas where our projects are being developed. There can be no assurance that such violence will not occur in the future and will not spread to the Upper Karnali and Upper Marsyangdi areas in which our power projects are being developed, in which case damage, delay or other adverse impact to the development of our power projects could result. Any adverse rulings against us in these matters or damage would likely increase our costs and any delay in completion could impact our expected revenue streams from these projects, which in turn would adversely impact our results of operations, cash flows and financial performance.

We may not be able to successfully manage our expansion outside India owing to various risks, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

22. Our operations are subject to environmental, health and safety laws and regulations.

Our business operations are subject to various Indian national and state environmental laws and regulations relating to the control of pollution in the various locations in India where we operate. In particular, the discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liability to the Government and third parties, and may result in our Group incurring costs to remedy such discharge or emissions. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on the financial condition and results of operations of our Group. Our business operations can cause severe damage to the environment, property and person and may subject us to potential legal liabilities, which could materially and adversely affect our business, reputation, financial condition, cash flows and results of operations. For instance, our mining operations may lead to non-controlled exposure of methane into the atmosphere and/or into the mining facilities, which may lead to accidents or air contamination. Further, generation of hydroelectric power often requires the use of diversion structures such as dams and barrages, which can materially affect the flow of rivers, alter ecosystems and affecting the wildlife and people who depend on those waters. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. We are the subject of various litigations in India relating to allegations of environmental pollution by our power plants, as well as cases having potential criminal and civil liability filed by state pollution authorities. For instance, a writ petition has been filed before the High Court of Chhattisgarh challenging, inter alia, the grant of environmental clearance by MoEF for the Chhattisgarh Power Project. For details see the section "Outstanding Litigation and Defaults" on page 358. There can be no assurance that we will be able to remain in compliance with applicable health, safety and environmental laws and regulations, that we will be able to obtain, maintain or renew required licences, concessions, permits and approvals or that we will not become involved in future litigation or other proceedings (or be held responsible in any future litigation or other proceedings) relating to health, safety and environmental matters or other regulatory matters, the costs of which could be material.

In addition, there can be no assurance that the adoption of new health, safety and environmental laws and regulations, new interpretations of existing laws and regulations or other similar developments will not result in our power plants being subject to forced shutdowns or the imposition of fines and penalties.

Our failure to comply with any or all applicable government regulations, or a change in any or all such regulations, may disrupt our operations and could have a material adverse effect on our business, financial condition, results of operations and cash flows. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on our Group or result in the need for additional investment in pollution control equipment, either of which could adversely affect the business, financial condition or prospects of our Group.

23. The risk of environmental damage may force us to restrict the scope of our hydroelectric power projects or incur substantial compliance, restorative or legal costs.

Generation of hydroelectric power often requires the use of diversion structures such as dams and barrages, which can materially affect the flow of rivers, altering ecosystems and affecting the wildlife and people who depend on those waters. The development of hydroelectric power plants alters sizable portions of land when dams are constructed and pondages are created, resulting in flooding of land that may have once served as wildlife habitat or farmland or even location for human settlements. Hydroelectric dams also cause erosion along the riverbed upstream and downstream, which can further disturb vegetation, wildlife ecosystems and fish populations, human settlements and agriculture and farmland. In addition, some dams withhold or impound water and then at the peaking hours, release it at a rate significantly higher than the prevalent discharge rate in the river stream (a phenomena mostly witnessed during winter months), causing the water level in the river downstream to rise significantly, which may potentially cause sudden floods, in case there are no downstream Hydro projects, which are operating in tandem with its upstream project. This action can potentially create lot of disruptions in natural habitat including affecting plants and vegetation, wildlife habitats, and affect drinking water supplies. Reservoirs cover land, which was previously covered by vegetation or forests, and once underwater, the plants decompose anaerobically releasing methane, which is a powerful greenhouse gas. Due to these factors, environmental regulators may impose restrictions on our operations that would limit our ability to generate revenues.

In August 2013, while considering a civil appeal filed on impact of hydroelectric power projects being developed on Alaknanda and Bhagirathi river basins, the Supreme Court issued directions to MoEF to form an expert body for assessing if the under construction or operational hydroelectric power projects have resulted in environmental degradation or the floods which occurred in the State of Uttrakhand in June 2013. The Supreme Court further directed MoEF to examine the report issued by Wildlife Institute of India on 24 on-going hydroelectric power projects on the Bhagirathi and the Alaknanda rivers (which includes Alaknanda Power Project). Given that the expert body submitted two conflicting reports, the MoEF sought permission from the Supreme Court for constituting another committee for examining the aforesaid issue. On May 7, 2014, the Supreme Court issued directions to MoEF to provide valid reasons for constituting another committee and also imposed a stay on further construction of the aforesaid 24 power projects until further orders. While we continue to monitor the developments in this regard, we cannot assure you that no action will be initiated against us. If an action is initiated, we cannot give assurance that an adverse order will not be passed against us that will result in our Alaknanda Power Project being affected or delayed or even stalled and that significant amount of penalty will not be imposed on us, which in turn would adversely affect our business, prospects, financial condition and results of operations. Financial losses and liabilities as a result of increased compliance costs or due to environmental damage may affect our reputation and financial condition.

24. We have not yet acquired certain land in relation to some of our power projects, mining projects and transmission projects under development and construction and we may not be able to acquire the required land for these projects in a timely manner.

We are in the process of acquiring land required for developing some of our power projects, mining projects and our transmission projects under development and construction. Our land requirement in India involves (i) land held by private individuals, acquired or expected to be acquired pursuant to the Land Acquisition Act, 1894, or the Land Acquisition Act, 2013, as applicable; (ii) forest land, expected to be diverted for use in the relevant project to the state government by the MoEF and leased out by the state governments for the relevant project; and (iii) government land, held by the state government or its various departments and expected to be leased out by the state government to the relevant project after receiving consent from the relevant department of the state government.

Several of the parcels of land on which our power projects are situated were acquired by the Government or the relevant state governments and were thereafter awarded to us. Land acquired by state Government may remain subject to disputes after it is transferred to us. Furthermore, there can be no assurance that we will obtain clear title to the land on which our power projects are located and we do not have title insurance for any of our land. For example, in relation to our Phase I Kamalanga Power Plant, the prescribed land acquisition procedures are yet to be completed with respect to some of the required land so as to provide us with clear and absolute title to this land. We are a party to various litigations before the High Court of Odisha pursuant to which the land acquisition process with respect to the land leased from the Odisha Industrial Infrastructure Development Corporation has been challenged. The petitioners have questioned the ability of the state government and the process adopted by it in relation to the acquisition of the land, alleging that the applicable procedure under the relevant environmental laws has not been followed. While we believe that we have complied with the applicable laws and will continue to do so, if this matter is not disposed of by the High Court of Odisha in our favour, there may be an adverse impact which could materially and adversely affect our business, financial condition, cash flows and results of operations. We are also in the very preliminary stages of acquiring land for certain of our other power projects under development. We may face constraints in acquiring rights of way for transmission lines, railway lines and water pipelines or other land required for the development and construction of our power projects.

In all our road projects, land required for construction is granted by the NHAI or the state government. If there is a delay in the hand-over of the land by the NHAI or state government, the COD may be delayed which in turn could adversely affect our business, prospects, financial condition, cash flows and results of operations.

In Indonesia, article 100 of regulation 23 on Implementation of Mining Business Operations requires the holders of mining business permits intending to conduct production activities to complete the land acquisition process in the entire concession area in accordance with the prevailing laws. The holders of mining business permits are required to pay compensation based on mutual agreement with the holders of land titles/ rights. In addition, due to the developing nature of Indonesian land law and the lack of a uniform title system in Indonesia, disputes over our acquisition of title and/or rights may arise in situations such as (i) claims by former owners and/or their relations or illegal occupants over the same land; and (ii) claims by third parties by moving into such land. Furthermore, a certificate of land is not the conclusive evidence of ownership of land in Indonesia and as such, the land may still be subject to third party claims. In particular, rights to land that has been aggregated from the holdings of many small occupants or land belonging to the indigenous people may give rise to disputes with former or illegal occupants. As at the date of this Draft Letter of Offer, we have not been involved in any dispute over the uncertificated land controlled by us.

In Nepal, if land or property of a person has to be acquired for the purpose of generation, transmission or distribution of electricity, the acquirer should submit an application to the Government of Nepal for such acquisition. The Government of Nepal will acquire such land or property and make it available to the acquirer and the acquirer should pay adequate compensation to the person whose land or property is being acquired. If the land or property is owned by the Government of Nepal, it may lease such land or property to the acquirer until the term of the generation, transmission or distribution license.

We cannot assure you that we will be able to acquire the land best suited for our projects, in which case we may need to settle for alternative land, which may impair our operations. We cannot assure you that such acquisitions will be completed in a timely manner, on terms that are commercially acceptable to us, or at all.

If we are unable to acquire the parcels of land necessary to complete our projects, including all related infrastructure works, we may not be able to complete our projects as planned or at all, which in turn could adversely affect our business, financial condition, cash flows and results of operations.

25. We may, as part of our efforts to raise funds, sell or pledge interests in one or more of our Subsidiaries and/or Joint Ventures.

As part of our funding exercises we may sell or pledge all or part of our interests in one or more of our Subsidiaries and/or Joint Ventures through a listing of the shares of such Subsidiaries and/or Joint Ventures or the sale or pledge to third parties of all or a portion of our shares in such Subsidiaries and/or Joint Ventures. We have explored the option of selling stakes in our power plants and roads. We have also sold our entire investments in our overseas power businesses and in the Istanbul Airport, as well as majority stakes in two road projects. Following any such sale or enforcement of pledge of all or part of our interest in such Subsidiaries and/or Joint Ventures, our equity or beneficial interest in the assets held by such Subsidiaries and/or Joint Ventures would be reduced by a corresponding amount. Although we may receive the proceeds of any sale of shares or the benefits of any pledge of shares in a Subsidiary and/or Joint Venture, there can be no assurance that such proceeds or the benefits of any pledge of shares will accurately reflect the value of such Subsidiary and/or Joint Venture to our business or that our share price will not fall as a result of such sale or pledge of shares. Furthermore, there can be no assurance that the proceeds of any sale of shares in a Subsidiary and/or Joint Venture will be reinvested in our business and that the benefits of such proceeds will accrue to the shareholders of our Company to the extent of the benefits generated by the sold or pledged shares or at all.

26. Our ability to invest in overseas subsidiaries and joint ventures may be constrained by Indian and foreign laws, which could adversely affect our growth strategy and business prospects.

Under Indian foreign investment laws, an Indian company is permitted to invest in overseas joint ventures or wholly owned subsidiaries, not exceeding 100% of the Indian company's net worth as at the date of its last audited balance sheet (subject to certain exceptions). If the source of funding is through availing external commercial borrowings, the permissible limit is 400% of the net worth of the Indian company. This limitation also applies to any other form of financial commitment by the Indian company, including in terms of any loan, guarantee or counter guarantee issued by such Indian company. Further, there may be limitations stipulated in the host country for foreign investment.

Investment or financial commitment not complying with the stipulated requirements is permitted with prior approval of the RBI. Additionally, there are also further requirements specified under the Companies Act, 2013 in relation to any acquisition that we propose to undertake in the future.

These limitations on overseas direct investment could constrain our ability to acquire or increase our stake in overseas entities as well as to provide other forms of financial assistance or support to such entities, which may adversely affect our growth strategy and business prospects.

27. We have encountered and may continue to encounter problems relating to the operations of our Joint Ventures with our joint venture partners.

We have operated and continue to operate a significant number of our businesses through Joint Ventures. For example, in our airport business, we have joint venture partners in GHIAL, the company that operates the Hyderabad Airport and in DIAL, the company that operates the Delhi Airport. We also have a number of Joint Ventures and partners in various companies that operate within our airports or provide services at our airports in India.

In our power business, we have joint venture partners in GPCL, which owns the Chennai Power Plant, GKEL, the company that owns the Phase I Kamalanga Power Plant and in Himtal Hydro, the company that is developing the Upper Marsyangdi power project.

Although our joint venture partners have a right to appoint directors on the board of directors of our joint venture companies, unanimity of the board of directors is required for major decisions relating to the business operations of some of our Joint Ventures. To the extent there are disagreements between us and our various joint venture partners regarding the business and operations of the projects, we cannot assure you that we will be able to resolve them in a manner that will be in our best interests. Under the terms of our joint venture agreements, disagreements between the partners may be required to be submitted to arbitration panels whose decisions are final. In addition, our partners in our Joint Ventures may:

- be unable or unwilling to fulfil their obligations, whether of a financial nature or otherwise;
- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our policies and objectives;
- take actions that are not acceptable to regulatory authorities;
- have financial difficulties; or
- have disputes with us.

Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and results of operations.

Additionally, any delays in infusing equity contributions on the part of our joint venture partners may potentially adversely affect our ability to subscribe to equity in our existing or future Joint Ventures as the relevant shareholding percentages may be fixed under the relevant joint venture agreements. In such cases, any excess contributions made by us may be treated as loans and therefore, would not ensure returns equal to that of equity contributions.

The inability of a joint venture partner to continue to fund or execute a project due to financial or legal difficulties or their inability to bring in investment as per the respective joint venture agreements could result in us bearing increased and possibly sole responsibility for the completion of the project and a correspondingly greater share of the financial risk of the project. In some cases, we may not be able to provide the services which our joint venture partners have failed to provide, due to our lack of experience or expertise in specific areas and we may not be successful in finding suitable substitute partners, in a timely manner or at all.

28. We may seek to make acquisitions that prove unsuccessful or strain or divert our resources.

We may seek to expand our business through the acquisition of complementary businesses and assets. It is possible that we may not be able to complete any acquisitions on favourable terms or at all. Acquisitions present risks that could materially and adversely affect our business and financial performance, including:

- the diversion of management's attention from everyday business activities;
- the contingent and latent risks associated with the past operations of, and other unanticipated problems arising in, the acquired business; and
- the need to expand management, administration, and operational systems.

If we make such acquisitions we cannot predict whether:

- the operations and personnel of any new businesses will be successfully integrated into or successfully complement our business;
- any anticipated benefits of completed acquisitions will be realised; or
- there will be substantial unanticipated costs associated with acquisitions, including unknown or increased liabilities such as tax liabilities and potential costs associated with environmental liabilities undiscovered at the time of acquisition.

In addition, future acquisitions may result in:

- the incurrence of additional debt;
- restructuring charges; or
- the recognition of significant charges for depreciation and amortisation related to assets.

29. Our projects under development or implementation require a long gestation period and substantial capital outlay before we realise any benefits or returns on investments. We and the companies in which we invest could encounter problems that substantially impair our ability to generate revenue from our or their operating projects or substantially increase the costs and the time required to develop such projects, as well as our or their ability to complete and generate revenue from, our or their projects under development. We may not be able to recover our intended returns from our investments due to various problems that may be encountered by such projects.

Our projects typically have a long gestation period and require substantial capital infusion and at periodic intervals before their completion and it may take months or even years before positive cash flows can be generated, if at all. The development, implementation, conversion, relocation and operation of infrastructure projects involves various risks, including, among others, land acquisition risk, regulatory risk, construction risk, time delays in completion of projects, escalations in estimated project cost, financing risk, raw material risk, commodities price risk and the risk that these projects may ultimately prove to be unprofitable. For instance, we commenced construction of our Chhattisgarh

Power Project in Financial Year 2011 and we do not expect to commence operations at the two units of the project until Financial Year 2015. We cannot assure you that these projects will be completed in the time expected or at all, or that their gestation period will not be affected. It is likely that the benefits of our utilisation of this offering's proceeds will not be immediately available to you and that the returns on our investment of these proceeds will not be generated until following the commissioning of each project in which an investment is made using the proceeds of this offering. Furthermore, we and the companies in which we invest may need to undergo certain changes to our or their operations as a result of entering into, or further developing these projects, which may pose significant challenges to our management, administrative, financial and operational resources. We cannot assure you that we or they will succeed in any new projects, or any conversion or relocation of existing projects, or that we or they will recover our investments.

We or the companies in which we invest may be adversely affected if the completion or commencement of operation of our projects under development or implementation or the conversion or relocation of existing projects is delayed due to any of the following:

- the contractors hired may not be able to complete the construction of projects on time, within budget or to the specifications and standards set out in contracts with them;
- engineering problems, including defective plans and specifications;
- shortages of, and price increases in, energy, materials, skilled and unskilled labour, and inflation in key supply markets;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations of such countries including India and Nepal, among others, applicable to projects under development;
- weather interferences, fire, natural disasters or delays;
- geological, construction, excavation, regulatory and equipment problems with respect to operating projects and projects under development;
- drawings for the sites on which projects are expected to be developed may not be accurate as these drawings are generally quite dated;
- we or the companies in which we invest may not be able to obtain adequate working capital or other financing to complete construction of and to commence operations of our or their projects;
- we or the companies in which we invest may not be able to recover the amounts invested in our or their projects if the assumptions contained in the feasibility studies for these projects do not materialise;
- our power and roads customers may not off-take our power or use our toll roads in the expected quantities or at all or may not pay in full or at all, our airport concessionaires may not generate revenues in the expected quantities or at all or may not pay in full or at all, and our property lessees and licensees in our urban infrastructure business may not pay in full or at all;
- governmental approvals and other approvals that are required for completion, expansion or operation of our projects may be delayed or denied;
- environmental risk, including rehabilitation and resettlement costs; and
- other unanticipated circumstances or cost increases.

There can be no assurance that any cost escalation or additional liabilities in connection with the development, expansion, conversion or relocation of new or existing projects would be fully offset by amounts due to us or the companies in which we invest pursuant to the guarantees and indemnities, if any, provided by our contractors or insurance policies that we maintain. There can be no assurance that our or their current or future projects will be completed, or, if completed, on time or within budget. Delays in completion and commercial operation of our projects under development or implementation could increase the financing costs associated with the construction and cause our forecasted budgets to be exceeded. We cannot guarantee that our or their construction costs or total project costs for our projects will not increase.

For example, we have faced delays in the completion of our projects in the past that include in relation to our airport projects, power projects and roads projects, and which have sometimes resulted in us, in relation to certain debt facilities, breaching certain financial and other covenants. For details see the section "— We have in the past not been, and continue not to be, in relation to certain debt facilities, compliant with certain financial and other covenants which have resulted and potentially could result in an event of default under the respective debt facilities and cross-defaults under other instruments, thereby accelerating our obligations under our debt facilities" on page 21. We have also faced increases in projects' costs from initial estimation due to various factors including, but not limited to, changes/modifications in design and engineering, increased interest cost due to time delays, contractor delays, increase in cost of material and labour and delay in land acquisitions. Any failure in the development, financing, implementation or operation of any material new project or existing project by us or a company in which we invest is likely to materially and adversely affect our business, prospects, financial condition and results of operations.

30. The terms of our power off-take arrangements may not match the terms of our financing arrangements, which may adversely affect our business, financial condition, cash flows and results of operations.

The duration of our off-take arrangements may not match the duration of the related financing arrangements and we may be exposed to refinancing risk. In the event of an increase in interest rates, our debt service cost may increase at the time of refinancing loan facilities and other financing arrangements, but the revenues under the relevant PPAs may not correspondingly increase. In addition, PPAs may expire or be terminated and we may not have sufficient cash to meet its debt service obligations or be able to arrange sufficient borrowings to refinance those obligations on commercially acceptable terms, or at all. This mismatch between the financing arrangements and the corresponding PPAs may adversely affect our business, financial condition, cash flows and results of operations.

31. The operation and development of power plants, airports and other infrastructure assets involves many risks and we may not have sufficient insurance coverage to cover our economic losses.

The operation and development of our projects carries many risks, which, to the extent they materialise, could adversely affect our business, prospects, financial condition and results of operations. These risks include:

- political, regulatory and legal actions that may adversely affect project viability;
- changes in government and regulatory policies;
- delays in construction and operation of projects;
- adverse changes in market demand or prices for the products or services that the project, when completed, is expected to provide;
- the willingness and ability of consumers to pay for power;
- shortages of or adverse price movements for raw materials;
- environmental risk, including rehabilitation and resettlement costs; and
- adverse developments in the overall economic environment in India.

Operating power plants and other infrastructure assets involves many risks and hazards which may adversely affect profitability, including:

- breakdown, failure or substandard performance of equipment;

- improper installation or operation of equipment;
- inability to procure replacement parts for imported equipment in a timely manner;
- labour disturbances;
- natural disasters;
- environmental hazards;
- industrial accidents; and
- terrorist activity.

We maintain insurance coverage for the property, including business interruption insurance arising out of unforeseen physical loss or damage to property with respect to each of our airport projects, operating power plants and roads projects, which we believe is customary for the industries in India in which we operate. Our insurance, however, may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. In particular, the insurance policies for our road projects do not cover losses caused by our failure to maintain such roads to agreed-upon standards. We cannot assure you that the operation of our power plants and infrastructure assets including our power plants will not be affected by any of the incidents and hazards listed above, or that the terms of our insurance policies will be adequate to cover any damage caused by any such incidents and hazards.

32. Our financial results may be subject to seasonal variations.

Our revenues and results may be affected by seasonal factors. For instance, demand of our customers of the airport business increases during the holiday seasons compared to the rest of the year and decrease in demand could reduce our revenue in such period. Further, some of our power consumers have businesses which are seasonal in nature and a downturn in demand for power by such consumers could reduce our revenue during such periods. In years of less favourable hydrological conditions, such as periods of drought, hydroelectric power plants will possibly generate less electricity than assumed, which reduces the amount of electricity that they are able to sell. The levels of hydroelectric power generation can therefore also vary between years. Our operations may also be adversely affected by difficult working conditions due to high temperatures during summer and rain during the monsoon season, that restrict the ability of mining companies to carry on their mining activities. Also, our road projects experience variations in traffic during the year with the second and third quarter experiencing lower traffic in comparison to the first and last quarters of the Financial Year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced. Although such adverse weather conditions do not typically have a material impact on our revenue from operations, abnormally hot summer months or abnormally heavy rains could have a material impact.

33. Our coal assets, airports and roads are based on concessions from government bodies, which can for various reasons, including those beyond our control, be revoked or terminated. In addition, there may be conflicts and other disputes that may arise owing to these concessions which among others can be in relation to the land use/occupancy claims on the underlying concession area and other aspects. Any revocation of a concession or termination of any related agreement or a related dispute could materially and adversely affect our business, prospects, financial condition and results of operations.

Governmental bodies grant concessions to us for our coal mining, airports and roads businesses and can also revoke such concessions. With respect to coal mining, airports and roads concessions in India, the relevant government bodies may revoke the concessions subject to terms and conditions of the underlying concession agreement or pursuant to court rulings or any change in policy or law or also terminate one or more of our airports or roads concessions at any time, if, in accordance with applicable law, it is determined that it is in the public interest to do so.

With respect to our Indonesian coal mining concessions, the Government of Indonesia can cancel or terminate the concessions if we are unable to fulfil our obligations under the coal concession agreements.

If any of our concessions are revoked, our business, financial condition and results of operations will be materially and adversely affected.

Additional concessions for the exploration of oil and natural gas have been granted to third parties on the land area where our Rampia Coal Mine is located. We received a show cause notice from the MOC on January 15, 2014 regarding the delay in the development of the Rampia Coal Mine. Subsequently, the relevant inter-ministerial group of the Government recommended the de-allocation of the Rampia Coal Mine. We have challenged the de-allocation of the Rampia Coal Mine in the High Court of Delhi. On February 11, 2014, the High Court of Delhi pronounced an interim order to maintain status quo and prohibited the Government from re-allocating the mine and creating third party interest. Subsequently, on February 17, 2014, the MOC issued a letter informing us that while the recommendation of the inter-ministerial group has been accepted by the competent authority on February 11, 2014, no further action will be taken by the Government in light of the order passed by the High Court of Delhi. Further, the Supreme Court has passed an order dated August 25, 2014 pursuant to writ petition filed before the Supreme Court, pronouncing that the allocations of coal blocks made between 1993 and 2010 were arbitrary, illegal and impermissible under the applicable law. The consequences of such allocation have not been determined by the Supreme Court as on the date of this Draft Letter of Offer. In addition, in respect of the Male Airport, GMIAL has vacated the possession of Male Airport with effect from December 7, 2012 and declared the concession agreement dated June 28, 2010 for the airport project *void ab initio*. Further, the grant of the concession for the Cebu Airport to our joint venture has been challenged in the courts in Philippines. For details see the section “Outstanding Litigation and Defaults” on page 358.

Governmental authorities could grant additional concessions to operate existing government-managed airports or authorize the construction of new airports, which could compete directly with our airports. Any competition from other such airports could have a material adverse effect on our business, prospects, results of operations, and financial condition. Under Indian law, the grant of a concession for a new or existing airport must be made pursuant to a public bidding process. As part of our concession for the Delhi Airport, we have a right to match the bid for the construction of any airport within an aerial distance of 150 km of the Delhi Airport (if our bid is within 10% of the most competitive bid) until 2036. Further, as part of the concession for the Hyderabad Airport the Government has undertaken that no new or existing airport shall be permitted to be developed, improved or upgraded into an international or domestic airport within an aerial distance of 150 kilometres of the Hyderabad Airport before the 25th anniversary of the opening date of the airport. In addition the bifurcation of the state of Andhra Pradesh, where the Hyderabad Airport is located, in to two states, may result in a competing airport being developed in the new state of Telangana in the future. In the event that a competing concession is offered in a public bidding process, we cannot assure you that we would participate in such a process, or that we would be successful if we were to participate.

In relation to the airport and roads business, the concession may be revoked, terminated or may not be renewed upon the expiry of its initial term by the relevant governmental authority granting such concession. This could be on account of any unremedied material defaults under the relevant concession agreement, project financing documents, airport master plans or any major development plans under any of these agreements, on account of a permanent or sustained halt in our operations or any damages resulting from our operations. Our concessions may also be terminated upon our insolvency, winding up or liquidation or administration or trust or receivership of all or substantially all of our undertaking.

34. If the operation of our assets do not meet certain agreed performance requirements, we may be liable for penalties or subject to a termination of project contracts.

In accordance with the terms of our PPAs, we are required to guarantee to our power customers certain minimum performance standards. For instance with respect to our Chennai Power Plant, Vemagiri Power Plant, Warora Power Plant and Phase I Kamalanga Power Plant, we have guaranteed a minimum availability for each of these power plants and power projects under the respective PPAs. If these power plants do not meet the required performance standards, we need to pay a penalty to our customers of an amount which is linked to the fixed charged components of our tariffs. In addition, if we do not operate the power plants in accordance with certain agreed guidelines and prudent operating principles, we will have to bear the additional costs associated with such inefficiencies. There can be no assurance that we will not be required to make payment for poor performance in the future. If we are not able to operate and maintain our assets in accordance with the agreed performance standards, we may be liable for payment of damages, which may in turn have an adverse effect on our business, prospects, financial condition, cash flows and results of operations.

Similarly, if we do not maintain our road projects in accordance with agreed standards, NHAI or the relevant state government may, at its own cost, remedy any defect in such projects, and we are obligated to reimburse NHAI or the relevant state government, as applicable, for an amount determined under the relevant concession agreement.

Similarly, the concession agreements entered into in relation to the Delhi Airport and the Hyderabad Airport also prescribe certain performance standards which we are required to comply with, failing which we may be liable for payment of damages or in the event of a sustained failure, our concession may be terminated.

If we are not able to operate and maintain our assets in accordance with the agreed performance standards and/or in a timely manner (including in circumstances where lack of performance may be due to no fault of our own), we may be liable for the payment of damages, which may in turn have an adverse effect on our business, prospects, financial condition and results of operations.

35. Contract parties and our customers may not be able to secure adequate financing which could cause them to cancel or terminate their contracts with us, including with our EPC business which relies on a third-party order book.

During the course of our business, we may enter into agreements with contract parties as well as customers from which we may derive income in relation to the sales and operations of our businesses. The inability of such contract parties and customers to raise sufficient funds to meet the consideration requirements within the agreements and to develop and/or undertake the relevant project and operations may affect our ability to derive such income as contracted for in the relevant agreements. For example, our projections and forecasts for our EPC business rely heavily on our future order book. If the relevant contract counterparty is unable to finance the project for which our EPC business has been engaged, or cancels or terminates our EPC contracts for other reasons, this may have an adverse impact on our business, prospects, financial condition and results of operations.

36. A number of government-related entities act as our regulator, customer, joint venture partner and indirect competitor, and this may give rise to conflicts of interest which may adversely affect our business. Some of these government-related entities also have rights such as right of first refusal under the respective shareholders' agreement which may restrict our ability to market the shares held pursuant to such agreements. We are also, from time to time, subject to regulatory and Governmental reviews and enquiries and there is no assurance that we will not be subject to the same in future.

We have entered into contracts with government entities and state governments, including AAI, TNEB and our other power customers and NHAI. Many of these government entities are also our sole customers and in some cases are our competitors. We may face or suffer a potential conflict of interest situation, which may arise from the fact that such government authorities play multiple roles in our business model. For example, the NEA, which owns 27.00% of GMR Upper Karnali, the company that is developing the Upper Karnali Power Project, has certain regulatory authority over this project. Additionally, in terms of the shareholders agreement dated April 4, 2006 entered into among AAI, DIAL, GEL, GAL, Fraport AG Frankfurt Airport Services Worldwide, Malaysia Airports (Mauritius) Private Limited and our Company, any transfer of shares by shareholders of DIAL other than the AAI requires AAI's prior consent. In the event of any transfer of shares by shareholders of DIAL other than the AAI, the other private participants have a right of first refusal ("**ROFR**") and, if they refuse, then the AAI has a ROFR, before such shares can be offered to any other party. Existence of a ROFR may make the offer of sale of shares of DIAL less attractive for third party investors and thereby affecting right of first refusal. Similar rights exists under the shareholders' agreement dated September 30, 2003 entered into among the Government of Andhra Pradesh, AAI, Malaysia Airports Holdings Berhad, GHIAL and our Company. We cannot assure you that potential conflict of interest situations will not continue to arise in the future and any disputes arising therefrom will be resolved in a manner favourable to us. Any such adverse situation may result in loss of our business, restrictions on our operations and harm to our business, prospects, financial condition and results of operations.

Additionally, we have been subject to regulatory / Governmental reviews and investigative enquiries in the past like the performance audit of public private partnership project of AAI at Delhi Airport by Comptroller and Auditor General of India and there is no assurance that we will not be subject to the same in future and that no adverse remarks will be made in the report issued by such regulatory / Governmental / investigative authority.

37. Our influence over the business operations and corporate governance of companies in which we own minority interests is extremely limited.

We own non-controlling interests in a number of our associated companies and Joint Ventures. We may not be able to direct the business strategies and decisions of these companies as we do not have controlling interests in them. As such, our influence over the business operations and corporate governance of these companies may be limited. In addition, to the extent we sell all or part of our interest in one or more Subsidiaries, it is possible that our equity interest in one or more of our operating projects or projects under development could be reduced to a minority interest.

We may have increased risks relating to companies in which we have a minority interest due to our inability to control such companies' business operations and the amount and timing of any dividends to be paid by these companies. In the event these companies do not pay dividends to shareholders, or pay limited or infrequent dividends, we may be unable to realise the financial benefits of our investments, which could have a material adverse effect on our financial condition and results of operations.

In addition, in case of a difference in economic interests between us and parties that have a greater influence on the business of these companies, it is likely that our investments in such companies would be impaired, which will adversely affect our financial condition and results of operations.

38. Our controlling shareholders or their affiliates and certain of their officers may take actions that are not in, or may conflict with, our or our shareholders' best interests.

The controlling shareholder of our Company, GHPL, has the ability to exercise a controlling influence over our business, and may cause our Company to take actions that are not in, or may conflict with, our or our shareholder's best interests, including matters relating to our management and policies and the election of our directors and senior management, the approval of lending and investment policies, revenue budgets, capital expenditure, dividend policy, strategic acquisitions and fund raising activities. Additionally, many of our directors and senior management employees also serve as directors of, or are employed by, our affiliated companies. Mr. G.M. Rao, being the Promoter director of our Company, will be able to influence the major policy decisions of our Company, including our overall strategic and investment decisions, by controlling the election of our Directors and, in turn, indirectly controlling the selection of the senior management of our Company, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in the share capital of our Company, determining our issuance and sale of new securities, approving mergers, acquisitions and disposals of our assets or businesses (including equity interests in our Subsidiaries), and amending the Articles of Association. While such control may also discourage third parties from seeking to effect a change of control of our Company or any of our Subsidiaries, if a change of control were to be effected it is possible that we would lose the right to use the "GMR" trademark and logo, which is licensed to us by GHPL and has substantial goodwill attached to it. For details see the sections "Our Business" and "-We do not own the trademarks used in all of our businesses" on pages 119 and 67. This could have a material and adverse effect on our business, financial condition and results of operations.

GHPL's control of us means it can determine the allocation of business opportunities among us, itself and its other subsidiaries. GHPL may determine to have one or more of its subsidiaries that are not within our Group pursue business opportunities in the power generation, roads, airport or urban infrastructure business or any other business, or cause such companies or us to undertake corporate strategies which benefit such companies instead of us and which could be detrimental to our interests. If GHPL were to take any such actions, our business, results of operations, financial condition and prospects could be materially and adversely affected. There may be conflicts of interest between subsidiaries of GHPL that are not part of our Group, and us with respect to bids for new projects and operations of projects that have achieved commercial operation. There can be no assurance that GHPL will direct any future business opportunities to us or, as our controlling shareholder, cause us to take up such opportunities.

The controlling shareholder of our Company could cause us to sell, subject to receipt of necessary approvals, down our interests in one or more of our Subsidiaries through a listing of the shares of such Subsidiary or the sale to third parties of all or a portion of our shares in such Subsidiary. Following any such sale of all or part of our interest in such Subsidiary, our equity interest in the assets held by such Subsidiary would be reduced by a corresponding amount, which in turn would reduce our share of the revenue that we are entitled to receive for such projects and investments. Although we would receive the proceeds of any sale of our shares in any of our Subsidiaries, there can be no assurance that such proceeds will accurately reflect the value of such subsidiary, that such proceeds will be used to fund our operations or future growth, or that our share price will not fall as a result of such sale of shares.

Conflicts may arise in the ordinary course of our decision-making. Among other situations, conflicts may arise in connection with our negotiations and dealings with our Group companies with respect to services that they are expected to provide to us and the arrangements that we may enter into with them. Conflicts may also arise in the allocation of resources, including key personnel, contractors and intellectual property, between our Group companies and us. Key management personnel and employees may also encounter conflicts of interest in these situations, among others.

We are involved in, and we expect that we will continue to be involved in, a significant number of related party transactions. For example, we have entered into certain agreements with Raxa Security Services Limited, a wholly owned subsidiary of our parent company, GHPL, for the provision of specialised industrial security services, and we and certain of our Subsidiaries have entered into EPC contracts with GPPL, a company that is indirectly owned by the Promoter and Chairman of our Company, Mr. G.M. Rao. Further, our Company has also given guarantees in respect of a loan taken by its group company from a bank in respect of which our Company has not charged any commission. We have had and expect to have a substantial amount of ongoing transactions with the Promoter Group entities of our Company and other Group entities.

39. The operations of the Hyderabad Airport, are at greater risk of disruption due to dependence on a single commercial runway.

The first phase of development of the Hyderabad Airport included a single commercial runway which is presently the only operating runway at the Hyderabad Airport. While we seek to keep the runway in good working order and to conduct scheduled maintenance during off-peak hours, we cannot assure you that the operation of Hyderabad Airport's runway will not be disrupted due to required maintenance or repairs. In addition, the Hyderabad Airport's runway may require unscheduled repair or maintenance due to natural disasters, aircraft accidents and other factors that are beyond our control. The Hyderabad Airport has a taxiway that can be used as an emergency runway only, and construction of our planned second runway at Hyderabad Airport will not commence until traffic exceeds a specified number of passengers per annum. There can be no assurance that the planned second runway will ever be developed. The closure of the runway at the Hyderabad Airport for a significant period of time could have a material adverse effect on our business, prospects, financial condition and results of operations.

40. Our strategy to develop commercial property development projects at the Delhi Airport and the Hyderabad Airport may be unsuccessful.

As part of our concessions for the Delhi Airport and the Hyderabad Airport, we have land parcels of approximately 230 acres at the Delhi Airport and approximately 1,500 acres at the Hyderabad Airport available for commercial development. We have awarded development rights to third parties for an area of 45.08 acres at the Delhi Airport for the construction of hotels and for mixed use development. As a number of local and national real estate companies also focus on developing projects in the commercial property segment, in particular in and around the Gurgaon region, close to where the Delhi Airport is located, the market for commercial property is extremely competitive. Moreover, the business of commercial property development may be affected by several external factors, such as demand and supply of commercial property, economic, regulatory and political environment. The commercial property development in India is highly regulated as well as cyclical, which could result in time and cost overruns in the event that the development companies are unable to obtain necessary approvals and permits in time, or negotiate and manage customer contracts such that their cash flows are not disrupted. Additionally, security concerns arising on account of proximity of some of our land parcels to the airports we operate (which are considered high security areas) may require our lessors to comply with more stringent security requirements as compared to commercial property elsewhere, thereby requiring them to incur higher costs to comply with such security requirements, along with the possibility of delays in obtaining security clearances from security agencies, which may adversely affect the demand for our land parcels and adversely affect the revenues we can expect to generate from such land.

In particular, the success of the commercial property development could be adversely affected in the event of the inability of customers to obtain credit to finance the acquisition of interest in our commercial properties, delay in obtaining requisite approvals (including security clearances), shortage of required construction materials, equipment and labour, labour unrest, or disputes with or insolvency of key contractors resulting in construction delays, or disputes with or insolvency of key tenants in our commercial and retail properties. These factors could adversely affect their ability to service their obligations to pay their lease rentals to us.

Further, we are exposed to risks generally associated with ownership of properties rented to third parties, such as a decline in rental market demand occupancy rates or rent levels, non-payment by tenants or a weakening of the real estate market. Moreover, our commercial property assets are located on or adjacent to our Airports and serve a particular sector of the rental market, thus exposing us to fluctuations in this specific market. Any of these risks could adversely affect the profitability of our commercial property development activities and, consequently, our business, results of operations, prospects and financial position

41. The regular operation of the Delhi Airport and Hyderabad Airport relies on authorities and service providers.

As is the case with most airports, the safe and efficient operation of the Delhi Airport and Hyderabad Airport depends in large measure on the services provided by third parties, such as air traffic control authorities and airlines. The Delhi Airport and Hyderabad Airport will also be dependent upon various companies and government entities for the provision of services such as power, immigration and custom services for international passengers and, with respect to the Delhi Airport and Hyderabad Airport, food catering and the supply of fuel to aircraft. In particular, the airport industry has been subject to work stoppages and strikes. The previous operators of the Delhi Airport had experienced at least one labour strike. We cannot assure you that our Subsidiaries, DIAL and GHIAL, will be able to prevent its employees from undertaking work stoppages, notwithstanding the fact that the employees involved in the previous labour strikes are no longer employed by DIAL. We are not responsible for and cannot control the services provided by the third party service providers. There can be no assurance that any disruption or failure of the operation of these third parties will not have an adverse effect on the operation of the Delhi and Hyderabad Airports, and on our business, prospects, financial condition and results of operations.

42. We are subject to non-compete provisions under investment agreements entered into with private equity investors.

We have entered into various investment agreements which impose restrictions on us from carrying out certain business activities. For instance, with regards investment agreements entered into by GAL and us with the GAL Investors, we have provided certain undertakings to the GAL Investors which impose restrictions on us from carrying out certain activities. For example, our Company is subject to non-compete provisions in relation to core airport businesses pursuant to which neither our Company nor our affiliates can bid for or invest in companies engaging in projects, involving the development, operation and maintenance of airports and related activities, in India and the SAARC region. Further, in the event that our Company or any of our affiliates do participate in bidding for such projects, these agreements oblige our Company to ensure that GAL holds the maximum stake in such consortium. Under the terms of the investment agreements, these restrictions are applicable to our Company as long as the GAL Investors hold shares in GAL directly or indirectly and the enforcement of these provisions against us may materially affect our business, prospects, and financial condition. Additionally, pursuant to the agreement dated February 27, 2009 entered into between GHIAL and Malaysian Aerospace Engineering Sdn. Bhd., both parties have been prohibited from conducting any MRO activities or operating MRO facilities, in the territories in which the said agreement operates, that compete with those of MGAE, during the term of the agreement and until either, three years from termination or three years from when either party ceases to be a shareholder, whichever is later.

43. We are exposed to risks inherent to the operation of airports, including terrorist attacks.

Airports are exposed to the risk of incidents, including accidents, as a result of a number of factors, including extreme weather conditions, movement of large number of passengers, variable aircraft movements, traffic congestion, equipment failure, human error and terrorist activities. These incidents could result in injury or loss of human life, damage to airport infrastructure and short or long term closure of an airport's facilities and may have an impact on passenger traffic levels, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Any future terrorist attacks involving one of our airports will be likely to adversely affect our business, results of operations, prospects and financial condition. Among other consequences, future terrorist action or threat may include cancellation or delay of flights, fewer airlines and passengers using our airports, liability for damage or loss and the costs of repairing damage, disruption or suspension of airport operations during the time necessary to conduct rescue operations, investigate the incident and repair or rebuild damaged or destroyed facilities, and potential increase in our future insurance premiums.

Security measures taken to comply with future security directives or in response to a terrorist attack or threat could reduce passenger capacity at our airports due to increased passenger screening, slower security checkpoints, impose additional limitations on airport capacity or retail space, overcrowding, increases in operating costs and delays to passenger movement through our airports, any of which could have a material adverse effect on our business, financial condition and results of operations.

44. We face numerous uncertainties in estimating the economically recoverable coal reserves in our coal assets and investments.

We own equity interest in PT BSL, a company that owns mining rights in PT BSL Coalfields; equity interest in GEMS, a company that owns the GEMS Coal Assets; and, depending on the outcome of our challenge to the MOC's de-allocation notice in respect of the Rampia Coal Mine, equity interest in RCMEPL, pursuant to which we have been allocated up to 112.2 million tons of coal from the Rampia Coal Mine.

We made our investments in coal assets based on estimates of coal reserves and resources with respect to each asset. While these estimated coal reserves and resources were determined by taking into account relevant knowledge, experience, industry practice and opinions of independent experts, it is possible that any determination of coal reserves or resources that appear valid, when made, may change significantly in the future when new information becomes available.

In addition, there are numerous uncertainties inherent in estimating quantities and the value of recoverable and marketable coal reserves, including many factors beyond our control. When calculating reserves estimates, we were and will be required to make certain assumptions, including assumptions about geological conditions, historical production from the mining area compared with production from other producing areas and future operating costs. Actual factors may vary considerably from the assumptions we use in estimating our reserves. For these reasons, our estimates may not accurately reflect the actual reserves or be indicative of future production, costs, revenues or expenditures. Our reserve data for certain of our PT BSL Coalfields are estimated in accordance with the JORC Code. As the mining standards and mining terminology of the JORC Code may differ substantially from the U.S. Securities and Exchange Commission Industry Guide 7, Description of Property by Issuers Engaged or to Be Engaged in Significant Mining Operations, (the "**SEC Guide 7**"), our reserves data may materially vary when we compile and present such data against other issuers presenting reserves data under the SEC Guide 7 standards. In such case, our investments in the PT BSL Coalfields as well as GEMS may turn out to be substantially less valuable than the amount we paid or invested to acquire and develop them, which would materially and adversely affect our business, financial condition, cash flows and results of operations.

45. We are subject to significant contractual risks under our PPAs with our power purchasers.

The customers for power plants are typically limited to state utility companies or electricity boards and operators of large commercial utilities. The counterparties under our long-term PPAs are state-owned entities and are the principal purchasers of wholesale electricity in the states of Tamil Nadu, Andhra Pradesh, Odisha, Bihar, Haryana, Maharashtra, Dadra and Nagar Haveli, Chhattisgarh and Gujarat. As such, our ability to negotiate the terms of our long-term PPAs is limited. Certain terms of our PPAs that we believe present risks to our business are as follows:

- Most of our PPAs only provides for penalties for our failure to perform the contractual obligations. This means that any material failures by us are likely to constitute events of default under our PPAs and, upon expiration of the relevant cure periods, give such purchaser the right to terminate these agreements and in most of the cases lenders shall have the step in right.

- Each of our PPAs may be terminated before the end of its term due to the default of either party and the remedies available to us, including a claim for damages may not adequately compensate us.

- Although our PPAs do not include a provision for liquidated damages during the operation period, in addition to a pro-rated reduction in the capacity payments, penalties may also be imposed by our customers where (i) we supply less than the contracted capacity, or (ii) we provide electricity for less than the agreed number of hours in a year.

- If a force majeure event affecting our customer or a governmental force majeure event prevents us from supplying electricity to the relevant customer, such customer shall continue to make its capacity payment (that is, the payment that is designed to allow us to recover our fixed costs for constructing and operating the power plant over the life of the contract) to us in most of the PPAs for up to 12 months after which either party is entitled to terminate the PPA.

As an example of the risks relating to our PPAs with our power purchasers, in September 2013 we received a letter from CSPTCO, the purchaser of 30% of the gross capacity generated and 5% of the net power generated by the Chhattisgarh Power Project, in which CSPTCO notified us that it did not intend to purchase 30% of the gross capacity generated by the Chhattisgarh Power Project, claiming that the PPA did not require it to purchase such 30% of gross capacity generated. We do not agree with the contents of CSPTCO's letter and have responded back accordingly in November 2013. Additionally, under the terms of our PPAs, we are required to guarantee to our power customers certain minimum performance standards. For details see the section "— If the operation of our assets do not meet certain agreed performance requirements, we may be liable for penalties and be subject to a termination of contracts" on page 53.

These contractual risks could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

46. Merchant power plants are subject to regulatory and tariff risks.

A portion of power generated by our operating power plants is sold through open market sales. We also plan to sell a portion of the power produced by our power projects under construction and development pursuant to merchant power arrangements. The price at which we sell this power to others is subject to fluctuations caused by general market conditions and demand-supply considerations. We anticipate that if fuel prices are high, revenues from our merchant power arrangements will compensate for such increased cost through increase to the prices at which we sell power. However, we cannot assure you that we will be able to sell power at such higher prices or that our power will be dispatched.

There is a limited history of merchant power plants in India. Risks related to merchant power plants include:

- Merchant tariffs are market determined, and hence dependent on the prevalent supply-demand dynamics which could be volatile as observed in the merchant tariff fluctuations over the last three to four years.

- Merchant tariffs are also determined by the ability of the state electricity utilities, which are one of the largest procurers of power on merchant basis, to purchase power at higher tariffs. In the case of high tariffs, the SEBs may decide to undertake load-shedding and reduce power consumption rather than buy merchant power at higher tariffs;

- Payment risks due to steep increase in fuel cost;

- Competition risk from state-owned generating companies with low target returns. Actual generation tariffs may be lower than expected due to competition from non state-owned utilities;

- Regulatory and/or political risk: Competition is designed to achieve lower generation tariffs to benefit the general public. Under this regulated scenario, if merchant power plants are able to achieve higher returns for an extended period of time, regulators may then seek ways to reduce generation tariffs, either by cost-based bidding, price caps, or state-owned utilities bidding irrationally;

- We may lack access to transmission facilities in sufficient quantities to transmit our power available for sale on the open market to the applicable power grid or at all;

- Due to lack of adequate transmission facilities power may not flow from one region to another region, resulting in surplus power in the generating region which will drive the selling price down; and

- The margin in relation to the sale of electricity from merchant sales may decrease due to an increase in fuel prices without a corresponding increase in realisation in merchant tariffs.

Any of these factors could impede our ability to benefit from the sale of power that we expect to retain for sale pursuant to short term sale arrangements rather than long term PPAs, which could adversely affect our business, financial condition, cash flows and results of operations.

47. Our hydroelectric power projects are located in inhospitable geographical locations, susceptible to extreme hydrological variation thereby increasing the risks of project implementation and construction delays as well as risks in operating these power plants which may materially and adversely impact our business and results of operations.

Our hydroelectric power projects under development in India and Nepal are located in inhospitable geographical locations. Although, geological investigations have been carried out by independent engineers/specialised agencies before the design and engineering of our hydroelectric power projects is finalised, occurrences of adverse geological conditions such as major faults, thrusts or highly stressed rock mass in the future during actual execution cannot be ruled out. Furthermore, the conclusions of independent geological investigations are subject to uncertainty. The location of these power projects will require us to construct/upgrade access roads and infrastructure in difficult terrain. These locations are prone to flooding, landslides and other natural disasters. Further, the power project sites are located in densely forested areas requiring us to incur additional costs and time in clearing up the sites for construction and development of projects in addition to complying with the various approvals and licenses required. Construction and development of hydroelectric power plants in these locations are therefore inherently risky and time consuming, requiring us to incur additional costs and can involve a significant amount of attention and effort from our management, which could adversely impact our results of operations and business.

The advent of climate change may cause conditions that may result in unusual hydrological variations and extremities. Such hydrological extreme cases may cause damage to the access roads and/or project structures, thereby severely impacting operations and profitability.

Furthermore, in the recent past, there have been instances of earthquakes and floods in Northern India, where our Alaknanda and Bajoli Holi Power Projects are located, and there is no assurance that any future earthquakes and floods in the region will not affect our operations there. Any of these events could reduce our income from the sale of electricity, which could have a material adverse effect on our business, financial condition and results of operations.

48. Activities in our projects can be dangerous and can cause injury to people or property in certain circumstances. This could subject us to significant disruptions in our business and to legal and regulatory action, which could adversely affect our business, financial condition and results of operations.

Our business requires our employees and contractors to work under potentially dangerous circumstances, with highly flammable and explosive materials. Despite compliance with requisite safety requirements and standards, our power segment's operations are subject to hazards associated with handling of such dangerous materials. If improperly handled or subjected to unsuitable conditions, these materials could hurt our employees, contract labourers or other persons, cause damage to our properties and properties of others and harm the environment. Due to the nature of these materials, we may be liable for certain costs related to hazardous materials, including costs for health related claims, or removal or treatment of such substances, including claims and litigation from our current or former employees for injuries arising from occupational exposure to materials or other hazards at our power plants. This could subject us to significant disruption in our business and to legal and regulatory actions, which could adversely affect our business, financial condition and results of operations.

There have been six fatalities at the Phase I Kamalanga Power Plant since Financial Year 2012, two fatalities at the Warora Power Plant in Financial Year 2012 and three fatalities at the Chhattisgarh Power Project in Financial Year 2013. Our sub-contractors were held liable and paid compensation for these accidents. However, as principal employers, we may be liable for any fatalities or injuries sustained at our power plants regardless of our fault. Further, in the event our sub-contractors fail to pay compensation, we may be liable to pay compensation on their behalf as principal employers. There can be no guarantee that such fatalities will not occur in the future. If such accidents occur in the future, we may be subject to penalties and there may also be restrictions placed upon our operations. As a result, our business, reputation, cash flows and financial conditions may be materially and adversely affected.

We may also be liable for certain costs related to hazardous materials, including costs for health related claims, or removal or treatment of such substances, including claims and litigation from our current or former employees for injuries arising from occupational exposure to materials or other hazards at our power projects and mines. This could subject us to significant disruption in our business and result in legal and regulatory actions, which could adversely affect our business, financial condition, cash flows and results of operations.

49. We may have to expense some of the capitalised costs for the Kishangarh-Udaipur-Ahmedabad road project.

In September 2011, we were awarded by the NHAI the Kishangarh-Udaipur-Ahmedabad road project. This project comprises of a 555.48 km four lane highway which will pass through Gujarat and Rajasthan. However, the NHAI failed to fulfil certain key conditions precedent under the contract within the stipulated time, causing us to incur additional costs for the project with no certainty as to when NHAI would be able to satisfy those key conditions. On January 7, 2013, we issued a termination notice to NHAI for the project. Pursuant to the issuance of such notice, NHAI has required us to re-consider and submit a revival plan for the project. In the event that we decide not to continue with the project, we may have to forfeit our security with NHAI and may also have to expense some of our capitalised costs. Furthermore, we have filed a petition before the High Court of Delhi against NHAI seeking an injunction against invocation of the performance bank guarantee furnished on behalf of GKUAEL to NHAI. The matter is currently pending. In the event that we do not obtain the injunction, our business, prospects, financial condition and results of operations may be adversely affected. For details see the section “Outstanding Litigation and Defaults” on page 358.

50. Some of our road projects which are based on a toll structure do not have guaranteed revenue streams and may face competition from existing state highways and future state highways.

Some of our road projects are based on a toll structure. While NHAI has agreed to allow us to operate these stretches exclusively, for eight years from the commencement date of the relevant concession, we may be subject to competition from highways that have been developed by the relevant state governments, which are not subject to the control of NHAI. Unlike national highways that are built pursuant to concessions granted by NHAI which permit concessionaires to charge users toll payments for the use of such highways, state governments do not typically charge for the use of state highways. We cannot assure you that these toll road projects will be able to compete effectively against state highways that cover the same locations.

Furthermore, we cannot assure you that the toll collections we receive from our completed road projects will be the same amount as the projections that we expected when we originally submitted our bid which could materially and adversely affect our business, prospects, financial condition and results of operations.

Furthermore, although the NHAI has given us an exclusive right to operate the concession for a period of eight years from the commencement date, the NHAI may develop competing highways / alternate roads after eight years, as a result of which our toll roads may face increased competition and a decrease in revenues.

We do not have the right to increase tolls that we collect at our road projects and any increase in toll rates is governed by the terms of the respective contracts. We cannot assure you that such increases would be sufficient to meet increased costs associated with such road projects.

Any material decrease in the actual traffic volume as compared to our forecasted traffic volume could have a material adverse effect on our cash flows from such projects.

We are required to meet specifications and standards of operation and maintenance in relation to our operate, maintain and transfer projects. We may be subject to increase in operation and maintenance costs, which may adversely affect our business, financial condition, cash flows and results of operations.

51. The concessions we currently hold to operate some of our road projects may be revoked if we are unwilling to match offers provided by other highway operators to expand the capacity of these projects.

Under the terms of some of our concession agreements entered into, including those relating to Tuni-Anakappalli, Tambaram-Tindivanam, Ambala-Chandigarh, Tindivanam-Ulundurpet and Pochanpalli projects, NHAI may, upon the traffic volume on any such project reaching a pre-established level (determined through a traffic study to be carried out eight years after commencement of commercial operation of the applicable project), solicit bids for its expansion or modernisation. Once NHAI has obtained the lowest bid, it will approach us with the terms of such bid (provided that we have submitted a bid for such expansion or modernisation), and we may either agree to carry out the work on such terms or have our concession revoked following the payment by NHAI of a termination fee calculated in accordance with our concession agreement. If we are unable or unwilling to compete with other highway operators, we may lose the concessions to operate these road projects, which in turn would adversely affect our business, prospects, financial condition and results of operations.

Similarly, with respect to our Chennai Outer Ring Road Project, after the initial eight years following the COD of the project, the Government of Tamil Nadu may elect to increase the capacity of the project, in which case it would be entitled to award the concession to expand and operate the project to any third party pursuant to an open competitive bid process. In the event our concession is terminated due to the award of the concession to expand and operate the project to another bidder we would be entitled to a termination payment. Although we are the incumbent concessionaire, we would not necessarily be entitled to match the lowest bid received by the Government of Tamil Nadu with respect to such concession.

52. Certain of our Subsidiaries and Joint Ventures have incurred losses in the past and we cannot assure you that these entities will be profit making in the future. Further, net worth of certain of our Subsidiaries and Joint Ventures have decreased substantially and any further diminution of their net worth may adversely impact our investments in such entities and thereby our growth.

Certain of our Subsidiaries and Joint Ventures have incurred losses in the past. For details, see “Financial Statements” on page 149. In the event of any delays or failure by us or our partners to generate the projected level of business, decline in our operating efficiency and manpower or any failure on our part to operate to full capacity could adversely affect our operations resulting into losses in the future. We cannot assure you that all our Subsidiaries and Joint Ventures will be profit-making. In the event our Subsidiaries and Joint Ventures continue to make losses, our financial condition on a consolidated basis may be adversely affected.

Additionally, there has been a substantial decrease in the net worth of certain of our Subsidiaries and Joint Ventures in the recent past. As at March 31, 2014, EMCO had an accumulated losses of ₹ 555.50 crore, which resulted in a complete erosion of its net worth. Additionally, due to the shortage of natural gas supply and delay in securing gas linkages, GEL and GVPGL have not generated power since April 2013 and May 2013, respectively, and have been incurring losses on same, resulting in substantial erosion of their net worth. Furthermore, GHRL and one of our Joint Venture, MAS GMR Aero Technic Limited, have accumulated losses of ₹ 105.76 crore and ₹ 226.46 crore, respectively, as at March 31, 2014, resulting in substantial reduction in their net worth. There is no assurance that net worth of these Subsidiaries and Joint Ventures will not erode further or will improve in the near future. Further, there is no assurance that our other Subsidiaries and Joint Ventures will not experience such erosion of net worth in the future. Any diminution of the net worth of our Subsidiaries and Joint Ventures may adversely impact our investments in such entities and thereby our growth. Additionally, our Auditors have, in the past, indicated doubt as to the ability of certain of our subsidiaries to continue as a going concern due to the risk that such entities may not have sufficient cash and liquid assets to cover its operating capital requirements. For details, see the "- The auditors' report in respect of our Financial Statements as at and for the period ended March 31, 2014 contains certain qualifications and EOMs." on page 25. We cannot assure you that our Subsidiaries, in future, will be able to generate sufficient cash and liquid assets and that such doubts will not be raised by our Auditors.

53. We cannot guarantee the accuracy of some of the data relating to our business which have been assessed and quantified internally by our Company or our Subsidiaries.

Some data relating to our business have been assessed and quantified internally by our Company or our Subsidiaries as no other credible third party sources are available for such data. The assessment of the data is based on our understanding, experience and internal estimates of our business. Although we believe that the data can be considered to be reliable, their accuracy, completeness and underlying assumptions are not guaranteed and their dependability cannot be assured.

54. We depend on the expertise of our senior management and skilled employees; our results of operations may be adversely affected by the departure of our senior management and experienced employees.

We are dependent on our directors and senior management for setting our strategic direction and managing our business, which are crucial to our success. Our continued success also depends upon our ability to attract and retain a large group of experienced professionals and staff. The loss of the services of our senior management or our inability to recruit, train or retain a sufficient number of experienced personnel could have a material adverse effect on our operations and profitability. Our ability to retain experienced staff members as well as senior management will in part depend on us having in place appropriate staff remuneration and incentive schemes. We cannot be sure that the remuneration and incentive schemes we have in place will be sufficient to retain the services of our senior management and skilled employees.

55. Operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.

As at March 31, 2014, we employed approximately 4,232 people. There can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business. In addition, we enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Although we generally do not engage these labourers directly, it is possible under Indian law that we may be held responsible for wage payments to labourers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments will adversely affect us, our business, financial condition and results of operations. Furthermore, under the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to absorb a portion of such contract labourers as permanent employees. Any order from a regulatory body or court requiring us to absorb such contract labourers may have an adverse effect on our business, financial condition and results of operations.

56. If power evacuation facilities are not made available by the time our power projects under operation, construction or development are ready to commence operations, our business, cash flows and results of operations could be adversely affected.

Evacuating power from each of our power projects under construction or development to the nearest substation will either be our responsibility or the responsibility of a procurer, depending on the arrangements made for the particular power project. Each of our power projects under construction or development requires transmission lines to evacuate power to the power grid, including, in some cases, to power stations that are yet to be constructed, are not being constructed by us and may not be available at the time construction of the relevant power project is completed. For example, the Phase I Kamalanga Power Plant is currently connected to Talcher-Meramandali line-in-line-out for temporary evacuation of power until a proposed dedicated transmission line to PGCIL pooling station at Angul and PGCIL's 765 kV transmission lines from Angul are ready. However, there is no assurance that the proposed PGCIL transmission lines will commence operations, in time or at all, in which case we would not be able to evacuate the full capacity of power from the Phase I Kamalanga Power Plant. Similarly, our Warora Power Plant currently does not have appropriate long term open access to supply power to each of its existing customers. Moreover, power evacuation from our hydroelectric power projects under development in Nepal requires the construction of associated transmission lines to evacuate power to the nearest substation on the Indian power grid. Under the terms of some of our PPAs, we are required to ensure long-term open access for the delivery of power to the end customers. Where there is no long-term open access, our ability to deliver electricity to our customers may be impacted. Our inability to deliver power could result in penalties under the terms of the PPA or force us to sell the power generated a spot basis in the open market on terms that may not be favourable to us. Further, evacuation from the substation to high voltage transmission lines needs to be made available by the relevant authorities. If these transmission lines and the other facilities necessary for power evacuation from each of our power projects are not made available by the time our power plants are ready to commence operation, or if transmission is disrupted, or transmission capacity is inadequate, or if a region's power transmission infrastructure is inadequate, we may not be able to sell and deliver power. These factors could have a material adverse effect on our business, financial condition, cash flows and results of operations.

57. The pricing arrangements under contracts pursuant to which we acquired and sold shares in certain companies could be challenged by tax authorities.

Pursuant to a restructuring exercise of our Subsidiaries, our Company and Subsidiaries may have entered into intra-group transfers of its respective shareholdings. We could face adverse tax consequences if the Indian tax authorities determine any tax on the contractual arrangements pursuant to which we acquired and sold these interests which in turn would materially and adversely impact our financial condition and results of operations.

58. We are subject to various Indian taxes and avail ourselves of tax benefits offered by the Government. Our profitability would decrease due to any adverse change in general tax policies or if the tax benefits were reduced or withdrawn.

Some of our Subsidiaries that have developed, or are developing, infrastructure projects in India (other than power projects that have not begun to generate and distribute power before March 31, 2014), have been granted a 10-year tax concession by the Government, during which time such Subsidiary is subject only to Indian income tax at the MAT rate (currently 18.5% plus applicable surcharges and education cess), instead of the normal income tax rate (currently 30% plus applicable surcharges and education cess). The tax concession is granted to a relevant Subsidiary for a period of any 10 successive assessment years (to be chosen at the Subsidiary's option) out of the 15 years (20 years in certain cases) from the date on which the subsidiary begins operations. There can be no assurance that the Government will continue to provide such tax benefits in the future. If such tax benefits were to be revoked, our business, financial condition, cash flows and results of operations will be materially and adversely affected. The amount of income tax payable with respect to the sale of power does not currently affect the financial performance of GVPGL as under the PPAs for the Vemagiri Power Plant, the power purchasers are required to reimburse us for any current income tax paid on income from operations. Furthermore, there have been proposals to implement a Direct Tax Code and Goods and Services Act in India, which, if adopted, could affect our operating projects and our projects under construction or development in India.

Further, the Government has granted 'Mega Power Project Status' to our Phase I Kamalanga Power Plant and provisional 'Mega Power Project Status' to our Chhattisgarh Power Project. Pursuant to the Mega Power Project Policy, we will be able to benefit from certain exemptions on excise duty and customs duty on the import of goods for setting up the power plants. For details see the section "— We may be unable to realize the benefits from the Mega Power Project Status related tax and other benefits, as a result of which, our business, financial condition, cash flows and results of operations may be materially and adversely affected" on page 65. Other statutory taxes and other levies may similarly affect the margins in the event of our inability to pass on such expense to the customers. An increase in any of these taxes or levies, or the imposition of new taxes and levies in the future, may have a material adverse impact on our business, results of operations, cash flows and financial condition.

59. We may be unable to realise the benefits from the Mega Power Project Status related tax and other benefits, as a result of which, our business, financial condition, cash flows and results of operations may be materially and adversely affected.

The Government granted provisional 'Mega Power Project Status' to our Chhattisgarh Power Project in 2011. Pursuant to this, we are able to benefit from certain exemptions on excise duty and customs duty on import of goods and services for setting up the power project. These benefits will help us reduce the cost of equipment and improve our profit margins once we commence operations. In order to qualify as a 'Mega Power Project', 65% of the capacity of our Chhattisgarh Power Project must be tied-up under tariff based competitive bidding within five years from the date of import. However, we need to secure coal linkage for this power project in order to bid for these PPAs. As at the date of this Draft Letter of Offer, 35% of the capacity of our Chhattisgarh Power Project is tied-up under regulated tariff. Moreover, we received a letter from CSPTCO in September 2013 in which CSPTCO notified us that it does not intend to purchase 30% of the gross capacity generated by the Chhattisgarh Power Project, claiming that the PPA does not require it to purchase such 30% of gross capacity generated. We do not agree with the contents of the CSPTCO letter and have responded back in November 2013. Accordingly, our Chhattisgarh Power Project may not qualify as a Mega Power Project, if we do not fulfil the abovementioned requirement by September 2016.

While estimating the costs of the Chhattisgarh Power Project, we have factored in the customs duty and excise duty exemptions that we avail under the Mega Power Project Policy. If the Chhattisgarh Power Project does not qualify as a Mega Power Project, the duty component of the project cost for this power plant is estimated to increase. Additionally, the costs of the Chhattisgarh Power Project may be higher than the estimates and we may require additional funds to complete construction of the power project; we may be required to refund the benefits received under the provisional Mega Power Project status; and the completion of the power project may be delayed. An occurrence of these events could materially and adversely affect our business, financial condition, cash flows and results of operations.

60. Our long-term power purchase and concession agreements expose us to certain risks.

We derive a large portion of our revenues from long-term PPAs and concession agreements. These arrangements restrict our operational and financial flexibility in certain important respects and restrict our ability to grow our revenues from existing businesses or benefit from any potential decrease in the market prices of the fuels that we use to power our operating power plants. For example, business circumstances may materially change over the life of one or more of our contracts and we may not have the ability to modify our contracts to reflect these changes. Further, being committed under these contracts may restrict our ability to implement changes in our business plan. This limits our business flexibility, exposes us to an increased risk of unforeseen business and industry changes and could have a material adverse effect on our business, prospects, financial condition and results of operations.

Given that our revenue structure under each such contract is set over the life of the contract (and fluctuates subject to the built-in adjustment mechanisms contained in such contract), our profitability is largely a function of how effectively we are able to manage our costs during the terms of our contracts. If we are unable to effectively manage these costs, our business, prospects, financial condition and results of operations may be materially and adversely affected.

61. Our Promoter, GHPL and one of our directors have received a notice from SEBI.

Our Promoter, GHPL and one of our Director, Srinivas Bommidala have in July 2014 received a notice from SEBI in relation to acquisition of certain equity shares of Parrys Sugar Industries Limited (formerly known as GMR Industries Limited) in 2009; by GHPL in alleged violation of the erstwhile Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The entity, Parrys Sugar Industries Limited is no longer part of the GMR Group. Our Director and GHPL have responded to the alleged violation as set out in the notice. We cannot assure you of the outcome of such notice.

62. Our contingent liabilities that have not been provided for could materially and adversely affect our financial condition and cash flows.

On the basis of the consolidated Financial Statements as at March 31, 2014, we had the following contingent liabilities (as per AS 29), which were not provided for:

Particulars	**As at March 31, 2014**
	(₹ In crore)
Corporate guarantees	3,324.64
Bank guarantees outstanding	1,853.39
Bonds outstanding	112.00
Fixed deposits pledged against loans taken by enterprise where key management personnel exercise significant influence	15.00
Fixed deposits pledged against loans taken by Welfare trust for GMR Group employees	125.50
Claims against our Group not acknowledged as debts	656.71
Matters relating to income tax under dispute	85.29
Matters relating to indirect taxes duty under dispute	783.65
Arrears of cumulative dividends on preference share capital issued by subsidiary	33.85

For other contingent liabilities (as per AS 29), in addition to the above, see the section "Financial Statements" on page 149.

If any of these contingent liabilities materialize, our profitability, cash flows could be adversely affected.

63. Changes in assumptions underlying the carrying value of certain assets, including as a result of adverse market conditions, could result in impairment of such assets.

We review the carrying amounts of our tangible and intangible assets (including investments) to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. We make a number of significant assumptions and estimates when applying our impairment test, including in estimation of the net present value of future cash flows attributable to assets or cash generating units. The actual results or performance of these assets or cash generating units could differ from estimates used to evaluate the impairment of assets. In the event that the recoverable amount of any cash-generating unit is less than the carrying amount of the unit, the impairment loss will first be allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying amount of each asset in the unit. However, the decrease in recoverable amount of assets is not conclusively indicative of a long-term diminution in value of the assets.

While impairment does not affect reported cash flows, the decrease in estimated recoverable amount, as well as, the related non-cash charge in the consolidated statement of profit and loss could have a material adverse effect on our financial results or on key financial ratios. For instance, for the Financial Year ended March 31, 2014, we have made an impairment provision of ₹ 8.95 crore towards the carrying value of the net assets of MTSCL and ATSCL. For further details, see the section "Financial Statement" on page 149. Additionally, there is no assurance that we will not be required to make impairment provision in the future and, if made, such provision will not be significant.

64. Our Company has, in the past, converted the loans granted by our Company to its Subsidiaries into equity due to the inability of the Subsidiaries to repay such loans.

Our Company has, in the past, converted the loans granted by our Company to its Subsidiaries into equity due to the inability of the Subsidiaries to repay such loans. During the year ended March 31, 2014, our Company converted loans given to GEL aggregating to ₹ 1,476.46 crore into equity shares of GEL having a face value of ₹ 10 each at a premium of ₹ 17.50 per equity share after obtaining the approval of our Board and the shareholders of GEL. Whilst our Company is allotted equity shares upon conversion of the loan, such conversion results in a decrease in the income earned by our Company by way of interest from its Subsidiaries. Further, there is no assurance that the Subsidiaries would be able to make dividend payments and may be restricted from doing so by contracts, their charter documents, other shareholders or partners or applicable laws and regulations of the jurisdiction in which they operate. There is no assurance that, in the future, the Subsidiaries will be able to repay the loans granted by our Company and that our Company will not be required to convert such loans into equity shares of such Subsidiaries.

65. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.

As such, our business operations are depended on reliability of information technology systems and related infrastructure. Although we attempt to maintain the latest international technology standards, the technology requirements for businesses in the infrastructure sector are subject to continuing change and development. Some of our existing technologies and processes in the airports power business may become obsolete, performing less efficiently compared to newer and better technologies and processes in the future. The cost of upgrading or implementing new technologies, upgrading our existing equipment or expanding capacity could be significant and could adversely affect our results of operations. Furthermore, our information technology systems may be vulnerable to damage or disruption caused by circumstances beyond our control, such as catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, physical or electronic break-ins, unauthorized access and cyber-attacks. The measures that we take to secure our systems and electronic information may not be adequate. Any such disruption, failure or security breach of our information technology infrastructure, including our back-up systems, could have a negative impact on our operations.

66. We do not own the trademarks used in all of our businesses.

We use the trademark "GMR", and its associated logos, for some of our businesses. GHPL, principal shareholder of our Company, is the registered owner of the trademark "GMR" under various clauses under the Trademarks Act, 1999. GHPL has been granted registration under certain clauses and is further awaiting registration for the remaining applications. Through license agreements dated October 1, 2011, for use of the trademark, the associated logo and the artistic work and/or copyright, entered into by and among GHPL with us and our Subsidiaries, each such entity is granted a non-exclusive personal right to use the "GMR" trademark, associated logo and the artistic work/copyright in its ordinary course of business, in consideration for the payment of an annual license fee to GHPL. The license granted by GHPL to any such entity may be terminated, *inter alia*, if the licensee ceases to be a subsidiary of GHPL or if Mr. G.M. Rao, directly or indirectly ceases to hold 50% stake, a default in the payment of the required license fee due to incurring loss for three consecutive years, non-repayment of debt, or on default under any of the provisions of the license agreements and the same is not cured within 90 days of receipt of notice of such breach. Loss of the right to use the "GMR" trademark, the associated logo and the artistic work/copyright may have a material adverse effect on our reputation, goodwill, business, prospects and results of operations. In addition, we may not be able to register the "GMR" and our other trademarks in every country in which we seek to do business.

67. We enjoy only leasehold rights over the underlying land on which certain of our infrastructure projects are located, including our power plants and projects. If these lease agreements are not renewed or terminated, our business, financial condition, cash flows and results of operations could be materially and adversely affected.

The whole or part of the underlying land on which our Chennai Power Plant, Patan Power Plant, Kakinada Power Plant, Warora Power Plant, Phase I Kamalanga Power Plant, Rajahmundry Power Project, Chhattisgarh Power Project, Bajoli Holi Power Project, Alaknanda Power Project, Upper Marsyangadi Power Project and Upper Karnali Power Project are located, have been leased from third parties. Although we have entered into long-term lease agreements with respect to these lands, there is a risk that the lease agreements may not be renewed or could be terminated early in the event of a default. In the event that the lessors do not renew the lease agreements at the expiry of their term or if they terminate the lease agreement for any reason, our business, financial condition and results of operations and cash flows could be materially and adversely affected.

68. The deployment of funds for the Objects of the Issue is at the discretion of our Board. Pending utilization for the purposes described therein, our Company may temporarily invest funds from the Net Proceeds.

We intend to use the Net Proceeds of the Issue for the purposes described in the section "Objects of the Issue" on page 95. Subject to this section, our management will have broad discretion to use the Net Proceeds. The funding plans are in accordance with our management's own estimates and have not been appraised by any bank/financial institution. Our Company may have to revise its management estimates from time to time and consequently its requirements may change.

Pending utilisation of the Net Proceeds, our management will have significant flexibility in temporarily investing the Net Proceeds of the Issue. Accordingly, we cannot assure you that the use of the Net Proceeds for purposes identified by our management will result in any returns.

Risks Associated with Investments in an Indian Company

69. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in offer document, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. We are also required to spend, in each Financial Year, at least 2% of our average net profits during three immediately preceding Financial Years towards corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and Insider Trading Regulations issued by SEBI). Recently, SEBI issued revised corporate governance guidelines which are effective from October 1, 2014. Pursuant to the revised guidelines, we will be required to, amongst other things, obtain approval of shareholders for material related party transactions, ensure that there is at least one woman director on our Board at all times, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines. Although SEBI has, vide its circular dated September 15, 2014, granted an extension for compliance with some of the aforementioned provisions till March 31, 2015, we may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 and the revised SEBI corporate governance guidelines, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

70. Our business and activities are regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition and results of operations.

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to separate such practices. Under the Competition Act, any arrangement, understanding or action in concert, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, supply markets, technical development, investment or provision of services, or shares the market by way of geographical area or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. Further, the Competition Act prohibits abuse of dominant position by any enterprise.

On March 4, 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. The combination regulation provisions require that the acquisition of shares, voting rights, assets or control or mergers or amalgamations which cross the prescribed asset and turnover based thresholds shall be mandatorily notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (which were further amended on March 28, 2014), which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

The applicability or interpretation of the Competition Act to any merger, amalgamation or acquisition proposed by us, or any enforcement proceedings initiated by the CCI, either suo moto or pursuant to any complaint, for alleged violation of any provisions of the Competition Act may adversely affect our business, financial condition and results of operations.

71. Terrorist attacks, civil disturbances in India may have a material adverse effect on our business and the trading price of the Equity Shares could decrease.

India has from time to time experienced instances of social, religious and civil unrest and terrorist attacks. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and our business, future financial performance, cash flows and market price of the Equity Shares.

72. Political instability or significant changes in the economic liberalisation and deregulation policies of the Government or in the government of the states where we operate could disrupt our business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Further, our business is also impacted by regulations and conditions in the various states in India where we operate. Our businesses, and the market price and liquidity of our securities, may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India. In recent years, India has been following a course of economic liberalisation and our business could be significantly influenced by economic policies followed by the Government.

However, we cannot assure you that such policies will continue in the future. Government corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalisation and deregulation policies, in particular those relating to the businesses in which we operate, could disrupt business and economic conditions in India generally and our businesses in particular.

73. Investors may be subject to Indian taxes arising out of capital gains.

Capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if STT, has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of equity shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of equity shares.

74. We are subject to risks arising from exchange rate fluctuation.

For the preparation of our Financial Statements, the financials of our Subsidiaries and Joint Ventures, which are denominated in other than Indian Rupees are translated into Indian Rupees. Cost of sales and operating expenses of these Subsidiaries and Joint Ventures are denominated in currencies such as United States Dollars, Indonesian Rupiah, Filipino Peso and Singapore Dollars. Any fluctuations in currency exchange rates will result in exchange gains or losses arising from transactions carried out in foreign currencies as well as translations of foreign currency monetary assets and liabilities as at the end of the relevant reporting periods. As certain of our entities have their functional currencies in United States Dollars, Indonesian Rupiah, Filipino Peso and Singapore Dollars while our reporting currency is Indian Rupees, all resultant exchange differences will be reflected in our foreign currency translation reserve.

75. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced events that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have, from time to time, restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar events occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

76. Any downgrading of our or our Subsidiaries' or India's sovereign debt rating by rating agencies could have a negative impact on our business and the trading price of the Equity Shares.

Any adverse revisions to our or our Subsidiaries' or India's sovereign credit ratings for domestic and international debt by rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and future financial performance and our ability to obtain financing to fund our growth, as well as on the trading price of the Equity Shares.

77. Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business.

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial results and business prospects, ability to obtain financing for capital expenditures and the price of the Equity Shares.

78. Investors may not be able to enforce a judgment of a foreign court against our Company.

Our Company is a limited liability company incorporated under the laws of India. All of our Company's Directors are residents of India and the assets of our Group are substantially located in India. The majority of the senior management employed by our Subsidiaries are residents of India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

79. Public companies in India, including our Company, may be required to prepare financial statements under IFRS or a variation thereof, Indian AS "IND AS". The transition to IND AS in India is still unclear and we may be adversely affected by this transition.

Public companies in India, including our Company, may be required to prepare annual and interim financial statements under IFRS or IND AS or a variation thereof. The ICAI has released a near-final version of IND AS titled "First-time Adoption of Indian Accounting Standards" and the MCA, on February 25, 2011, has announced that IND AS would be implemented in a phased manner and the date of such implementation would be announced at a later date. In the recent Union Budget, Government have proposed to make IND AS mandatory for Indian companies from the financial year 2016-2017 and companies could opt to adopt IND AS voluntarily from financial year 2015-2016. However, as at the date of this Draft Letter of Offer, the MCA has not notified the date of implementation of IND AS. There is not yet a significant body of established practice for forming judgements regarding its implementation and application. Additionally, IND AS has fundamental differences compared with IFRS and therefore financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS. We cannot assure you that our financial condition, results of operations, cash flow or changes in shareholders' equity will not appear materially different under IND AS from that under Indian GAAP or IFRS. As we adopt IND AS reporting, we may encounter difficulties in the process of implementing and enhancing our management information systems. We cannot assure you that our adoption of IND AS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IND AS in accordance with the prescribed timelines may materially and adversely affect our financial position and results of operations.

Risks Related to the Equity Shares

80. The trading price of the Equity Shares may be subject to volatility and you may not be able to sell the Equity Shares at or above the Issue Price.

The trading price of the Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors and the perception in the market about investments in the infrastructure sector, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of the Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of the Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of the Equity Shares. Our Company may also undertake other capital raising activities pursuant to the resolution of our Board dated January 24, 2014.

81. There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on the Stock Exchange.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be applied for or granted until the Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorising the issuance of the Equity Shares. Accordingly, there could be a failure or delay in listing the Equity Shares on the Stock Exchanges, which would adversely affect your ability to sell the Equity Shares. Our Company may also undertake other capital raising activities pursuant to the resolution of our Board dated January 24, 2014.

82. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI or the FIPB will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilising the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

83. There are restrictions on daily movements in the trading price of the Equity Shares, which may adversely affect a shareholder's ability to sell the Equity Shares or the price at which Equity Shares can be sold at a particular point in time.

The Equity Shares are subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on the Stock Exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker, and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the trading price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

84. Future issues or sales of the Equity Shares may significantly affect the trading price of the Equity Shares.

Any future issue of the Equity Shares by us or the disposal of Equity Shares by any of our principal shareholders or the perception that such issues or sales may occur may significantly affect the trading price of the Equity Shares. For instance, our Company have recently allotted CCPS to various private equity investors including IDFC Limited, Premier EDU-INFRA Solutions Private Limited, GKFF

Ventures, SKYRON ECO-Ventures Private Limited and Dunearn Investments (Mauritius) Pte Limited, and our Company may issue further CCPS in the future. According to the terms of the respective share subscription and shareholder agreements, the CCPS will be compulsorily converted into the Equity Shares on expiry of 17 and 18 months from the date of their issuance. Additionally, the Company has issued 18,00,00,000 warrants convertible into 18,00,00,000 Equity Shares to GMR Infra Ventures LLP at an issue price of ₹ 31.50 per Equity Share on August 26, 2014. These warrants are convertible into Equity Shares within 18 months from the date of their allotment. Any further issuance of the Equity Shares upon conversion of the CCPS and/or warrants may significantly affect the trading price of the Equity Shares.

Further, GEL has sourced certain financing through the issuance of redeemable or compulsorily convertible cumulative preference shares (the "**GEL Shares**") to various private equity investors. Under the terms of the applicable investment, share subscription and shareholder agreements entered into by GEL with the GEL Investors, the GEL Investors have a right to sell the GEL Shares to our Company at any time subject to the condition that the IPO of GEL has not been completed and the volume weighted average price of the equity shares of our Company for the immediately preceding period of one month exceeds ₹ 40 per Share of our Company, subject to adjustments for bonus or share split, on the stock exchange on which higher trading volume in the Equity Shares of our Company is recorded over the same period. If the GEL Investors choose to exercise this right, they shall, pursuant to such sale, be allotted the Equity Shares of our Company where the Equity Shares issued by our Company will be at the minimum price prescribed under the relevant SEBI regulations. Under the terms of the agreements, the GEL Investors can exercise this right at any time prior to the occurrence of the IPO of GEL. However, the GEL Investors have agreed that for a period of 30 days from the filing of the red herring prospectus with the RoC or till listing of the GEL Shares, whichever is earlier, they will not exercise their rights to be issued the Equity Shares in our Company. Any further issuance of the Equity Shares (as indicated above) may significantly affect the trading price of the Bond and the Equity Shares.

PROMINENT NOTES

1. Issue of up to [●] Equity Shares for cash at a price of ₹ [●] (including a premium of ₹ [●] per Equity Share) not exceeding ₹ 1,500.00 crore on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Equity Share for every [●] fully paid-up Equity Shares held on the Record Date.

2. As on March 31, 2014, the paid-up equity share capital of our Company was ₹ 389.24 crore and reserves and surplus was ₹ 6,874.74 crore on a standalone basis as described in the "Financial Statements" on page 149. Therefore, the net worth of our Company, comprising paid-up equity share capital and reserves and surplus, was ₹ 7,263.98 crore on a standalone basis as on March 31, 2014.

   Further, as on March 31, 2014, the paid-up equity share capital of our Group was ₹ 389.24 crore, reserves and surplus was ₹ 6,095.18 crore and minority interest was ₹ 2,008.64 crore on a consolidated basis as described in the "Financial Statements" on page 149. Therefore, the net worth of our Group, paid-up equity share capital, reserves and surplus and minority interest, was ₹ 8493.06 crore on a consolidated basis as on March 31, 2014.

3. For details of our transactions with related parties as per AS 18 during the preceding Financial Year, i.e., Financial Year 2014, the nature of transactions and the outstanding value of transactions, see the section "Financial Information – Standalone Financial Statements – Note 33" on page 299 and "Financial Information - Consolidated Financial Statements – Note 45"on page 251.

4. There has been no financing arrangement whereby the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.

SECTION III: INTRODUCTION

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section "Terms of the Issue" on page 386.

	Equity Shares
Equity Shares being offered by our Company	Up to [●] Equity Shares
Rights Entitlement	[●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
Record Date	[●]
Face Value	₹ 1 each
Issue Price	₹[●] per Equity Share
Voting Rights	
In case of show of hands	1 vote per member
In case of Poll	1 vote per Equity Share
Dividend	Normal dividend as may be recommended by our Board and declared by shareholders of our Company
Issue Size	Up to ₹ [●] crore
Equity Shares outstanding prior to the Issue (1) (2)	436,12,51,879 Equity Shares(3)
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares
Security Codes for the Equity Shares	INE776C01039 (Fully paid up Equity Shares) BSE: 532754 NSE: GMRINFRA
Terms of the Issue	For more information, see the section "Terms of the Issue" on page 386
Use of Issue Proceeds	For further information, see the section "Objects of the Issue" on page 95

(1) *Pursuant to the resolutions dated July 2, 2014 and August 12, 2014 passed by our Board and the shareholders of our Company by way of postal ballot, respectively, the Company has issued 18,00,00,000 warrants convertible into 18,00,00,000 Equity Shares to GMR Infra Ventures LLP at an issue price of ₹ 31.50 per Equity Share (including premium of ₹ 30.50 per Equity Share) on August 26, 2014. The Company has received ₹ 141.75 crore from GMR Infra Ventures LLP, being 25% of the consideration amount for allotment of the said warrants and the balance amount will be received upon exercising the right to subscribe Equity Shares against the said warrants within 18 months from the date of allotment i.e. on or before February 25, 2016.*

(2) *Pursuant to the shareholders' approval obtained on March 20, 2014, our Company issued 1,13,66,704 CCPS of face value of ₹ 1,000 each comprising of (a) 56,83,351 Series A CCPS each fully paid up, carrying a coupon rate of 0.001% per annum and having a term of 17 months from the date of allotment, and (b) 56,83,353 Series B CCPS*

each fully paid up, carrying a coupon rate of 0.001% p.a. and having a term of 18 months from the date of allotment, to IDFC Limited, Dunearn Investments (Mauritius) Pte Limited, GKFF Ventures, Premier Edu-Infra Solutions Private Limited and Skyron Eco-Ventures Private Limited. The Series A CCPS and Series B CCPS shall be converted into Equity Shares upon the expiry of their respective terms in accordance with the provisions of Chapter VII of the SEBI Regulations. The number of Equity Shares allotted to the aforementioned investors upon conversion of the CCPS shall be on the basis of the minimum permissible price, computed in accordance with Regulation 76 read with Regulation 71(b) of the SEBI Regulations on the conversion date.

(3) Includes 4,500 Equity Shares which have been forfeited by our Company with effect from August 14, 2014.

Terms of Payment

Due Date	Equity Shares
On the Issue application (i.e. alongwith the CAF)	₹ [●], which constitutes 100% of the Issue Price payable

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information for the year ended March 31, 2014 and March 31, 2013 derived from our audited standalone Financial Statements and audited consolidated Financial Statements for the Financial Year ended March 31, 2014. The summary financial information presented below, is in Rupees / Rupees in crore and should be read in conjunction with the Financial Statements and the notes (including the significant accounting principles) thereto included in the section "Financial Information" on page 149.

SUMMARY DATA OF CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2014 AND 2013

	For the year ended March 31,	
	2014	2013
	(₹ in crore)	(₹ in crore)
Equity and liabilities		
Shareholders' funds		
Share capital (a)	1,525.91	389.24
Reserves and surplus (b)	6,095.18	6,888.94
Total (A) = (a+b)	**7,621.09**	**7,278.18**
Preference shares issued by subsidiaries (c)	1,155.60	1,971.10
Minority interest (d)	2,008.64	1,720.00
Total (B) = (A+c+d)	**10,785.33**	**10,969.28**
Non-current liabilities		
Long-term borrowings (e)	33,599.28	31,633.16
Deferred tax liability (net) (f)	73.27	55.39
Trade payables (g)	20.97	68.57
Other long-term liabilities (h)	2,398.71	2,858.23
Long-term provisions (i)	78.45	148.84
Total (C) =(e+f+g+h+i)	**36,170.68**	**34,764.19**
Current liabilities		
Short-term borrowings (j)	5,588.17	4,856.62
Trade payables (k)	1,759.31	1,481.59
Other current liabilities (l)	10,547.84	11,492.21
Short-term provisions (m)	290.52	253.10
Total (D) = (j+k+l+m)	**18,185.84**	**18,083.52**
Total Equity and liabilities (E) = (B+C+D)	**65,141.85**	**63,816.99**
Assets		
Non-current assets		
Fixed assets		
Tangible assets (n)	24,338.61	18,066.51
Intangible assets (o)	9,300.65	9,268.71
Capital work-in-progress (p)	14,908.85	17,785.28
Intangible assets under development (q)	824.99	1,393.04
Non-current investments (r)	104.22	104.16
Deferred tax asset (net) (s)	44.57	58.11
Long term loan and advances (t)	2,441.08	3,477.82
Trade receivables (u)	171.76	173.41
Other non-current assets (v)	3,802.93	3,845.81
(F) = (n+o+p+q+r+s+t+u+v)	**55,937.66**	**54,172.85**

	For the year ended March 31,	
	2014	2013
	(₹ in crore)	**(₹ in crore)**
Current assets		
Current Investments (w)	775.35	178.63
Inventories (x)	358.92	270.43
Trade receivables (y)	1,600.14	1,695.63
Cash and bank balances (z)	3,321.19	5,134.84
Short-term loans and advances (aa)	493.15	879.79
Other current assets (ab)	2,655.44	1,484.82
Total (G) = (w+x+y+z+aa+ab)	**9,204.19**	**9,644.14**
Total Assets (R) = (F+G)	**65,141.85**	**63,816.99**

SUMMARY DATA OF CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	For the year ended March 31,	
	2014	2013
	(₹ in crore)	**(₹ in crore)**
Income		
Revenue from operations:		
Sales / income from operations	10,566.97	9,871.87
Other operating income	86.25	102.99
Other income	315.87	277.19
Total (A)	**10,969.09**	**10,252.05**
Expenses		
Revenue share paid / payable to concessionaire grantors	1,943.69	1,669.48
Consumption of fuel	1,754.47	1,031.85
Cost of materials consumed	60.65	201.90
Purchase of traded goods	1,045.06	1,472.14
(Increase) / decrease in stock in trade	(14.42)	19.41
Sub-contracting expenses	522.87	755.18
Employee benefits expenses	574.22	611.93
Other expenses	2,015.09	1,604.93
Utilisation fees	186.18	130.87
Depreciation and amortisation expenses	1,454.99	1,039.78
Finance costs	2,971.88	2,099.00
Total (B)	**12,514.68**	**10,636.47**
(Loss) / profit before exceptional items, tax expenses and minority interest (A-B)	**(1,545.59)**	**(384.42)**
Exceptional items - gains / (losses) (net)	1,820.25	777.27
Profit / (loss) before tax expenses and minority interest	**274.66**	**392.85**
Profit / (loss) from continuing operations before tax expenses and minority interest	(1,408.28)	(310.36)
Tax expenses of continuing operations		
Current tax	168.90	174.00
Tax adjustments for prior years	(1.99)	(5.82)
Less: MAT credit entitlement	(37.67)	(21.81)
Deferred tax expense / (credit)	32.09	95.25
Profit / (loss) from continuing operations after tax expenses and before minority interest	(1,569.61)	(551.98)
Minority interest - share of (profit) / loss from continuing operations	(117.66)	(86.40)
Profit / (loss) after minority interest from continuing operations (C)	**(1,687.27)**	**(638.38)**
Profit / (loss) from discontinuing operations before tax expenses and minority interest	1,682.94	703.21
Tax expenses of discontinuing operations		

	For the year ended March 31,	
	2014	2013
	(₹ in crore)	(₹ in crore)
Current tax	51.18	14.70
Tax adjustments for prior years	(1.05)	1.08
Less: MAT credit entitlement	(45.20)	-
Deferred tax expense / (credit)	(0.01)	0.04
Profit / (loss) from discontinuing operations after tax expenses and before minority interest	**1,678.02**	**687.39**
Minority interest - share of (profit) / loss from discontinuing operations	19.26	39.11
Profit / (loss) after minority interest from discontinuing operations (D)	**1,697.28**	**726.50**
Profit / (loss) after minority interest from continuing and discontinuing operations (C+D)	**10.01**	**88.12**

SUMMARY DATA OF CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	For the year ended March 31,	
	2014	2013
	(₹ in crore)	(₹ in crore)
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
(Loss) / profit from continuing operations before tax expenses and minority interest	(1,408.28)	(310.36)
Profit / (loss) from discontinuing operations before tax expenses and minority interest	1,682.94	703.21
Profit / (loss) before tax expenses and minority interest	**274.66**	**392.85**
Non-cash adjustment to reconcile profit / (loss) before tax to net cash flows		
Depreciation / amortisation of continuing operations	1,360.70	912.06
Depreciation / amortisation of discontinuing operations	94.29	127.72
Adjustments to the carrying amount of current investments	5.29	2.91
Inventory written off	-	8.09
Provisions no longer required, written back	(14.67)	(23.58)
Amortisation of ancillary borrowing costs	61.52	73.18
Impairment / other write off of tangible / intangible assets pertaining to continuing operations	47.02	6.92
Impairment / other write off of tangible / intangible assets pertaining to discontinuing operations	0.04	485.63
Loss/ (profit) on sale of fixed assets	(114.37)	(3.82)
Provision / write off of doubtful advances and trade receivables	34.81	125.22
Effect of changes in exchange rates	90.00	186.52
Mark to market losses on derivative instruments	0.18	-
Net gain on sale of investments	(1,772.63)	(1,315.54)
Finance costs	2,910.18	2,025.82
Interest income	(229.63)	(200.20)
Dividend income on current investments	(0.06)	(0.04)
Operating profit before working capital changes	**2,747.33**	**2,803.74**
Movements in working capital :		
Increase / (decrease) in trade payables and other liabilities	290.27	524.57
(Increase) / decrease in trade receivables	26.02	(156.91)
(Increase) / decrease in inventories	(62.51)	(42.64)
Decrease/ (increase) in other assets	(90.70)	77.40
Decrease/ (increase) in loans and advances	(84.07)	206.87
Increase / (decrease) in provisions	(13.88)	26.97
Cash generated from operations	**2,812.46**	**3,440.00**
Direct taxes paid (net of refunds)	(222.40)	(262.50)

	For the year ended March 31,	
	2014	2013
	(₹ in crore)	(₹ in crore)
Net cash flow from operating activities (A)	**2,590.06**	**3,177.50**
CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets and cost incurred towards assets under construction / development	(5,602.70)	(10,281.02)
Proceeds from sale of fixed assets	336.37	17.02
Advance proceeds from sale of stake in jointly controlled entities	66.15	-
Proceeds from sale of long term investments	-	46.72
Sale / (purchase) of current investments (net)	(433.21)	473.47
Proceeds from dilution of stake in subsidiary companies	416.62	1,677.23
Loans given to / (repaid by) others	146.83	(101.33)
Proceeds from dilution of subsidiary companies used towards settlement of borrowings	-	1,284.30
Purchase consideration paid on acquisition / additional stake in subsidiary companies / jointly controlled entities	(128.51)	(53.09)
(Investments) / redemption of bank deposits (net) (having original maturity of more than three months)	(414.11)	(1,589.88)
Interest received	190.83	193.26
Dividend received	0.06	0.04
Net cash flow used in investing activities (B)	**(5,421.67)**	**(8,333.28)**
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Proceeds from issue of preference shares (including securities premium)	1,169.17	-
Redemption of preference shares (including redemption out of securities premium)	(1,181.99)	(9.03)
Redemption premium on debentures, preference shares and security issue expenses	(336.34)	(346.60)
Issue of common stock in consolidated entities (including share application money)	199.83	78.16
Proceeds from borrowings	10,785.05	16,142.24
Repayment of borrowings	(6,836.60)	(8,130.20)
Finance costs paid	(3,109.72)	(1,817.10)
Dividend paid (including dividend distribution taxes)	(55.84)	(7.19)
Net cash flow from financing activities (C)	**633.56**	**5,910.28**
Net increase in cash and cash equivalents (A + B + C)	**(2,198.05)**	**754.50**
Cash and cash equivalents as at April 1,	**3,783.11**	**3,185.50**
Cash and cash equivalents on acquisitions during the year	22.83	0.02
Cash and cash equivalents on account of sale of subsidiary / jointly controlled entities during the year	(122.51)	(201.51)
Effect of exchange differences on cash and cash equivalents held in foreign currency	8.93	44.60
Cash and cash equivalents as at March 31,	**1,494.31**	**3,783.11**
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	11.11	10.85
Cheques / drafts on hand	14.13	10.08
With bank:		
- on current account	822.12	3,399.83
- on deposit account (having original maturity of less than or equal to three months)	646.95	362.35
Total cash and cash equivalents	**1,494.31**	**3,783.11**

SUMMARY DATA OF STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2014 AND 2013

	For the year ended March 31,	
	2014	2013
	(₹ in crore)	(₹ in crore)
Equity and liabilities		
Shareholders' funds		
Share capital (a)	1,525.91	389.24
Reserves and surplus (b)	6,874.74	6,796.49
Total (A) = (a+b)	**8,400.65**	**7,185.73**
Non-current liabilities		
Long-term borrowings (c)	3,778.43	3,015.83
Other long-term liabilities (d)	2.88	-
Long-term provisions (e)	1.35	0.89
Total (B) =(c+d+e)	**3,782.66**	**3,016.72**
Current liabilities		
Short-term borrowings (f)	215.64	751.20
Trade payables (g)	206.95	162.55
Other current liabilities (h)	1,651.78	966.22
Short-term provisions (i)	64.23	67.72
Total (C) =(f+g+h+i)	**2,138.60**	**1,947.69**
Total Equity and liabilities (D) = (A+B+C)	**14,321.91**	**12,150.14**
Assets		
Non-current assets		
Fixed assets		
Tangible assets (j)	100.44	106.01
Intangible assets (k)	4.01	2.89
Non-current investments (l)	9,519.39	6,845.88
Deferred tax asset (net) (m)	2.12	18.32
Long term loan and advances (n)	2,306.78	2,982.03
Trade receivables (o)	102.63	111.38
Other non-current assets (p)	656.60	422.81
Total (E) = (j+k+l+m+n+o+p)	**12,691.97**	**10,489.32**
Current assets		
Current Investments (q)	15.54	67.70
Inventories (r)	91.03	87.22
Trade receivables (s)	145.86	206.79
Cash and bank balances (t)	4.30	205.36
Short-term loans and advances (u)	338.15	746.74
Other current assets (v)	1,035.06	347.01
Total (F) = (q+r+s+t+u+v)	**1,629.94**	**1,660.82**
Total Assets (G) = (E+F)	**14,321.91**	**12,150.14**
Current assets		

SUMMARY DATA OF STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	For the year ended March 31,	
	2014	**2013**
	(₹ in crore)	**(₹ in crore)**
Income		
Revenue from operations:		
Sales / income from operations	468.67	1,142.17
Other operating income	317.62	290.62
Other income	4.77	28.58
Total - (i)	**791.06**	**1,461.37**
Expenses		
Cost of materials consumed	92.08	289.25
Sub-contracting expenses	308.55	622.72
Employee benefits expenses	69.72	72.47
Other expenses	55.04	87.57
Depreciation and amortisation expenses	8.42	8.31
Finance costs	408.71	374.43
Total - (ii)	**942.52**	**1,454.75**
Profit/ (loss) before exceptional items and tax expenses [(i)-(ii)]	**(151.46)**	**6.62**
Exceptional items(net)	339.54	75.83
Profit before tax	**188.08**	**82.45**
Current tax	51.18	45.54
Less: Minimum Alternate Tax ('MAT') credit entitlement	(45.20)	-
Reversal of current tax earlier years	-	(4.71)
MAT credit written off	-	10.39
Deferred tax (credit)/ charge	16.20	(22.22)
Total tax expenses	**22.18**	**29.00**
Profit for the year	**165.90**	**53.45**

SUMMARY DATA OF STANDALONE CASH FLOW STATEMENT FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	For the year ended March 31,	
	2014	**2013**
	(₹ in crore)	**(₹ in crore)**
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	188.08	82.45
Adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortisation expenses	8.42	8.31
Adjustments to the carrying amount of current investments	-	0.12
Provisions no longer required, written back	(1.31)	(0.24)
Provision for diminuition in the value of investment in a jointly controlled entity	1.27	-
Unrealised foreign exchange differences (net)	-	(2.52)
Profit on sale of current investment	(3.04)	(28.22)
Profit on sale of investment in a subsidiary	(13.28)	(75.81)
Profit on sale of investment in a joint controlled entity	(471.21)	-
Loss on redeemable preference shares	131.25	-
Loss on sale of fixed assets (net)	-	0.01
Dividend income on current investments [(Rs. 7,067 (March 31, 2014: Rs. 10,732)]	(0.00)	(0.00)
Interest income	(304.68)	(255.66)
Finance costs	408.71	374.43

	For the year ended March 31,	
	2014	2013
	(₹ in crore)	(₹ in crore)
Operating profit before working capital changes	**(55.79)**	**102.87**
Movements in working capital :		
(Increase) / decrease in inventories	(3.81)	(55.51)
(Increase)/ decrease in loans and advances	101.95	(92.65)
(Increase)/ decrease in other assets	45.52	(30.98)
(Increase) / decrease in trade receivables	69.69	56.79
Increase / (decrease) in trade payables, other current liabilities and provisions	33.17	(39.61)
Cash generated (used in)/ from operations	**190.73**	**(59.09)**
Direct taxes paid (net of refunds)	(33.18)	(55.38)
Net cash flow from/ (used in) operating activities	**157.55**	**(114.47)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(2.40)	(10.80)
Proceeds from sale of fixed assets	0.04	0.15
Purchase of non-current investments (including share application money)	(2,059.01)	(1,247.54)
Proceeds from sale of non-current investments (including refund of share application money)	1,076.48	1,173.32
Sale / (purchase) of current investments (net)	2.10	228.22
Investment in bank deposit (having original maturity of more than three months)	(199.33)	(66.53)
Loans given to subsidiary companies	(3,083.47)	(3,279.16)
Loans repaid by subsidiary companies	2,048.36	2,183.33
Interest received	343.72	208.39
Dividend received [(Rs. 7,067 (March 31, 2014: Rs. 10,732)]	0.00	0.00
Net cash (used in)/ from investing activities	**(1,873.51)**	**(810.62)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	1,992.24	1,589.50
Repayment of long term borrowings	(472.53)	(211.63)
Proceeds from short term borrowings	11.00	594.00
Repayment of short term borrowings	(546.56)	(694.80)
Proceeds from shares allotted to PE Investors	1,136.67	-
Dividend paid on Equity shares	(38.78)	-
Tax on equity dividend paid	(6.61)	-
Payment of debenture redemption premium	(48.90)	(58.06)
Financial costs paid	(510.15)	(296.05)
Net cash from/ (used in) financing activities	**1,516.38**	**922.96**
Net increase/ (decrease) in cash and cash equivalents	**(199.58)**	**(2.13)**
Cash and cash equivalents at the beginning of the year	**203.81**	**205.94**
Cash and cash equivalents at the end of the year	**4.23**	**203.81**
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	0.05	0.02
Balances with scheduled banks		
- On current accounts	4.18	203.79
Total cash and cash equivalents	**4.23**	**203.81**

GENERAL INFORMATION

Our Company was originally incorporated on May 10, 1996 as a public limited company called Varalakshmi Vasavi Power Projects Limited in Hyderabad, Andhra Pradesh. On May 23, 1996, we received a certificate of commencement of business. The name of our Company was changed to GMR Vasavi Infrastructure Finance Limited on May 31, 1999. Thereafter, on July 24, 2000, the name of our Company was again changed to GMR Infrastructure Limited. On October 4, 2004, the registered office of our Company was moved from the State of Andhra Pradesh to the State of Karnataka.

Registered Office of our Company

GMR Infrastructure Limited
Skip House
25/1 Museum Road
Bengaluru 560 025
Tel: (91 80) 4053 4000
Fax: (91 80) 2227 9353
Website: www.gmrgroup.in
CIN: L45203KA1996PLC034805
E-mail: gmrr@gmrgroup.in / csd-group-gmrr@gmrgroup.in

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

'E' wing, 2nd floor
Kendriya, Sadana
Koramangala
Bengaluru 560 034

Company Secretary and Compliance Officer

C. P. Sounderarajan
Skip House, 25/1, Museum Road
Bengaluru 560 025
Tel: (91 80) 4053 4281
Fax: (91 80) 2227 9353
E-mail: sounderarajan.cp@gmrgroup.in

Lead Managers to the Issue

JM Financial Institutional Securities Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Tel: (91 22) 6630 3030
Fax: (91 22) 6630 3330
E-mail: gmr.rights.2014@jmfl.com
Investor Grievance E-mail: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Lakshmi Lakshmanan
SEBI Registration Number: INM000010361
CIN: U65192MH1995PLC092522

Axis Capital Limited
Axis House, 1st Floor
C-2 Wadia International Centre
P. B. Marg, Worli
Mumbai 400 025

Tel: (91 22) 4325 2183
Fax: (91 22) 4325 3000
E-mail: gmrinfra.rights@axiscap.in
Investor Grievance E-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Prashant Kolhe
SEBI Registration Number: INM000012029
CIN: U51900MH2005PLC157853

ICICI Securities Limited
ICICI Centre,
H.T. Parekh Marg
Churchgate,
Mumbai 400 020.
Tel: (91 22) 2288 2460
Fax: (91 22) 2282 6580
E-mail: gmrinfra.rights@icicisecurities.com
Investor Grievance E-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Ayush Jain / Manvendra Tiwari
SEBI Registration Number: INM000011179
CIN: U67120MH1995PLC086241

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade
Mumbai 400 005
Tel: (91 22) 2217 8300
Fax: (91 22) 2218 8332
E-mail: gmr.rights@sbicaps.com
Investor Grievance E-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Kavita Tanwani/Nikhil Bhiwapurkar
SEBI Registration Number:INM000003531
CIN: U99999MH1986PLC040298

Legal Advisor to our Company as to Indian Law
Link Legal India Law Services
Thapar House, Central Wing
First Floor, 124 Janpath
New Delhi 110 001
Tel: (91 11) 4651 1000
Fax: (91 11) 4651 1099

Legal Advisor to the Lead Managers as to Indian law

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Statutory Auditor of our Company

S.R. Batliboi & Associates LLP
Chartered Accountants
Canberra Block
12th and 13th Floor
No. 24, U B City

Vittal Mallya Road
Bengaluru 560 001
Tel: (91 80) 6727 5000
Fax: (91 80) 2210 6000
E-mail: srba@in.ey.com
Firm Registration Number: 101049W

Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar
Madhapur
Hyderabad 500 081
Tel: (91 40) 4465 5000
Fax: (91 40) 2343 1551
E-mail: murali.m@karvy.com
Investor Grievance Email: einward.ris@karvy.com
Website: https://karisma.karvy.com
Contact Person: M.Murali Krishna
SEBI Registration No.: INR000000221
CIN: U74140TG2003PTC041636

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue / post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors.

Experts

Our Company has received consent from its Auditors namely, S.R. Batliboi & Associates LLP, Chartered Accountants to include its name as required under Section 26(1)(v) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the report of the Auditors dated May 29, 2014 and the statement of tax benefits dated September 12, 2014 included in this Draft Letter of Offer and such consent has not been withdrawn as of the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "Expert" as defined under the U.S. Securities Act, 1933.

Bankers to the Issue and Escrow Collection Banks

[●]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Issue Schedule

Issue Opening Date	:	[●]
Last date for receiving requests for SAFs	:	[●]
Issue Closing Date	:	[●]
Date of Allotment (on or about)	:	[●]
Date of credit (on or about)	:	[●]
Date of listing (on or about)	:	[●]

Statement of responsibilities

The following table sets forth the *inter se* allocation of responsibilities for various activities among the Lead Managers:

Sr. No.	Activity	Responsibility	Co-ordinating Lead Manager
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	All	JM Financial Institutional Securities Limited
2.	Drafting, design and distribution of the Letter of Offer, Abridged Letter of Offer, CAF, etc. and memorandum containing salient features of the Letter of Offer.	All	JM Financial Institutional Securities Limited
3.	Drafting and approval of all publicity material including statutory advertisements, corporate advertisements, brochures, corporate films, etc.	All	Axis Capital Limited
4.	Selection of Bankers to the Issue and monitoring agency.	All	JM Financial Institutional Securities Limited
5.	Selection of Registrar to the Issue, printers and advertising agency.	All	JM Financial Institutional Securities Limited
6.	Liaising with the Stock Exchanges and SEBI for pre-Issue activities, including for obtaining in-principle listing approval.	All	JM Financial Institutional Securities Limited
7.	International Institutional marketing of the Issue, which will cover, inter alia: • Marketing and road-show presentation and preparation of frequently asked questions for the road show team; • Institutional marketing strategy; • Finalizing the list and division of institutional investors for one-to-one meetings; and • Finalizing road show and institutional investor meeting schedule.	All	JM Financial Institutional Securities Limited
8.	Domestic Institutional marketing of the Issue, which will cover, inter alia: • Marketing and road-show presentation and preparation of frequently asked questions for the road show team; • Institutional marketing strategy; • Finalizing the list and division of institutional investors for one-to-one meetings; and • Finalizing road show and institutional investor meeting schedule.	All	Axis Capital Limited
9.	Non-Institutional marketing of the Issue, which will cover, inter alia: • Finalising media, marketing and public relations strategy; and • Follow-up on distribution of publicity and Issue	All	Axis Capital Limited

Sr. No.	Activity	Responsibility	Co-ordinating Lead Manager
	material including form, the Prospectus and deciding on the quantum of the Issue material.		
10.	Retail marketing of the Issue, which will cover, inter alia: • Finalising centres for holding conferences for brokers, etc; and • Finalising collection centres.	All	SBI Capital Markets Limited
11.	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self-Certified Syndicate Banks, etc.	All	ICICI Securities Limited

Monitoring Agency

Our Company has appointed [●] as the monitoring agency to monitor the utilization of the Net Proceeds in terms of Regulation 16 of the SEBI Regulations.

Credit Rating

As the Issue is of Equity Shares, there is no requirement of credit rating for this Issue.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Book Building Process

As the Issue is a rights issue, the Issue shall not be made through the book building process.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, or if the subscription level falls below 90% of the Issue after the Issue Closing Date, on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received, within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest for the delayed period, as prescribed under applicable laws.

Debenture trustee

This being an issue of Equity Shares, a debenture trustee is not required.

Underwriting

[●]

Principal Terms of Loans and Assets charged as security

For details in relation to the principal terms of loans and assets charged as security in relation to our Company, see the section "Financial Statements" on page 149.

CAPITAL STRUCTURE

The capital of our Company as at the date of this Draft Letter of Offer is as set forth below:

(In ₹ crore, except share data)

		Aggregate value at face value	Aggregate Value at Issue Price
A.	**AUTHORIZED SHARE CAPITAL**		
	750,00,00,000 Equity Shares	750.00	NA
	1,20,00,000 Preference Shares	1,200.00	NA
	TOTAL	1,950.00	NA
B.	**ISSUED AND SUBSCRIBED CAPITAL BEFORE THE ISSUE**		
	436,12,51,879 Equity Shares(1)(2)	436.12	NA
	1,13,66,704 Preference Shares(3)	1,136.67	NA
	TOTAL	**1,572.79**	NA
C.	**PAID-UP CAPITAL BEFORE THE ISSUE**		
	436,12,51,879 Equity Shares(1)(2)	436.12	NA
	1,13,66,704 Preference Shares(3)	1,136.67	NA
	TOTAL	**1,572.79**	NA
D.	**PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER**		
	[●] Equity Shares(4)	[●]	[●]
E.	**PAID-UP CAPITAL AFTER THE ISSUE**		
	[●] Equity Shares(1)(2)	[●]	NA
	[●] Preference Shares(3)	[●]	NA
	TOTAL	[●]	NA
F.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	7,890.38	NA
	After the Issue	[●]	NA

(1) Pursuant to the resolutions dated July 2, 2014 and August 12, 2014 passed by our Board and the shareholders of our Company by way of postal ballot, respectively, the Company has issued 18,00,00,000 warrants convertible into 18,00,00,000 Equity Shares to GMR Infra Ventures LLP at an issue price of ₹ 31.50 per Equity Share (including premium of ₹ 30.50 per Equity Share) on August 26, 2014.The Company has received ₹ 141.75 crore from GMR Infra Ventures LLP, being 25% of the consideration amount for allotment of the said warrants and the balance amount will be received upon exercising the right to subscribe equity shares against the said warrants within 18 months from the date of allotment i.e. on or before February 25, 2016.

(2) Includes 4,500 Equity Shares which have been forfeited by our Company with effect from August 14, 2014.

(3) Pursuant to the shareholders' approval obtained on March 20, 2014, our Company issued 1,13,66,704 CCPS of face value of ₹ 1,000 each comprising of (a) 56,83,351 Series A CCPS each fully paid up, carrying a coupon rate of 0.001% per annum and having a term of 17 months from the date of allotment, and (b) 56,83,353 Series B CCPS each fully paid up, carrying a coupon rate of 0.001% p.a. and having a term of 18 months from the date of allotment, to IDFC Limited, Dunearn Investments (Mauritius) Pte Limited, GKFF Ventures, Premier Edu-Infra Solutions Private Limited and Skyron Eco-Ventures Private Limited. The Series A CCPS and Series B CCPS shall be converted into Equity Shares upon the expiry of their respective terms in accordance with the provisions of Chapter VII of the SEBI Regulations. The number of Equity Shares allotted to the aforementioned investors upon conversion of the CCPS shall be on the basis of the minimum permissible price, computed in accordance with Regulation 76 read with Regulation 71(b) of the SEBI Regulations on the conversion date.

(4) The Issue has been authorised by our Board pursuant to its resolution dated September 16, 2014.

Notes to the Capital Structure

1. **Shareholding Pattern of our Company**

Equity Shareholding Pattern of our Company as per the last filing with the Stock Exchanges

(i) The Equity Shareholding pattern of our Company as on July 10, 2014, is as follows:

Category of shareholder	Number of shareholders	Total number of shares	Total number of shares held in dematerialized form	Total shareholding as a % of total number of shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of total number of shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	8	61,96,170	61,96,170	0.14	0.14	0	0.00
Bodies Corporate	3	278,46,43,677	278,46,43,677	63.85	63.85	166,42,35,438	59.76
Any Others (Specify)	**4**	**4,000**	**4,000**	**0.00**	**0.00**	**0**	**0.00**
Any Other	4	4,000	4,000	0.00	0.00	0	0.00
Sub Total	**15**	**279,08,43,847**	**279,08,43,847**	**63.99**	**63.99**	**166,42,35,438**	**59.63**
(2) Foreign							
Total shareholding of Promoter and Promoter Group (A)	**15**	**279,08,43,847**	**279,08,43,847**	**63.99**	**63.99**	**166,42,35,438**	**59.63**
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	15	3,76,04,336	64,28,145	0.86	0.86	0	0.00
Financial Institutions / Banks	55	30,80,45,537	27,53,64,237	7.06	7.06	0	0.00
Insurance Companies	16	2,39,08,765	23,86,495	0.55	0.55	0	0.00
Foreign Institutional Investors	181	81,51,95,386	43,22,38,050	18.69	18.69	0	0.00
Any Others (Specify)	**1**	**4,80,000**	**0**	**0.01**	**0.01**	**0**	**0.00**
Any Other	1	4,80,000	0	0.01	0.01	0	0.00
Sub Total	**268**	**118,52,34,024**	**71,64,16,927**	**27.18**	**27.18**	**0**	**0.00**
(2) Non-Institutions							
Bodies Corporate	2,778	8,20,13,544	8,20,13,544	1.88	1.88	0	0.00
Individuals							
Individual shareholders holding nominal share capital up to Rs. 1 lakh	4,07,621	22,24,40,208	22,13,78,157	5.10	5.10	0	0.00
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	68	3,69,67,854	3,69,67,854	0.85	0.85	0	0.00
Any Others (Specify)	**4,222**	**4,37,52,402**	**4,37,52,402**	**1.00**	**1.00**	**0**	**0.00**
Trusts	12	10,46,800	10,46,800	0.02	0.02	0	0.00
Non Resident Indians	3,898	95,36,356	95,36,356	0.22	0.22	0	0.00
Clearing Members	312	3,31,69,246	3,31,69,246	0.76	0.76	0	0.00
Sub Total	**4,14,689**	**38,51,74,008**	**38,41,11,957**	**8.83**	**8.83**	**0**	**0.00**
Total Public shareholding (B)	**4,14,957**	**157,04,08,032**	**110,05,28,884**	**36.01**	**36.01**	**0**	**0.00**
Total (A)+(B)	**4,14,972**	**436,12,51,879**	**389,13,72,731**	**100.00**	**100.00**	**166,42,35,438**	**38.16**
(C) Shares held by Custodians and against which Depository Receipts have been issued	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
(1) Promoter and Promoter Group	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
(2) Public	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
Sub Total	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
Total (A)+(B)+(C)	**4,14,972**	**436,12,51,879**	**389,13,72,731**	**0.00**	**100.00**	**166,42,35,438**	**38.16**

Notes:

1. For determining public shareholding for the purpose of Clause 40A of the Listing Agreement.
2. For definitions of 'promoter' and 'promoter group', refer to Clause 40A the Listing Agreement.
3. Public shareholding.
4. The shareholders of Series A CCPS and Series B CCPS become entitled to apply for Equity Shares on August 26, 2015 and September 26, 2015 respectively, being 17 months and 18 months after the date of allotment of CCPS (March 26, 2014) and the Equity Shares shall be allotted at the minimum price determined under Regulation 76(1) of the SEBI Regulations. Therefore, the total number of Equity Shares of the Company on full conversion will be known only 30 days prior to the date when the investors become entitled to apply for conversion of CCPS.
   Total paid up capital comprises of the following:
   Paid up Equity Share capital Rs. 436,12,51,879;
   Paid up CCPS capital Rs. 1136,67,04,000; and
   Paid up Equity Share capital Rs. 436,12,49,629 (Rs. 436,12,51,879 - Rs. 2,250 (Re. 0.50 per share is due from 4,500 Equity shares)).

(ii) Shareholding of securities (including shares, warrants, convertible securities) of persons belonging to the category Promoters and Promoter Group as on July 10, 2014, is as follows:

Sl. number	Name of the shareholder	Details of shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		Number of shares held	As a % of grand total (A)+(B)+(C)	Number of shares held	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(i)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
1.	GMR Holdings Private Limited	2,73,62,21,862	62.74	164,79,75,438	60.23	37.79	0	0.00	0	0.00	0.00
2.	GMR Infra Ventures LLP	3,13,21,815	0.72	0	0.00	0.00	0	0.00	0	0.00	0.00
3.	GMR Enterprises Private Limited	1,71,00,000	0.39	162,60,000	95.09	0.37	0	0.00	0	0.00	0.00
4.	Mallikarjuna Rao Grandhi	17,31,330	0.04	0	0.00	0.00	0	0.00	0	0.00	0.00
5.	G Varalakshmi	9,42,660	0.02	0	0.00	0.00	0	0.00	0	0.00	0.00
6.	Grandhi Ragini	6,38,700	0.01	0	0.00	0.00	0	0.00	0	0.00	0.00
7.	Grandhi Satyavathi Smitha	7,65,500	0.02	0	0.00	0.00	0	0.00	0	0.00	0.00
8.	Kirankumar Grandhi	8,72,160	0.02	0	0.00	0.00	0	0.00	0	0.00	0.00
9.	Srinivas Bommidala	4,51,660	0.01	0	0.00	0.00	0	0.00	0	0.00	0.00
10.	Butchi Sanyasi Raju Grandhi	5,44,160	0.01	0	0.00	0.00	0	0.00	0	0.00	0.00
11.	B Ramadevi	2,50,000	0.01	0	0.00	0.00	0	0.00	0	0.00	0.00
12.	Grandhi Buchi Sanyasi Raju and Satyavathi Smitha Trust G B S Raju Trustee	1,000	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
13.	Srinivas Bommidala and Ramadevi Trust Srinivas Bommidala	1,000	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00

Sl. number	Name of the shareholder	Details of shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		Number of shares held	As a % of grand total (A)+(B) +(C)	Number of shares held	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(i)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
	Trustee										
14.	Grandhi Kiran Kumar and Regini Trust G Kiran Kumar Trustee	1,000	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
15.	Grandhi Varalakshmi Mallikariuna Rao Trust G Mallikarjuna Rao Trust Mr G Mallikarjuna Rao Trustee	1,000	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
	Total	**2,79,08,43,847**	**63.99**	**166,42,35,438**	**59.63**	**38.16**	**0**	**0.00**	**0**	**0.00**	**0.00**

(*) The term encumbrance has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

(iii) Shareholding of securities (including shares, warrants, convertible securities) of persons belonging to the category Public and holding more than 1% of the total number of shares as on July 10, 2014, is as follows:

Sl. number	Name of the shareholder	Number of shares held	Shares as % of total number of shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1.	Merrill Lynch Capital Markets Espana S A S V	10,40,06,370	2.38	0	0.00	0	0.00	0.00
2.	Life Insurance Corporation of India	6,83,16,889	1.57	0	0.00	0	0.00	0.00
3.	Deutsche Securities Mauritius Ltd	6,06,04,900	1.39	0	0.00	0	0.00	0.00
4.	Carmignac Gestion A/c Carmignac Partrimoine	5,05,95,632	1.16	0	0.00	0	0.00	0.00
5.	Carmignac Gestion A/c Carmignac Investissem Ent	4,87,56,629	1.12	0	0.00	0	0.00	0.00
6.	LIC of India Market Plus Growth Fund	4,41,60,293	1.01	0	0.00	0	0.00	0.00
7.	Dunearn Investments (Mauritius) Pte Ltd	0	0.00	0	0.00	78,88,169	69.40	0.00
8.	IDFC Ltd	0	0.00	0	0.00	4,19,100	3.69	0.00
9.	GKFF Ventures	0	0.00	0	0.00	5,44,831	4.79	0.00
10.	Premier Edu Infra Solutions Private Limited	0	0.00	0	0.00	4,19,100	3.69	0.00
11.	Skyron Eco Ventures Private Limited	0	0.00	0	0.00	20,95,504	18.44	0.00
	Total	**37,64,40,713**	**8.63**	**0**	**0.00**	**1,13,66,704**	**100.00**	**0.00**

5. Except as disclosed below, no Equity Shares have been acquired by the Promoters or members of the Promoter Group in the year immediately preceding the date of filing of this Draft Letter of Offer with SEBI:

Sr. No.	Name of the Promoter / Promoter Group entity	Date of the Transaction	Stock Exchange	Number of Equity Shares	Price per Equity Share (in ₹)	Nature of Transaction
1.	Cadence Retail Private Limited(1)	August 28, 2014	NSE	1,00,000	25.09	Purchase
2.	GMR Business & Consultancy LLP	September 18, 2014	NSE	1,00,000	23.14	Purchase

(1) Cadence Retail Private Limited has filed an application with the Registrar of Companies, New Delhi on September 3, 2014 for changing its name from 'Cadence Retail Private Limited' to 'Cadence Enterprises Private Limited'.

Additionally, pursuant to the resolutions dated July 2, 2014 and August 12, 2014 passed by our Board and the shareholders of our Company by way of postal ballot, respectively, the Company has issued 18,00,00,000 warrants convertible into 18,00,00,000 Equity Shares to GMR Infra Ventures LLP at an issue price of ₹ 31.50 per Equity Share (including premium of ₹ 30.50 per Equity Share) on August 26, 2014.

6. Except as disclosed below, as on date of this Draft Letter of Offer, none of the Equity Shares held by any of the shareholders of our Company are locked in:

Sr. No.	Name of the Equity Shareholder	Number of Equity Shares	Locked-in Equity Shares as a percentage of total number of Equity Shares
1.	GMR Infra Ventures LLP	3,13,21,815	0.72
	Total	**3,13,21,815**	**0.72**

Note: Pursuant to the resolutions dated July 2, 2014 and August 12, 2014 passed by our Board and the shareholders of our Company by way of postal ballot, respectively, the Company has issued 18,00,00,000 warrants convertible into 18,00,00,000 Equity Shares to GMR Infra Ventures LLP at an issue price of ₹ 31.50 per Equity Share (including premium of ₹ 30.50 per Equity Share) on August 26, 2014. In accordance with Regulation 78(6) of the SEBI Regulations the entire pre-preferential allotment shareholding of GMR Infra Ventures LLP is required to be locked-in from the relevant date up to a period of six months from the date of trading approval. Accordingly, the aforementioned Equity Shares have been locked-in until August 25, 2016.

Additionally, as per Regulation 78(1) of the SEBI Regulations, Equity Shares allotted post the conversion of the warrants issued to GMR Infra Ventures LLP shall be locked-in for a period of three years from the date of trading approval granted for the Equity Shares allotted pursuant to exercise of the option attached to the aforementioned warrant.

7. **Subscription to the Issue by the Promoters and Promoter Group**

The Promoters and members of the Promoter Group of the Company currently holding Equity Shares in the Company have undertaken to subscribe to the full extent of their Rights Entitlement in the Issue either by themselves or by renouncing their Rights Entitlement to any person(s) forming part of the Promoters and Promoter Group entities ("**Promoter Renouncee Entities**"). The subscription to, and allotment of, Equity Shares to the Promoters and members of the Promoter Group who are eligible shareholders of the Company at the record date to the extent of their respective Rights Entitlement shall be exempt from open offer requirements in terms of Regulation 10(4)(a) of the Takeover Regulations. Subscription to, and allotment of, Equity Shares to Promoter Renouncee Entities will be in accordance with the provisions of the Takeover Regulations.

Further, the Promoters and members of the Promoter Group, other than those that have renounced their Rights Entitlement, reserve their right to determine their intention to apply for additional Equity Shares in the Issue or subscribe to any Equity Shares which may be renounced in their favour (by entities other than the Promoters and members of the Promoter Group who are eligible shareholders of the Company at the record date) or any unsubscribed portion of the Issue, subject to compliance with applicable law. As a result of any such subscription and consequent allotment of Equity Shares, the Promoters and members of the Promoter Group may acquire Equity Shares over and above their Rights Entitlement. Such acquisition of Equity Shares by the Promoters and members of the Promoter Group over and above their Rights Entitlement shall be in accordance with the provisions of the Takeover Regulations and will not result in a change of control of the management of the Company.

The subscription to, and allotment of, Equity Shares by the Promoters and members of the Promoter

Group in the Issue would be subject to aggregate shareholding of the Promoters and Promoter Group not exceeding 75% of the post-Issue equity share capital of the Company on the date of Allotment, in accordance with clause 40A of the Equity Listing Agreements.

8. Except as disclosed in this section, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of filing of this Draft Letter of Offer:

   a. Pursuant to the shareholders' approval obtained on March 20, 2014, our Company issued 1,13,66,704 CCPS of face value of ₹ 1,000 each comprising of (a) 56,83,351 Series A CCPS each fully paid up, carrying a coupon rate of 0.001% per annum and having a term of 17 months from the date of allotment, and (b) 56,83,353 Series B CCPS each fully paid up, carrying a coupon rate of 0.001% p.a. and having a term of 18 months from the date of allotment, to IDFC Limited, Dunearn Investments (Mauritius) Pte Limited, GKFF Ventures, Premier Edu-Infra Solutions Private Limited and Skyron Eco-Ventures Private Limited. The Series A CCPS and Series B CCPS shall be converted into Equity Shares upon the expiry of their respective terms in accordance with the provisions of Chapter VII of the SEBI Regulations. The number of Equity Shares allotted to the aforementioned investors upon conversion of the CCPS shall be on the basis of the minimum permissible price, computed in accordance with Regulation 76 read with Regulation 71(b) of the SEBI Regulations on the conversion date.

   b. Pursuant to the resolutions dated July 2, 2014 and August 12, 2014 passed by our Board and the shareholders of our Company by way of postal ballot, respectively, the Company has issued 18,00,00,000 warrants convertible into 18,00,00,000 Equity Shares to GMR Infra Ventures LLP at an issue price of ₹ 31.50 per Equity Share (including premium of ₹ 30.50 per Equity Share) on August 26, 2014. The said warrants are convertible into Equity Shares within 18 months from the date of their allotment.

   c. Additionally, see the section "*Risk Factor - GAL and GEL are party to certain agreements with private equity investors which may limit their ability to pay dividends, incur additional indebtedness and require us to repurchase their shares and provide certain other rights to such investors.*" for the option granted to the GEL Investors for conversion of the CCPS of GEL into Equity Shares of our Company upon occurrence and / or non-occurrence of certain events.

9. Our Board in their meeting dated August 13, 2014 have approved the draft notice to the shareholders of our Company for the AGM held on September 18, 2014. The notice dated August 13, 2014 includes a resolution, which is subject to the approval of the shareholders of our Company at the AGM, to allow our Company to undertake an issue of Equity Shares or any other securities or financial instruments convertible into Equity Shares, for an aggregate amount up to ₹ 2,500 crore. Subject to the approval of our shareholders at the AGM, our Company may undertake such issuance in accordance with the SEBI Regulations. While the AGM was held on September 18, 2014, the results of the AGM have not been declared by our Company as on the date of the Draft Letter of Offer.

10. Except as disclosed in this section, there will be no further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Letter of Offer with SEBI until the Equity Shares have been listed.

11. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the Takeover Regulations is ₹ [●].

12. If our Company does not receive the minimum subscription of 90% of the Issue or if the subscription level falls below 90% of the Issue, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest for the delayed period, as prescribed under applicable laws.

13. At any given time, there shall be only one denomination of the Equity Shares of our Company.

14. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. For further details on the terms of the issue, see the section "Terms of the Issue" on page 386.

15. Our Company does not have any employee stock option scheme or employee stock purchase scheme.

16. Our Issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirements of promoters' contribution and lock-in are not applicable.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Repayment / pre-payment, in full or part, of certain borrowings availed by our Company;

2. Investment in one of our Subsidiaries i.e. GEL, for repayment / pre-payment of certain borrowings availed by it; and

3. General corporate purposes.

The main objects set out in the Memorandum of Association enable us to undertake our existing activities. The borrowings availed by our Company and GEL, which are proposed to be repaid/ pre-paid, in full or part, from the Net Proceeds of the Issue, are for activities carried out as enabled by the objects clause of the Memorandum of Association of our Company and the memorandum of association of GEL, as the case may be.

Requirement of Funds

The details of the Net Proceeds are set forth in the following table:

(in ₹ crore)

Particulars	Estimated Amount
Gross proceeds of the Issue	1,500.00
Less: Issue expenses	[●][(1)]
Net Proceeds	[●][(1)]

[(1)] To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges.

Means of Finance

The Net Proceeds from the Issue will only be used for repayment / pre-payment, in full or in part, of certain borrowings availed by our Company and for investment in one of our Subsidiaries i.e. GEL, for repayment / pre-payment of certain borrowings availed by it. Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Utilization of Net Proceeds

The utilisation of the Net Proceeds will be in accordance with the table set forth below:

(in ₹ crore)

Sr. No.	Particulars	Estimated Amount to be utilised
1.	Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company	1,000.00
2.	Investment in one of our Subsidiaries i.e. GEL, for repayment / pre-payment of certain borrowings availed by it	250.00
3.	General corporate purposes	[●]
	Total	**[●]**

Schedule of Deployment

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during Financial Year 2015. However, if the Net Proceeds are not completely utilised for the objects stated above by Financial Year 2015 due to factors including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of, such requirements, (ii) receipt of consents for prepayment from the respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, and (v) other commercial considerations, the same would be utilised (in part or full) in Financial Year 2016.

The funds deployment described herein is based on management estimates and current circumstances of our business. It has not been appraised by any bank, financial institution or any other external agency. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

The details in relation to objects of the Issue are set forth herein below.

1. Repayment / pre-payment, in full or part, of certain borrowings availed by our Company

Our Company proposes to utilize an estimated amount of ₹ 1,000.00 crore from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company (including redemption, in part or full, of non-convertible debentures). Our Company may repay or refinance some of its existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for repayment or pre-payment of any such refinanced loans or additional loan facilities obtained by it. However, the aggregate amount to be utilised from the Net Proceeds towards repayment or pre-payment of borrowings (including re-financed or additional loans availed, if any), in part or full, would not exceed ₹ 1,000.00 crore.

We believe that such repayment / pre-payment will help reduce our outstanding indebtedness and enable utilization of our accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve significantly to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business in the coming years.

The following table provides details of certain borrowings availed by our Company which are currently proposed to be fully or partially repaid or pre-paid from the Net Proceeds:

Sr. No.	Name of the Lender	Nature of Borrowing and date of the Sanction Letter/ Document	Purpose[(1)]	Amount Sanctioned[(1)]	Amount Outstanding as at July 31, 2014[(1)]	Repayment Date / Schedule
				(in ₹ crore)		
1.	Life Insurance Corporation of India ("**LIC**")	Term loan Letter of intent dated August 28, 2009 and loan agreement dated November 14, 2009	To be utilised by our Company directly by way of only debt into the sector holding companies which in turn will fund the following infrastructure projects: (i) Expansion of Vemagiri Power Plant; (ii) Chhattisgarh Power Project; (iii) Hyderabad–Vijayawada highway project; and (iv) Chennai Outer Ring Road Project.	1,000.00	800.00	Repayment to be made in 10 equal annual instalments commencing at the end of the third year from the date of the first disbursement
2.	ICICI Bank Limited	Non-Convertible Debentures ("**NCDs**") Letter of intent dated December 15, 2009 and subscription agreement dated February 6, 2010	To part finance project related capital expenditure of our Company. To enable our Company to infuse capital by way of equity / preference shares / sub-debt / other permitted means to part-finance project related capital expenditure of direct / indirect infrastructure SPVs of our Company.	500.00	175.00	SI Series: Tenor of maximum 60 months from the date of subscription. Redemption in structured instalments of 5%, 10%, 15%, 35%, and 35% of subscription after 13, 24, 36, 48 and 60 months, respectively, of the pay-in date S2 Series:

Sr. No.	Name of the Lender	Nature of Borrowing and date of the Sanction Letter/ Document	Purpose[(1)]	Amount Sanctioned[(1)]	Amount Outstanding as at July 31, 2014[(1)]	Repayment Date / Schedule
				(in ₹ crore)		
						Tenor of maximum 48 months from the date of subscription. Redemption in structured instalments of 15%, 15%, 35%, and 35% of subscription after 13, 24, 36 and 48 months, respectively, of the pay-in date S3 Series: Tenor of maximum 36 months from the date of subscription. Redemption in structured instalments of 30%, 35%, and 35% of subscription after 13, 24 and 36 months, respectively, of the pay-in date Outstanding amounts under each tranche of the NCDs may be redeemed by the Company in part or full on any or all of March 31, 2011; March 31, 2012; March 31, 2013 or March 31, 2014 Redemption to take place in such a way that applicable yield is attained for the entire outstanding portion of the investment amount prior to redemption
3.	ICICI Bank Limited	NCDs Letters of intent dated February 29, 2012 (for subscription of NCDs aggregating up to ₹ 300 crore) and December 14, 2011 (for subscription of NCDs aggregating up to ₹ 700 crore); subscription agreement dated December 26, 2011 (for subscription of NCDs aggregating up to ₹ 100 crore) as amended by amendment agreement dated March 15, 2012	For: (i) on-lending to infrastructure subsidiaries for re-financing existing rupee term loan or group company debt (subject to satisfaction of certain prescribed conditions) availed for projects; and (ii) meeting transaction related expenses.	1,000.00	975.00	Redemption in structured instalments as follows, subject to full redemption by March 25, 2021: From March 25, 2012 to March 25, 2015: 0.25% From June 25, 2015 to March 25, 2016: 2.50% From June 25, 2016 to March 25, 2018: 3.75% From June 25, 2018 to March 25, 2020: 4.50% On June 25, 2020:

Sr. No.	Name of the Lender	Nature of Borrowing and date of the Sanction Letter/ Document	Purpose[(1)]	Amount Sanctioned[(1)]	Amount Outstanding as at July 31, 2014[(1)]	Repayment Date / Schedule
				(in ₹ crore)		
		(whereby the earlier subscription amount of ₹ 100 crore was increased to ₹ 400 crore) and subscription agreement dated December 26, 2011 (for subscription of NCDs aggregating up to ₹ 600 crore)				5.18% From September 25, 2020 to March 25, 2021: 5.19% Redemption to take place in such a way that applicable yield is attained for the entire outstanding portion of the investment amount prior to redemption
4.	Central Bank of India	Term loan Sanction letter dated March 11, 2013 and term loan agreement dated March 18, 2013	To meet EPC business requirements and investments in subsidiaries of our Company	250.00	250.00	Repayment to be made in five equated monthly instalments of ₹ 50.00 crore each from the 20th to the 24th month of the tenor of the loan.
5.	YES Bank Limited ("**Yes Bank**")	Term Loan Facility letters dated March 25, 2013; April 19, 2013; June 29, 2013 and March 29, 2014 and Loan Agreement dated March 26, 2013	To meet EPC expenses, capital expenditure, infuse as sub-debt into identified infrastructure SPVs / subsidiaries or any other purpose as approved by Yes Bank	200.00	188.00	Tenor of 60 months with a moratorium period of 36 months. Repayment to be made in eight equal quarterly instalments of ₹ 25.00 crore each Put option is available to Yes Bank at the end of the 36th month from the date of first disbursement and every year thereafter, exercisable with a prior written notice of 15 days to our Company
6.	Yes Bank	Term loan Facility letters dated June 30, 2012; March 25, 2013; March 29, 2014 and June 29, 2013 and loan agreement dated June 30, 2012	To meet EPC expenses, capital expenditure, infuse as sub-debt into identified infrastructure SPVs / subsidiaries or any other purpose as approved by Yes Bank	300.00	200.00	Tenor of three years with a moratorium period of 18 months. Repayment to be made within a period of 36 months from the date of first disbursement, i.e. on or before June 30, 2015, in six quarterly instalments of ₹ 50.00 crore each Put / call option is available at the end of 18 months from the date of first disbursement and at the end of every six months thereafter, with a prior written notice of 15 days.
7.	Yes Bank	Term loan	Towards infusion of funds	500.00	250.00	Repayment to be made in eight equal

Sr. No.	Name of the Lender	Nature of Borrowing and date of the Sanction Letter/ Document	Purpose[(1)]	Amount Sanctioned[(1)]	Amount Outstanding as at July 31, 2014[(1)]	Repayment Date / Schedule
				(in ₹ crore)		
		Facility letters dated June 29, 2013 and March 29, 2014 and loan agreement dated June 29, 2013	into: (i) Infrastructure subsidiaries/SPVs/sector holding companies (where our Company has majority shareholding) as inter-corporate deposits/sub-debt for infrastructure projects including repayment of existing inter-corporate deposits /sub-debt utilised for infrastructure projects; and (ii) EPC business requirements of our Company			quarterly instalments of ₹ 62.50 crore each commencing after moratorium period of 36 months within 60 months from the date of first disbursement Put option is available to Yes Bank at the end of the 36th month from the date of first disbursement and every six months thereafter
8.	Yes Bank	Rupee term loan Facility letters dated February 17, 2014 and March 29, 2014 and loan agreement dated April 25, 2014	Towards infusion of funds into: (i) Infrastructure subsidiaries/SPVs as inter-corporate deposits /sub-debt for infrastructure projects including repayment of existing inter-corporate deposits utilised for infrastructure projects; and (ii) EPC business requirements of our Company	70.00	70.00	Tenor of 60 months with a moratorium period of one year from the date of first disbursement. Repayment to be made in structured quarterly instalments as follows: First four quarters: 5% Next four quarters: 5% Next four quarters: 40% Last four quarters: 50% Put / call option available at the end of the 36th month from the date of first disbursement and every three months thereafter
9.	LIC	Term loan Letter of intent dated July 5, 2013 and loan agreement dated August 29, 2013	To invest into our Company's ongoing projects through equity or quasi-equity, sub-debt, unsecured loan including on-lending to group companies (subsidiaries, joint venture companies, associates / affiliates of our Company), or any other firm with the prior written approval of LIC, to limited companies only	150.00	150.00	Tenor of 10 years with a moratorium period of three years from date of first disbursement. Repayment to be made in seven equal annual instalments commencing at the end of the fourth year from the date of first disbursement
10.	IDBI Bank Limited	Corporate loan Letters of intent dated March 1, 2013 and March 13, 2013 and corporate loan agreement dated	To part finance cash flow mismatch of our Company and on-lending to Group Companies	500.00	278.40	Repayment to be made in 16 equal consecutive quarterly instalments on the first day of each quarter starting from October 1, 2014 and ending on

Sr. No.	Name of the Lender	Nature of Borrowing and date of the Sanction Letter/ Document	Purpose(1)	Amount Sanctioned(1)	Amount Outstanding as at July 31, 2014(1)	Repayment Date / Schedule
				(in ₹ crore)		
		March 27, 2013				July 1, 2018
11.	ICICI Bank Limited	Rupee term loan Letter of intent dated December 3, 2013 and facility agreement dated December 21, 2013	(i) On-lending (whether by way of non-convertible preference shares, subordinated debt, debentures or inter corporate deposits) to infrastructure subsidiaries (GEL, GREL, GMR Chhattisgarh, GKEL, EMCO) including on-lending through GEL for (a) refinancing and/or debt servicing of existing rupee term loans availed by the infrastructure subsidiaries and/or (b) capital expenditure requirements of the infrastructure subsidiaries; and/or (ii) Refinancing and/or debt servicing of existing rupee term loans (including interest payments) availed by our Company; and/or (iii) Transaction expenses related to the facility	1,000.00	800.00	Repayment to each relevant lender to be made on proportionate basis in 32 structured instalments, commencing on April 25, 2016 and ending on January 25, 2024
12.	PTC India Financial Services Limited ("**PFS**")	Term loan Sanction letter dated February 6, 2014 and loan agreement dated March 12, 2014	General corporate usage and making investment in Subsidiaries engaged in energy / power sector	200.00	195.00	Tenor of seven years including moratorium of 30 months from the date of first drawdown. Repayment of principal amounts to be made in 18 equal quarterly instalments, with the first instalment falling due at the end of 30 months from the date of first drawdown

(1) *As certified by Chatterjee & Chatterjee, Chartered Accountants (Firm Registration Number: 001109C) vide its certificate dated September 17, 2014. Further, Chatterjee & Chatterjee, Chartered Accountants, have confirmed that these borrowings have been utilized for the purposes for which they were availed, as provided in the relevant borrowing documents. Chatterjee & Chatterjee, Chartered Accountants, have further confirmed that none of the borrowings that are intended to be repaid out of the net Issue proceeds have been utilized for any payments to or repayment / refinancing of any loans obtained from the Promoter Group / Group Companies of our Company*.

Some of our loan agreements and other financing arrangements provide for the levy of prepayment penalties or premiums, which may be dependant on the repayment / pre-payment being made on dates other than those specified in the relevant documents, to be calculated based on the amount outstanding / being prepaid, as applicable. See the section "Risk Factors" on page 21. We will take such provisions into consideration while deciding the loans to be repaid and / or pre-paid from the Net Proceeds. Payment of such pre-payment penalty or premium, if any, shall be made by our Company out of the Net Proceeds of the Issue. We may also be required to obtain consent or provide notice to some of our lenders prior to prepayment.

The selection of borrowings proposed to be repaid and/ or pre-paid from our facilities provided above shall be based on various factors, including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of, such requirements, (ii) receipt of consents for prepayment from the respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

Given the nature of these borrowings and the terms of repayment / pre-payment, the aggregate outstanding borrowing amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above borrowings are repaid / pre-paid or further drawn-down prior to the completion of the Issue, we may utilize the Net Proceeds towards repayment / pre-payment of such additional indebtedness.

2. Investment in one of our Subsidiaries i.e. GEL, for repayment / pre-payment of certain borrowings availed by it

GEL is one of our Subsidiaries. We intend to utilise a part of the Net Proceeds amounting to ₹ 250.00 crore to make an investment in GEL. The investment in GEL by our Company may be in the form of debt or equity or in any other manner as may be mutually decided. The actual mode of investment has not been finalised as on the date of this Draft Letter of Offer. GEL intends to utilise this investment for repayment / pre-payment, in full or in part, any of the borrowings (as indicated below) availed by it.

The following table sets forth provides details of the borrowings availed by GEL which is currently proposed to be repaid or pre-paid (in full or in part) from the investment proposed to be made by our Company in GEL by utilising the Net Proceeds:

Sr. No.	Name of the Lender	Nature of Borrowing and date of the Sanction Letter/ Document	Purpose[(1)]	Amount Sanctioned[(1)]	Amount Outstanding as at July 31, 2014[(1)]	Repayment Date / Schedule
				(in ₹ crore)		
1.	ICICI Bank Limited	Non Cumulative Redeemable Preference Shares Investment agreement dated November 27, 2009	To part finance project related capital expenditure of GEL. To part financing the costs related to relocation of barge mounted plant of GEL from Mangalore, Karnataka to Kakinada, Andhra Pradesh. To enable GEL to infuse amounts into its subsidiaries (whether by way of equity, preference shares, subordinate debt) to part finance the project related capital expenditure of its subsidiaries.	300.00	244.35	SI Series: Redemption of 5% of outstanding S1 Series on completion of 13, 24, 36 and 48 months from the relevant completion date. On December 31, 2014, all outstanding S1 Series shall be redeemed. S2 Series: Redemption of 5% of outstanding S2 Series on completion of 13, 24 and 36 months from the relevant completion date. On December 31, 2014, all outstanding S2 Series shall be redeemed. S3 Series: Redemption of 5% of outstanding S3 Series on completion of 13 and 24 months from the relevant completion date. On December 31, 2014, all outstanding S3 Series shall be redeemed.

Sr. No.	Name of the Lender	Nature of Borrowing and date of the Sanction Letter/ Document	Purpose(1)	Amount Sanctioned(1) (in ₹ crore)	Amount Outstanding as at July 31, 2014(1) (in ₹ crore)	Repayment Date / Schedule
2.	ICICI Bank Limited	Non-Convertible Debentures (“**NCDs**”) Subscription agreement dated December 19, 2011	To re-finance and/or repay existing rupee term loans and/ or existing group company debt availed by GEL. On-lending to GEL’s infrastructure subsidiaries (whether by way of subordinate debt, non-convertible preference shares or deep discount bonds) for refinancing and / or repayment of existing rupee term loans and / or group company debt (subject to satisfaction of certain conditions) availed by them and/ or for developmental expenses / expenses in relation to the projects being implemented by them.	800.00	780.00	Redemption in structured instalments as follows, subject to full redemption by March 25, 2021: From March 25, 2012 to March 25, 2015: 0.25%; From June 25, 2015 to March 25, 2016: 2.50%; From June 25, 2016 to March 25, 2018: 3.75%; From June 25, 2018 to March 25, 2020: 4.50%; On June 25, 2020: 5.18%; and From September 25, 2020 to March 25, 2021: 5.19%. Redemption to take place in such a way that applicable yield is attained for the entire outstanding portion of the investment amount prior to redemption

(1) As certified by Chatterjee & Chatterjee, Chartered Accountants (Firm Registration Number: 001109C) vide its certificate dated September 17, 2014. Further, Chatterjee & Chatterjee, Chartered Accountants, have confirmed that these borrowings have been utilized for the purposes for which they were availed, as provided in the relevant borrowing documents. Chatterjee & Chatterjee, Chartered Accountants, have further confirmed that none of the borrowings that are intended to be repaid out of the net Issue proceeds have been utilized for any payments to or repayment / refinancing of any loans obtained from the promoter group / group companies of our Company.

3. General Corporate Purposes

Our Company intends to deploy the balance Net Proceeds aggregating to ₹ [•] towards general corporate purposes, subject to such utilization not exceeding 25% of the Gross Proceeds, in compliance with applicable laws, to drive our business growth, including, amongst other things, (a) brand building and other marketing expenses; (b) acquiring assets, such as furniture and fixtures, and vehicles; (c) meeting any expenses incurred in the ordinary course of business by our Company and its Subsidiaries, including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties; (d) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

4. Estimated Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Sr. No.	Activity Expense	Amount (in ₹ crore)(1)	Percentage of Total Estimated Issue Expenditure(1)	Percentage of Issue Size(1)
1.	Fees of the Lead Managers	[•]	[•]	[•]
2.	Fees to the legal advisors, other professional services and statutory fees	[•]	[•]	[•]
3.	Expenses relating to printing, distribution, marketing and stationery expenses	[•]	[•]	[•]

Sr. No.	Activity Expense	Amount (in ₹ crore)[(1)]	Percentage of Total Estimated Issue Expenditure[(1)]	Percentage of Issue Size[(1)]
4.	Fees of Registrar to the Issue	[●]	[●]	[●]
5.	Advertising and marketing expenses	[●]	[●]	[●]
6.	Underwriting and commission	[●]	[●]	[●]
7.	Other expenses	[●]	[●]	[●]
Total Estimated Issue Expenditure		**[●]**	**100%**	**[●]**

(1) To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges.

Interim use of proceeds

Pending utilization for the objects described above, our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Our Company intends to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with scheduled commercial banks included in second schedule of the Reserve Bank of India Act, 1934, corporates and other premium / interest bearing securities. We confirm that pending utilization of the Net Proceeds for the objects of the Issue, our Company shall not utilize the Net Proceeds for any investment in the equity markets, real estate or related products.

Bridge Financing Facilities

Our Company has not availed any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Monitoring of Utilisation of Funds

Our Company shall appoint a monitoring agency for the Issue prior to the filing of the Letter of Offer. Our Board will monitor the utilisation of the proceeds of the Issue. We will disclose the utilisation of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilised, as is required under applicable laws. We will indicate investments, if any, of unutilised proceeds of the Issue in the balance sheet of our Company for the relevant Financial Years subsequent to the listing.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Issue Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company.

Furthermore, in accordance with clause 43A of the Listing Agreement, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations, if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee. In the event that the Monitoring Agency points out any deviation in the use of Net Proceeds from the objects of the Issue as stated above, or has given any other reservations with respect to the end use of Net Proceeds, our Company shall intimate the same to the Stock Exchanges without delay.

Other confirmations

No part of the Issue Proceeds will be paid by us to the Promoters and Promoter Group, the Directors, our key management personnel, associates or group companies, except in the usual course of business.

TAX BENEFIT STATEMENT

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY (INCLUDING ITS RELEVANT SUBSIDIARIES) AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To
The Board of Directors
GMR Infrastructure Limited
25/1, Skip House, Museum Road
Bengaluru 560 025
India

Dear Sirs,

Sub: Statement of possible tax benefits available to GMR Infrastructure Limited (including its relevant subsidiaries) and its shareholders

We hereby confirm that the enclosed annexure, prepared by GMR Infrastructure Limited ('the Company') states the possible tax benefits available to the Company (including its relevant subsidiaries) and the shareholders of the Company under the Income Tax Act, 1961 ('Act'), the Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company (including its relevant subsidiaries).

We do not express an opinion or provide any assurance as to whether:

- ► the Company or its shareholders will continue to obtain these benefits in future;
- ► the conditions prescribed for availing the benefits, where applicable have been/would be met with; and
- ► The revenue authorities/courts will concur with the views expressed herein

For S. R. BATLIBOI & ASSOCIATES LLP
ICAI firm registration number: 101049W
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership number: 35141

Place: Bengaluru
Date: September 12, 2014

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY (INCLUDING ITS RELEVANT SUBSIDIARIES) AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

Outlined below are the possible benefits available to the Company (including its relevant subsidiaries) and its shareholders under the current direct tax laws in India. Several of these benefits are dependent on the Company (including its relevant subsidiaries) or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company (including its relevant subsidiaries) or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil.

A. BENEFITS TO THE COMPANY (INCLUDING ITS RELEVANT SUBSIDIARIES) UNDER THE ACT:

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1. <u>Special tax benefits available to the Company (including its relevant subsidiaries)</u>

The following specific tax benefits are available to the Company (including its relevant subsidiaries) after fulfilling conditions as per the respective provisions of the relevant tax laws.

Income arising from developing, operating and maintaining any infrastructure facility/Special Economic Zone

As per the provisions of section 80-IA of the Act, the relevant subsidiaries of the Company are eligible to claim a deduction to the extent of 100% of the profits derived from developing, or operating and maintaining or developing, operating and maintaining any infrastructure facility, generation or generation and distribution of power or special economic zone. Such deduction would be available for ten consecutive assessment years. The benefit is available subject to fulfillment of prescribed conditions. At present, the benefit under this section is allowed with respect to any undertaking which begins to generate or generate and distribute power at any time before 31st day of March 2017.

However, the aforesaid deduction is not available while computing tax liability of the relevant subsidiaries of the Company under Minimum Alternative Tax ('MAT'). Nonetheless, such MAT paid/payable on the book profits of the relevant subsidiaries of the Company computed in terms of the provisions of Act, read with the Companies Act, 1956[1] would be eligible for credit against tax liability arising under normal provisions of Act.

Further, such credit would not be allowed to be carried forward and set off beyond 10th assessment year immediately succeeding the assessment year in which such credit becomes allowable

Further, under the provisions of the Act, wind mills and specially designed devices (which run on wind mills) were eligible for higher depreciation benefit @ 80% on written down value (WDV) basis in respect of assets installed on or before March 31st 2012. In case where wind mills and specially designed devices are installed after March 31st 2012, the applicable rate of depreciation is 15% on WDV basis. We understand that presently, this benefit may not be relevant for the any of the subsidiaries, as wind mills and associated special devices currently claim depreciation under straight line method (SLM) and not under WDV method.

2. <u>General Tax Benefits available to the Company (including its relevant subsidiaries)</u>

The following tax benefits are available to the Company (including its relevant subsidiaries) after fulfilling conditions as per the respective provisions of the relevant tax laws.

1 Currently, the corresponding provisions under the Companies Act, 2013 are in force. We understand that the provisions regarding computation of net profit under the Companies Act 2013 are largely in line with that of the Companies Act, 1956.

a. Business income

- The Company and its relevant subsidiaries are entitled to claim depreciation on specified tangible and intangible assets owned by them and used for the purpose of their business as per provisions of Section 32 of the Act. The relevant subsidiaries of the Company are further entitled to additional depreciation at the rate of 20 percent of the actual cost of new plant and machinery acquired on or after 31st day of March 2012. Further, the assessee has been given an option to claim depreciation at the rates prescribed in Appendix-IA instead of rate of depreciation specified in Appendix-I of the Income-tax Rules, 1962. Business losses, if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years in terms of the provisions of section 72 of the Act. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set-off against any source of income in subsequent years as per provisions of Section 32 of the Act for an indefinite period.

- As per provisions of the Act, revenue expenditure of nature described under section 30 to 36 of Act and any expenditure (not being capital or personal expenditure) being wholly and exclusively for the purpose of business or profession, shall be allowed as deduction in computing the taxable income. Under the provisions of Companies Act, 2013 certain companies are required to mandatorily spend 2% of their average profits for corporate social responsibility (CSR) purposes. In this regard, it has been clarified that such CSR expenditure incurred shall not be deemed to be expenditure for purposes of business, and accordingly, would not be deductible while computing the taxable income. However, the same will be allowed as a deduction if it is covered under a specific provision.

- As per the provisions of Section 35D of the Act, any specified preliminary expenditure incurred by an Indian company before commencement of business or after commencement of business in connection with extension of an undertaking or setting up a new unit shall be allowed a deduction equivalent to one-fifth of such expenditure for each of the five successive previous years beginning with the previous year in which the business is commenced/ extended. However, any deduction in excess of 5% of cost of project/ capital employed would be ignored.

- As per the provisions of Section 35DD of the Act, any expenditure incurred by an Indian Company, wholly and exclusively for the purpose of amalgamation/ demerger of an undertaking shall be allowed as deduction to the extent of one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the amalgamation/ demerger takes place.

- As per the provisions of Section 72A of the Act, pursuant to business re-organisations (such as amalgamation, demerger, etc), the successor company shall be allowed to carry forward any accumulated tax losses/ unabsorbed depreciation of the predecessor company subject to fulfillment of prescribed conditions.

b. MAT credit

- As per section 115JAA(1A) of the Act, credit is allowed in respect of tax paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006.

- MAT credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for upto ten assessment years immediately succeeding the assessment year in which the MAT credit becomes allowable under section 115JAA(1A) of the Act.

- MAT credit can be set off in a year when tax is payable under the normal provisions of the Act. MAT credit to be allowed shall be the difference between MAT payable and the tax computed as per the normal provisions of the Act for that assessment year.

c. Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security (other than a unit) listed in a recognized stock exchange in India or unit of an equity oriented fund, a zero coupon bond or units of Unit Trust of India, held by an assessee for more than twelve months are considered to be long-term capital assets, capital gains arising from the transfer of which are termed as long-term capital gains ("LTCG"). In respect of any other capital assets, the holding period should exceed thirty-six months to be considered as long-term capital assets.

  Short Term Capital Gains ("STCG") means capital gains arising from the transfer of capital asset being a share held in a company or any other security (other than a unit) listed in a recognized stock exchange in India or unit of an equity oriented mutual fund, zero coupon bonds or units of Unit Trust of India, held by an assessee for twelve months or less. In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for thirty-six months or less.

- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax ("STT") and subject to conditions specified in that section. However, such income shall be taken into account in computing book profit under section 115JB of the Act

- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities (other than a unit) or units of an equity oriented mutual fund, zero coupon bonds or units of Unit Trust of India exceeds 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by' the assessee. No deduction under Chapter VIA is allowed from such income.

- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of an equity oriented mutual fund [as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)], are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.

- STCG arising on sale of equity shares or units of equity oriented mutual fund [as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)], where such transaction is not chargeable to STT is taxable at the rate of 30%.

- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income of a domestic company exceeds Rs

10,000,000. Such surcharge rate would stand increased to 10% where the taxable income of the domestic company exceeds Rs 100,000,000. Further, education cess and secondary and higher education cess on the tax on total income and surcharge at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

- As per Section 50 of the Act, where a capital asset is forming part of a block of assets in respect of which depreciation has been allowed under the Act, capital gains shall be computed in the following manner:

  - where full value of consideration on account of transfer of any asset forming part of block of asset, as reduced by expenditure incurred wholly or exclusively in connection with transfer, exceeds the written down value of block of assets and actual cost of assets acquired during the year, such excess shall be deemed to be short term capital gains and taxed accordingly.

  - where any block of assets ceases to exist, for the reason that all the assets in that block are transferred, the difference between the consideration arising on result of transfer and the written down value of block of assets and the actual cost of assets acquired during the year, shall be deemed to be short term capital gains/ (losses) and taxed accordingly.

- As per provisions of Section 70 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years in terms of the provisions of section 74 of the Act .

- As per provisions of Section 70 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years in terms of the provisions of section 74 of the Act. Long term capital loss arising on sale of shares or units of equity oriented fund subject to STT may not be carried forward for set off.

(ii) Exemption of capital gains from income- tax

- Under Section 54EC of the Act, capital gains arising from transfer of long term capital assets [other than those exempt under section 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gains are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by:

  - National Highway Authority of India ("NHAI") constituted under Section 3 of National Highway Authority of India Act, 1988; and

  - Rural Electrification Corporation Limited ("REC"), a company formed and registered under the Companies Act, 1956.

- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year in which the original asset is transferred and in the subsequent financial year..

- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempt shall be taxable as capital gains in the year of transfer/ conversion.

- The characterization of the gain/ losses, arising from sale/ transfer of shares/

units as business income or capital gains would depend on the nature of holding and various other factors.

d. Securities Transaction Tax

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

e. Dividends

- As per provisions of Section 10(34) read with Section 115O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another domestic company is exempt from tax. The domestic company distributing dividends will be liable to pay dividend distribution tax at the rate of 15% on grossed up basis on the total amount distributed as dividend. plus a surcharge of 10% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon. The provisions with respect to grossing up of dividend to determine the dividend distribution tax payable are applicable from October 1st 2014.

- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

- Further, if the company being a holding company, has received any dividend from its subsidiary on which dividend distribution tax has been paid by such subsidiary, then for the same year, the company will not be required to pay dividend distribution tax to the extent the same has been paid by such subsidiary company.

- As per provisions of Section 10(35) of the Act, income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) is exempt from tax.

- As per the provisions of Section 115BBD of the Act, dividend received by an Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess).

- For removing the cascading effect of dividend distribution tax, while computing the amount of dividend distribution tax payable by a domestic company, the dividend received from a foreign subsidiary on which income-tax has been paid by the domestic company under Section 115BBD of the Act shall be reduced.

f. Buy-back of shares

- As per section 10(34A) of the Act, any income arising to a shareholder, on account of buy back of shares (not being listed on a recognized stock exchange) by a company, will be exempt from tax. This exemption is available to shareholders only in case where the company pays buy back tax under the provisions of section 115QA of the Act.

- Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability. However, in case of buy back of listed securities, it will be liable to capital gains tax.

g. Tax on distributed profits of domestic companies

- As per provisions of section 115-O of the Act, tax on distributed profits of domestic companies is chargeable at 15% on grossed up basis (grossing up being applicable from October 1st 2014) on the total amount distributed as dividend (plus applicable surcharge, education cess and higher education cess). As per sub-section (1A) to section 115-O, the domestic Company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the Dividend Distribution Tax (DDT) if:

  a) the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or

  b) the dividend is received from a foreign subsidiary, the Company has paid tax payable under section 115BBD.

- However, the same amount of dividend shall not be taken into account for reduction more than once.

h. Other Provisions

- As per provisions of Section 80G of the Act, the assessee is entitled to claim deduction of a specified amount in respect of eligible donations, subject to the fulfillment of the conditions specified in that section.

- As per provisions of Section 80GGB of the Act, the assessee is entitled to claim deduction amounting to 100% of any sum contributed to any political party or an electoral trust.

B. <u>Benefits available to the Resident members/ shareholders of the Company under the Act</u>

a. Dividends exempt under section 10(34)

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the resident members/ shareholders from a domestic company is exempt from tax. The domestic company will be liable to pay dividend distribution tax at the rate of 15% on grossed up basis (grossing up being applicable from October 1st 2014) thereon on the total amount distributed as dividend. plus a surcharge of 10% on the dividend distribution tax and education cess and secondary & higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon. .

- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

b. Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security (other than a unit) listed in a recognized stock exchange in India or unit of an equity oriented mutual fund, a zero coupon bond or units of Unit Trust of India, held by an assessee for more than twelve months are considered to be long-term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of any other capital assets, the holding period should exceed thirty-six months to be considered as long-term capital assets.

  STCG means capital gains arising from the transfer of capital asset being a share held in a company or any other security(other than a unit) listed in a recognized stock exchange in India or unit of an equity oriented mutual fund, a zero coupon bonds or units of Unit Trust of India, held by an assessee for twelve months or less. In respect of any other capital assets. STCG means capital gains arising from the transfer of an asset, held by an assessee for thirty-six months or less.

- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund [as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)] is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.

- As per the amendment to Chapter VII of Finance Act (No 2) of 2004, sale of unlisted equity shares under an offer for sale to the public which are included in an initial public offer and where such shares are subsequently listed on a recognized stock exchange, the same would be covered within the ambit of taxable securities transaction under the aforesaid Chapter. Accordingly, STT is leviable on sale of shares under an offer for sale to the public in an initial public offer and the LTCG arising on transfer of such shares would be exempt from tax as per provisions of Section 10(38) of the Act.

- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units of an equity oriented mutual fund, zero coupon bonds or units of Unit Trust of India exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assesse. No deduction under Chapter VIA is allowed from such income.

- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund [as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)], are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.

- STCG arising on sale of equity shares or units of equity oriented mutual fund [as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)], where such transaction is not chargeable to STT, is taxable at the rate of 30% in case of domestic company and at normal slab rates in case of other assessees.

- As per the provisions of Section 10(34A) of the Act, any income arising to shareholders on account of buy-back of unlisted shares, shall be exempt in the hands of the shareholders. This exemption is available to shareholders only in case where the company pays buy back tax under the provisions of section 115QA of the Act.

- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income of a domestic company exceeds Rs 10,000,000. Such surcharge rate would stand increased to 10% where the taxable income of the domestic company exceeds Rs 100,000,000. Further, education cess and secondary and higher education cess on the tax on total income and surcharge at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

- In the case of a taxpayer other than domestic companies, the tax rates mentioned above stands increased by a surcharge, payable at the rate of 10% where the taxable income of the taxpayer exceeds Rs. 10,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable.

- As per provisions of Section 70 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years in terms of the provisions of section 74 of the Act.

- As per provisions of Section 70 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years in terms of the provisions of section 74 of the Act.

(ii) Exemption of capital gains from income - tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:

  - Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year.

  - Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/conversion.

- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of new residential house, or for construction of one residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

c. Other Provisions

- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'. However, the said section is not applicable in case the shares and securities are received under instances specified under the proviso thereon.

- The characterization of the gain/ losses, arising from sale/ transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

C. <u>Benefits available to the Non-resident shareholders of the Company under the Act</u>

a. Dividends exempt under section 10(34)

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by non-resident shareholders from the domestic company is exempt from tax. The domestic company will be liable to pay dividend distribution tax at the rate of 15% on grossed up basis (grossing up being applicable from October 1st 2014) on the total amount distributed as dividend plus a surcharge of 10% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon.

b. Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security (other than a unit) listed in a recognized stock exchange in India or unit of an equity oriented mutual fund, a zero coupon bond or units of Unit Trust of India, held by an assessee for more than twelve months are considered to be long-term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of any other capital assets, the holding period should exceed thirty-six months to be considered as long-term capital assets.

  STCG means capital gains arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of an equity oriented mutual fund, a zero coupon bonds held by an assessee or units of Unit Trust of India for twelve months or less. In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for thirty-six months or less.

  LTCG arising on transfer of equity shares of a company or units of an equity oriented fund [as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)] is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.

- As per the amendment to Chapter VII of Finance Act (No 2) of 2004 sale of unlisted equity shares under an offer for sale to the public which are included in an initial public offer and where such shares are subsequently listed on a recognized stock exchange, the same would be covered within the ambit of taxable securities transaction under the aforesaid Chapter. Accordingly, STT is leviable on sale of shares under an offer for sale to the public in an initial public offer and the LTCG arising on transfer of such shares would be exempt from tax as per provisions of Section 10(38) of the Act.

- As per provisions of Section 112 of the Act, LTCG arising out of listed securities not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. The indexation benefits are however not available in case the shares are acquired in foreign currency. In such a case, the capital gains shall be computed in the manner prescribed under the first proviso to Section 48. As per first proviso to Section 48 of the Act, where the shares have been purchased in foreign currency by a non-resident, the capital gains arising on transfer need to be computed by converting the Cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased, the resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. If the tax payable on transfer of listed securities exceeds 10% of the LTCG, the excess tax shall be ignored for the purpose of computing tax payable by the assesse.

- Further, LTCG arising from transfer of unlisted securities (other than by way of offer for sale under an initial public offer) is chargeable to tax at 10% without indexation and foreign exchange fluctuation benefits. No deduction under Chapter VIA is allowed from such income.

- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund [as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)], are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.

- STCG arising on sale of equity shares or units of equity oriented mutual fund [as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)], where such transaction is not chargeable to STT is taxable at the normal rates of taxation as applicable to the taxpayer.

- As per the provisions of 10(34A), any income arising to shareholders on account of buy-back of shares as referred to in Section 77A of the Companies Act, 1956 shall be exempt in the hands of the shareholders. This exemption is available to shareholders only in case where the company pays buy back tax under the provisions of section 115QA of the Act.

- The tax rates mentioned above stands increased by surcharge, payable at the rate of 2% where the taxable income of a foreign company exceeds Rs 10,000,000. Such surcharge rate would stand increased to 5% where the taxable income of the domestic company exceeds Rs 100,000,000.

- Further, education cess and secondary and higher education cess on the tax on total income and surcharge at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

- As per provisions of Section 70 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years in terms of the provisions of section 74 of the Act.

- As per provisions of Section 70 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years in terms of the provisions of section 74 of the Act.

(ii) Exemption of capital gains from income-tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:

    - Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year.

    - Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer conversion.

- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

- The characterization of the gain/ losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of new residential house, or for construction of one residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

c. Other Provisions

- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'. However, the said section is not applicable in case the shares and securities are received under instances specified under the proviso thereon.

- Any interest income arising to non-residents under a loan agreement with an Indian company between 1 July 1st 2012 and July 1st 2017, would be subject to tax at 5%.

- Further, any interest income arising to non-residents on investment made in any long term infrastructure bond in an Indian company between July 1st 2012 and July 1st 2017, and for investment made in any other long term bonds in an Indian company between October 1st 2014 and July 1st 2017, would be subject to tax at 5%.

d. Tax Treaty benefits

- As per provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial. It needs to be noted that a non-resident is required to hold a valid tax residency certificate containing the particulars prescribed under Notification No. 57 of 2013 dated 1 August 2013 issued by the Central Board of Direct Taxes in order to claim benefits under the applicable tax treaty.

e. Taxation of Non-resident Indians

- Special provisions in case of Non-Resident Indian ("NRI") in respect of income/ LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:

  - NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

  - Specified foreign exchange assets include shares of an Indian company which are acquired/ purchased/ subscribed by NRI in convertible foreign exchange.

  - As per provisions of Section 115E of the Act, LTCG arising to a NRI from transfer of specified foreign exchange assets is taxable at the rate of 10%

  - As per provisions of Section 115E of the Act, income [other than dividend which is exempt under Section 10(34)] from investments and LTCG [other than gain exempt under Section 10(38)] from assets (other than specified foreign exchange assets) arising to a NRI is taxable at the rate of 20%. No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.

- As per the provisions of Section 115F of the Act, LTCG arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section. If part of such net consideration is invested within the prescribed period of six months in any specified asset the exemption will be allowed on a proportionate basis.

- As per the provisions of Section 115G of the Act, where the total income of a NRI consists only of investment income and/or LTCG from such foreign exchange asset specified asset and tax thereon has been deducted at source in accordance with the Act, the NRI is not required to file a return of income.

- As per provisions of Section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he/ she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the Act for the assessment year in which he/ she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him/ her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

- As per provisions of Section 115-I of the Act, a NRI can opt not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of the chapter shall not apply for that assessment year and accordingly his/her total income for that assessment year will be computed in accordance with the other provisions of the Act.

- As per the provisions of Section 10(34A) of the Act, any income arising to shareholders on account of buy-back of unlisted shares shall be exempt in the hands of the shareholders. This exemption is available to shareholders only in case where the company pays buy back tax under the provisions of section 115QA of the Act.

D. <u>Benefits available to Foreign Institutional Investors (“FIIs") under the Act</u>

a. Dividends exempt under section 10(34)

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by a shareholder from a domestic Company is exempt from tax. The domestic Company will be liable to pay dividend distribution tax at the rate of 15% on grossed up basis (grossing up being applicable from October 1st 2014) on the total amount distributed as dividend plus a surcharge of 10% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon..

b. Long-term capital gains exempt under section 10(38) of the Act

- LTCG arising on sale of equity shares of a company subjected to STT is exempt from tax as per provisions of Section 10(38) of the Act.

- It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

c. Capital gains

- As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge and education cess and secondary & higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.

- As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities is taxable as follows:

Nature of income	Rate of tax (%) (plus applicable surcharge, education cess and secondary and higher education cess)
LTCG on sale of equity shares not subjected to STT (without cost indexation)	10
STCG on sale of equity shares subjected to STT	15
STCG on sale of equity shares not subjected to STT	30

- As per provisions of 196D of the Act, taxes shall not be withheld from any income in the nature of capital gains arising to FIIs from transfer of securities specified in Section 115AD of the Act. Further, capital gains arising on transfer of other securities would be subject to withholding tax at the rate of 20%.

- Any interest income arising to FIIs in respect of investment in rupee denominated bonds of an Indian company or a Government security between 1 June 2013 and 1 June 2015 would be subject to tax at 5%.

- For corporate FIIs, the tax rates mentioned above stands increased by a surcharge, payable at the rate of 2% where the taxable income exceeds Rs 10,000,000. Such surcharge would stand increased to 5% where the taxable income exceeds Rs 100,000,000. Further, education cess and secondary and higher education cess on the tax on total income and surcharge at the rate of 2% and 1% respectively is payable.

- The benefit of exemption under Section 54EC of the Act mentioned above in case of the Company is also available to FIIs.

- As per the provisions of Section 10(34A) of the Act, any income arising to shareholders on account of buy-back of unlisted shares shall be exempt in the hands of the shareholders. This exemption is available to shareholders only in case where the company pays buy back tax under the provisions of section 115QA of the Act.

d. Securities Transaction Tax

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head ‘Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

e. Tax Treaty benefits

- As per provisions of Section 90(2) of the Act, FIIs can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the FII, whichever is more beneficial. It needs to be noted that a non-resident is required to hold a valid tax residency certificate containing the particulars prescribed under Notification No. 57

of 2013 dated 1 August 2013 issued by the Central Board of Direct Taxes in order to claim benefits under the applicable tax treaty.

- The characterization of the gain/ losses, arising from sale transfer of shares has been clarified to be in the nature of capital gains.

E. Benefits available to Venture Capital Companies/ Funds under the Act

In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including profit on sale of shares of the Company.

F. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

G. Benefits available under the Wealth tax Act, 1957

- Wealth tax is chargeable on prescribed assets. As per provisions of Section 2(m) of the Wealth Tax Act, 1957, the Company is entitled to reduce debts owed in relation to the assets which are chargeable to wealth tax while determining the net taxable wealth.

- Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957 and hence, wealth tax is not applicable on shares held in a company.

H. Gift Tax Act, 1958

- Gift tax is not leviable in respect of any gifts made on or after October 1, 1998.

Notes:

1. All the above benefits are as per the current tax laws and will be available only to the sole/ first name holder where the shares are held by joint holders.

2. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

3. We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

SECTION IV: ABOUT OUR COMPANY

OUR BUSINESS

Overview

We are a leading, diversified infrastructure group in India, with substantial experience in the development and operation of airports, power plants, roads and urban infrastructure. We currently, directly or indirectly through Subsidiaries or Joint Ventures, have in commercial operations two airports with a combined aggregate passenger capacity of approximately 7.4 crore per annum, eight power generation plants with gross operational capacity of 2,501.15 MW (which includes two wind power plants) and nine road projects (which includes two road projects in which we hold minority interests) covering a total of 731.28 kilometers. We are also developing two SIRs as part of our urban infrastructure business.

Our Company was incorporated in May 1996 as a public limited company and we signed our first PPA for our Chennai Power Plant in September 1996. We signed the concession agreements for our first two road projects (the Tuni-Anakapalli and Tambaram-Tindivanam projects) in October 2001. We signed the concession agreements for the Hyderabad Airport in December 2004, which was our first airport project.

Our airport segment consists of the Hyderabad Airport and the Delhi Airport. For the year ended March 31, 2014, the Delhi Airport handled traffic amounting to approximately 3.68 crore passengers, 313,962 air traffic movements, which is the number of aircraft landing and taking off ("**ATM**") and carried 605,699 MT of cargo and the Hyderabad Airport handled traffic amounting to approximately 0.87 crore passengers, 88,131 ATMs and carried 90,234 MT of cargo. Further, a consortium (in which our Company holds a 40% stake) formed by our Company and Megawide Construction Corporation (a company incorporated in the Philippines), has recently been awarded (in April 2014) the project for the rehabilitation, expansion and operation of the Cebu Airport for a 25 year concession period.

As part of our power segment, we have power generation plants with a gross operational capacity of 2,501.15 MW. We are also constructing power projects with a gross capacity of 2,317.56 MW and developing power projects (i.e. power projects that have been awarded to us but are not yet under construction) with a gross capacity of 3,695 MW. Our power segment also consists of equity interests that we have acquired in coal mining projects in India and Indonesia in order to mitigate fuel risk and reduce our dependence on third parties for the supply of coal.

Our roads segment consists of seven roads operated by us and two roads operated by companies in which we hold minority interests across six states in north and south India. Additionally, we hold a concession to develop one toll based road project of 555.48 kilometers from Kishangarh-Udaipur-Ahmedabad in the states of Rajasthan and Gujarat. This concession is currently under discussions. For details see the section “Outstanding Litigation and Defaults” on page 358.

Our urban infrastructure segment primarily focuses on developments of SIRs and property development. It mainly consists of the Krishnagiri SIR in the Krishnagiri district of the state of Tamil Nadu and the Kakinada SIR near Kakinada, in the East Godavari district of the state of Andhra Pradesh.

We play an active role in all stages of development of our projects, including the supervision of construction, financing, operation and maintenance. To support our businesses in the power and roads segments, we have a separate operating division within our Company, which carries out certain EPC works in connection with our power and road projects under implementation and development. Except for our EPC segment, which is operated through our Company, all of our businesses are operated through entities in which interests are held by our Company.

For the years ended March 31, 2013 and 2014 our consolidated sales/income from operations were ₹ 9,871.87 crore and ₹ 10,566.97 crore, respectively. Of this, ₹ 6,099.07 crore, and ₹ 5,996.12 crore, respectively, came from our airport segment; ₹ 2,420.76 crore and ₹ 3,342.61 crore, respectively, came from our power segment; ₹ 517.37 crore and ₹ 737.88 crore, respectively, came from our roads segment.

The chart below shows the key assets of our businesses:

Airport Segment	Power Segment		Roads Segment		Urban Infrastructure
Operational Airports	Operational Power Plants	2,501.15 MW	Operational Roads 9 projects (including two projects in which we hold minority interests) – 731.28 km length. 4 annuity projects - 284.40 km length 5 toll projects (including two projects in which we hold minority interests) - 446.88 km length 1 toll project under development – 555.48 km		Under Development
Delhi Airport	Chennai Power Plant	200 MW	Operational Annuity Road Projects		Krishnagiri SIR
Hyderabad Airport	Vemagiri Power Plant	387.63 MW	Tuni Anakapalli	59 km	Kakinada SIR
	Kakinada Power Plant	235.17 MW	Tambaram Tindivanam	93 km	
Recently Awarded Concession	Patan Power Plant	25 MW	Pochanpalli	102.75 km	
			Chennai ORR	29.65 km	
Cebu Airport	Warora Power Plant	600 MW	Operational Toll Road Projects		
	Phase 1 Kamalanga Power Plant	1,050 MW	Ambala Chandigarh	35 km	
	Gujarat Wind Power Plant	2.10 MW	Hungund Hospet	99 km	
	Tamil Nadu Wind Power Plant	1.25 MW			
	Under-Construction Power Projects		Hyderabad Vijaywada	181.98 km	
	Chhattisgarh Power Project	1,370 MW	Faruknagar Jadcherla (Minority Stake)	58 km	
	Rajahmundry Power Project	767.56 MW	Tindivanam Ulundurpet (Minority Stake)	72.9 km	
	Bajoli Holi Power Project	180 MW	Road Project Under Development		
			Kishangarh Udaipur Ahmedabad	555.48 km	
	Under-Development Power Projects	3,695 MW			
	Transmission Projects	4 projects			
	Coal Mining Projects	3 mines			
	Energy Trading				

Competitive Strengths

We believe that our operations and financial condition will benefit from the following strengths:

We are a leading diversified infrastructure company with developments, operations and investments across the airport, power and urban infrastructure and roads sectors**.** We are one of the few Indian infrastructure companies with a presence across multiple sectors. We presently derive revenues from each of our airport, power and roads segments and we are in the process of developing our urban infrastructure segment. We are operating, implementing or developing various infrastructure projects in India, Nepal, Indonesia and Philippines. We believe our power portfolio, which includes our operating power projects and our power projects under development, is diversified in terms of geography (both within India, where our operations are spread across eleven states, and internationally, where we have coal mine interests in Indonesia), fuel type and fuel source (our power plants utilize coal, natural gas as fuel for energy generation and we are developing and implementing wind, hydro and solar power capabilities) and power off-take arrangements (depending on market conditions, we either enter into PPAs or sell our energy directly to the open market). Our road assets and projects are spread across six states in India, where we operate four annuity and five toll road projects. We believe this mix reduces risk associated with volatility in traffic volumes. We developed three airports – two in India and an overseas airport at Istanbul which we recently divested. In April 2014, we won the development rights to the Cebu Airport for which the GMR-Megawide Consortium has been awarded the rehabilitation, expansion and operation project for a 25-year concession period. We currently operate the Delhi and Hyderabad Airports each with a concession period of 30 years that can be extended for a further 30 years. We believe our experience in each of the infrastructure sectors in which we operate positions us favorably to secure future projects in these sectors.

We have a proven track record for winning, developing and operating infrastructure assets successfully. We believe that we have a strong reputation in the infrastructure sector and that we have a track record for winning projects, developing them and subsequently operating them, successfully. We believe that our access to financing sources, potential partners and industry expertise enables us to value new projects effectively, properly assess risks and benchmark our conclusions against experiences in other markets. We have also traditionally been successful in identifying and mitigating certain development and operation risks, which we believe is a source of competitive advantage for us. Both of our airports in India - Delhi as well as Hyderabad - have been consistently ranked amongst top three airports worldwide in their respective categories by the ACI.

Portfolio of operating projects with multiple projects becoming operational in near to medium term and a strong pipeline of projects under development. In addition to the number of our projects that have already become operational and revenue generating, we have multiple projects under construction that should become operational in the near to medium term. This includes a 1,370 MW coal based thermal power plant (GCEL) and a 767.56 MW gas based plant (GREL) that we expect to commence operations in the near to medium term, and a 180 MW hydro based power plant in Himachal Pradesh where the construction has begun. Projects under development include hydro plants in India and Nepal. In relation to our airport segment we have recently signed a concession agreement to plan, develop, construct, renovate, operate, maintain and expand the Cebu Airport for which a consortium was formed between our Company and Megawide Construction Corporation. We believe that the number of projects becoming operational in the near to medium term will contribute to the growth of our business.

Our revenue comprises a healthy mix of fixed and market-driven revenue streams. Our power and roads segments each derive a significant portion of their revenues from long term PPAs and long term annuity payments, respectively. We have entered into long-term PPAs with respect to a significant portion of power produced from the Phase I Kamalanga Power Plant, the Warora Power Plant, the Patan Power Plant and the Vemagiri Power Plant. Four of our roads projects are annuity based projects earning fixed revenue and five are toll based projects which earn revenue based on the toll levied. The toll charges are subject to revision based on variation in the wholesale price index, as notified by the Government. For the year ended March 31, 2014, in our roads segment, the annuity income from expressways was Rs. 342.33 crore and toll income from expressways was Rs. 395.55 crore, which represents 46.39% and 53.61%, respectively, of the total revenue of Rs.737.88 crore from roads segment. The revenue streams for our power and annuity roads segments are complemented by our airport segment, which derives a substantial portion of its revenues from a variety of market-driven factors. For the year ended March 31, 2014, in our airports segment, the aeronautical revenue was Rs. 3,331.45 crore, non-aeronautical revenue was Rs. 2,274.92 crore, revenue from cargo operations was Rs. 287.37 crore and income from commercial property development was Rs. 102.38 crore, which represents 55.56%, 37.94%, 4.79% and 1.71%, respectively, of the total revenue of Rs. 5,996.12 crore from airport segment. In addition, the underlying agreements for certain of our airports and road projects contain non-compete provisions, helping to further secure our revenue streams for the duration of the applicable non-compete period.

In-house EPC expertise supports new project wins, successful project execution and focus on third party contract business. Since 2009, our in-house EPC business has assisted our roads segment in winning and commencing work on our projects, has assisted our power segment with project management and construction at our Phase I Kamalanga Power Plant, Vemagiri Power Plant and Warora Power Plant, and has managed other projects as well. Our EPC business has previously been involved in the construction and development of the Istanbul Airport. Recently we have won contracts from third parties, including various works in railway projects. We will continue to utilize the EPC business in the future for our own projects and increase the focus on third party contracts.

Excellent record of forming strategic partnerships with leading Indian and international corporations. We have partnered with and/or entered into joint ventures with many international corporations and investors, including MAHB, Fraport AG Frankfurt Airport Services Worldwide, the India Infrastructure Fund, Limak Insaat Sanayi San Ve Tic A.S. Turkey, Megawide Construction Corporation, Menzies Aviation Cargo, Infrastructure Development Finance Company Limited, Celebi, Wipro Limited, IFC Infra Ventures and MAS. In addition to this, we have the backing of well-established investment companies, such as Temasek Holdings Private Limited who have invested in our Subsidiary GEL.

We also have a well-organized management structure and an experienced management team operating within a culture of strong corporate governance and commitment to social responsibility. To better manage the rapid growth and diversification of our various segments, our organisational structure has been arranged with a corporate group at the top and four business verticals, namely airports, power, urban infrastructure and roads. Each vertical has multiple SUBs headed by respective chief executive officers who report directly to the business chairman of that vertical. This structure enables each operating unit to focus exclusively on the opportunities and challenges that it faces. Each business chairman in turn reports to our Group chairman. Our key managerial persons have extensive experience. For details, see the section "Our Management" on page 140 for details of the experience of our management team. In addition, we also pride ourselves on a culture of strong corporate governance and commitment to social responsibility. For example, the GMR Varalakshmi Foundation has been responsible for establishing several educational institutions (including pre-schools, schools, colleges and training institutes) and healthcare facilities (including ambulances, mobile medical units and medical clinics) across India, as well as a number of other entrepreneurship and community development initiatives.

We benefit from the GMR brand, which we believe is known for credibility, reliability, efficiency and risk control. Our Company is the flagship infrastructure company of the group of companies held by GHPL and use the brand name of "GMR" pursuant to the licence agreement that we have entered into with GHPL. We derive brand strength from this association due to the long-standing history of the Group of companies in India. Our affiliates have been operating in India for over 30 years, and we and our affiliates are currently involved in a wide variety of businesses, including airports, power, urban infrastructure and roads and sports.

Business Strategy

Our aim is to be known globally as a leading, diversified infrastructure group and our business strategy consists of the following principal elements:

To continue to be a key player in India's infrastructure sector. We believe that the prospects for the infrastructure industry in India look positive with the government policy focusing on increasing investment in the infrastructure sector in India. We expect that government policy will contribute to an increase in the number of large scale infrastructure projects in different sectors including airports, power, coal and roads. We believe this provides tremendous business potential for an established infrastructure developer, such as us. We believe our track record in infrastructure development in India will provide us with an advantage in the identification, bidding, winning, development and operation of these projects.

Strengthen presence in existing verticals and pursue strategic partnerships. We continuously focus on increasing the operational performance of our existing portfolio of operational assets. Also, we intend to continue to evaluate opportunities to invest in new infrastructure assets and sell assets from time to time, including through the potential listing of our power and airports segments. We are also pursuing the following new investments in our airport, power, road and urban infrastructure businesses:

- *Airports*: We will continue to seek to expand our airport segment by selectively bidding on new projects based on the nature of the concession, required capital expenditure and location of the project, among other considerations, as well as focusing on projects that we believe are of strategic importance and have future growth potential. We continue to explore opportunities to monetize the real estate available to us at the Delhi and Hyderabad Airports. We have awarded licenses to third party developers to develop approximately 45.08 acres of land for hospitality projects and other commercial purposes at the Delhi Airport. These 45.08 acres form a part of an aggregate of approximately 230 acres which is available to us as a part of our concession for the Delhi Airport. At the Hyderabad Airport we are developing a 250-acre aviation SEZ, where we are developing an MRO facility and aircraft engine mechanical training centre, as well as a 250-acre multi-service SEZ.

- *Power*: We are expanding our power segment across a fuel mix, to include RES particularly solar and hydro, different geographical areas of operations, as well as acquiring mining projects to secure part of our fuel requirements and diversifying into the transmission sector. Our focus in the power business is to commence operations of our coal fired power plants that are under construction. We also intend to improve the operational efficiencies of our operational plants and enter in to long term PPAs for existing un-contracted capacity at these plants.

- *Urban Infrastructure*: We plan to develop a SIR at Krishnagiri in Tamil Nadu, with respect to which we have commenced the land acquisition process, and a port based multi-product SIR at Kakinada in Andhra Pradesh.

- *Roads*: Our focus for road projects is not just to develop new stretches but also to enter the pure "operate, maintain and transfer" space, as part of our asset light asset right strategy.

Review of our portfolio of assets and our "asset light asset right" strategy. We adopted this strategy in Financial Year 2013 after a detailed analysis of the trends in the infrastructure sector by our senior management. As part of this strategy, our focus is to maintain an optimal mix of assets across the development cycle, ensuring that we bid for select projects, undertake sales of assets or strategic stakes in assets to unlock value. As per this strategy, the following initiatives were undertaken: the realization of value in the Istanbul Airport in the airports segment; the divestment of a gas based power plant in Singapore and coal assets in South Africa; the divestment of a majority stake in the Jadcherla and Ulundurpet road projects; and the successful bidding for the Cebu Airport. This has helped improve our profits and cash flows. We are currently evaluating various divestment options (including divestment of, in whole or in part, our stake in GHRL) and we plan to continue with this strategy through a constant review of our portfolio and assets for value creation.

***Continue to enhance training and development*.** Qualified management personnel and employees are key to our future success. We seek to attract and retain talented individuals in the industry and improve their skills, productivity and career development opportunities through advanced human resources management, a strong leadership development program for building management depth, and a strong process building initiatives relating to business excellence and risk management. In addition to on-the-job training, we have sent, and will continue to send, select employees to leading educational institutions both in India and abroad for advanced training.

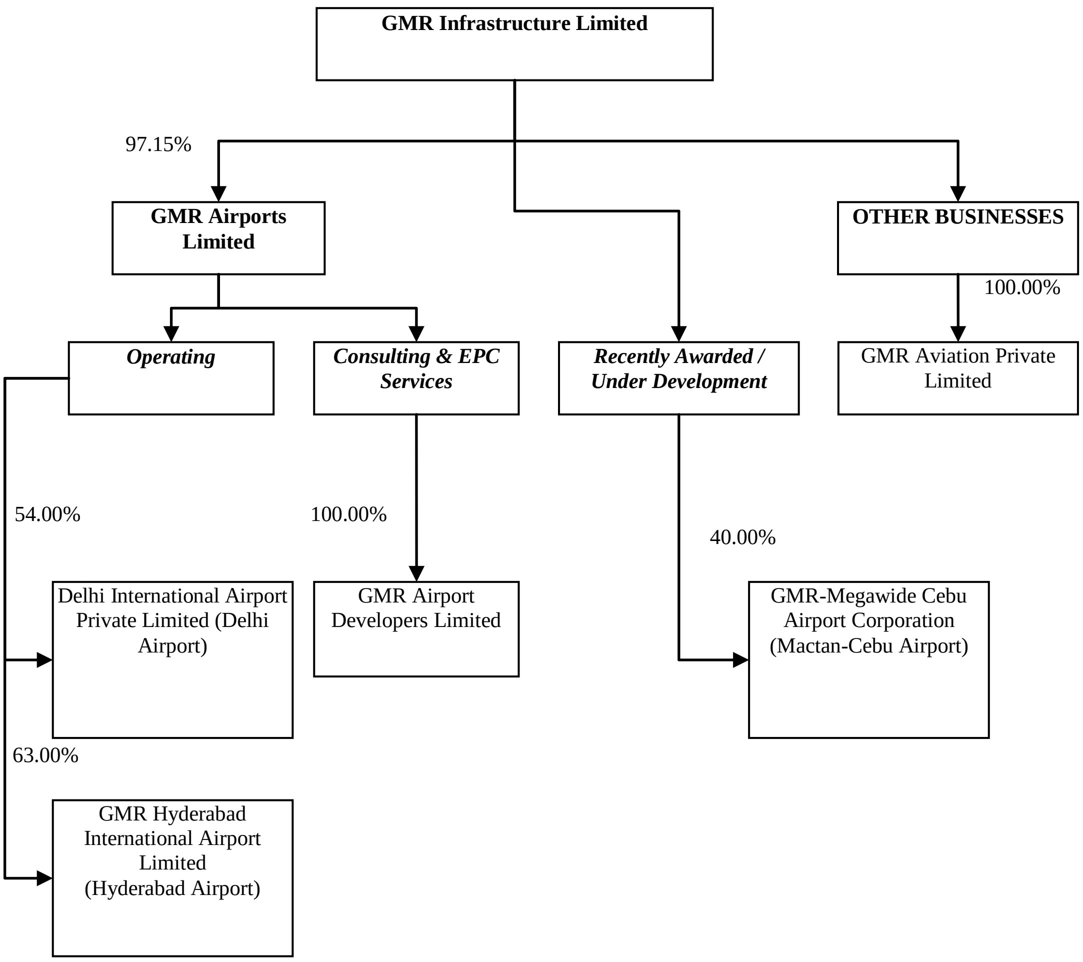
Focus on Enterprise Risk Management. The infrastructure sector in India is subject to a variety of risks. We continuously seek to improve our risk management processes. We aim to identify, measure and continuously monitor various risks and implement appropriate risk management plans to deal with them. In order to ensure risk-informed decision making across the organization, a team of senior management personnel of our Group, analyze and evaluate all proposed new bids and investments that we may consider, including with respect to any credit, market, portfolio and operational risks associated with such bids or investments.

Our Business

Airport Segment

We are a full service airport developer and operator with airports in India and are integrated across different segments of the airport segment, providing "end-to-end" solutions from construction, financing and development to the operation and management of airports. Our business operations can broadly be classified as aeronautical and non-aeronautical services at airports and commercial development of land which forms part of our airport concessions but is not required for aeronautical activities. We also provide consultancy services for the management, operation and development of airports.

The chart below shows the structure of our airport segment:



Economic Regulation

Our airports in India are subject to economic regulation by AERA in India. The regulatory framework is designed to allow airports to generate revenues which are sufficient to finance their operating expenditure requirements and provide a fair rate of return ("**WACC**") on their regulatory asset base and also reimburse depreciation and taxes. WACC is based on the capital asset pricing method approach. The AERA determines the charges that can be levied on airlines and passengers for using the facilities and services at our airports and also takes into account inflationary adjustments while determining the tariff. Under the tariff regulations in India, we levy landing charges, parking and housing charges, common equipment charges/common infrastructure charges and user development fees on passengers. The general philosophy in the determination of the tariff is based on a price cap approach wherein the airport operator gets a fair rate of return on the regulated asset base.

Our Airports in India

The Delhi Airport

The Delhi Airport, in which our Company (directly and/or indirectly through one or more Subsidiaries) holds a 54% stake is being developed under a public-private partnership. The Delhi Airport was India's busiest airport for Financial Year 2014, in terms of passenger traffic and ATMs. We assumed management and operation of the Delhi Airport in May 2006 pursuant to the OMDA. DIAL executed the OMDA in April 2006 with the AAI, pursuant to which DIAL was appointed to undertake certain functions relating to the operation, maintenance, development, design, construction, modernization, finance and management of the Delhi Airport, as well as to provide certain aeronautical and non-aeronautical services at the airport. The OMDA is for an initial term of 30 years from the effective date (until 2036), which may be extended for a further period of 30 years, subject to certain conditions being met. DIAL paid an upfront fee of ₹ 150 crore to the AAI and is required to pay an amount equivalent to 45.99% of its gross revenues to the AAI annually.

The Delhi Airport is located on 5,106 acres of land and is the only airport in India to have three operational runways, one of which has a total length of 4.43 kilometers. Pursuant to the lease deed executed with the AAI and the OMDA, DIAL has the right to operate the Delhi Airport and undertake other developments at the Delhi Airport. The Delhi Airport has an annual capacity of approximately 6.2 core passengers. There are five operational terminals at the airport: Terminal 1 (comprising Terminal 1C and 1D), Terminal 3 and two cargo terminals.

Revenue Streams

In accordance with AERA's order dated April 24, 2012, the Delhi Airport follows a "Hybrid Till" model of determination of revenues from aeronautical services. In a Hybrid Till model, a percentage share of non-aeronautical revenues are used to subsidize the aeronautical revenues of the airport. Aeronautical services at the Delhi Airport include user development fees, landing charges, parking and housing charges and counter charges. Non-aeronautical revenues include revenues from food and beverage, duty free shops, retail, cargo, car park and information technology. DIAL provides most of the non-aeronautical services through third party concessions and provides duty free services through our 66.93% owned subsidiary, DDFS. In addition, DIAL also currently levies ADFs at the Delhi Airport for funding the development of certain airport infrastructure.

We generate revenues from the provision of aeronautical and non-aeronautical services and commercial property development at the Delhi Airport. For the year ended March 31, 2014, the aeronautical revenue was Rs. 2,671.54 crore, non-aeronautical revenue was Rs. 1,158.12 crore and income from commercial property development was Rs. 93.04 crore, which represents 68.10%, 29.52% and 2.37%, respectively, of DIAL's total revenue of Rs.3,922.70 crore from operations.

The Hyderabad Airport

The Hyderabad Airport, in which our Company (directly and/or indirectly through one or more Subsidiaries) holds a 63% stake, is a Greenfield airport project developed by way of public-private partnership. We commenced commercial operations at the Hyderabad Airport in March 2008 pursuant to a concession agreement for the development, construction, financing, operation and maintenance of the Hyderabad Airport dated December 20, 2004. The term of our concession for the Hyderabad Airport is 30 years from the commencement of commercial operations of the Hyderabad Airport which may be extended for a further period of 30 years subject to certain conditions being met. The concession provides that no new or existing airport within an aerial distance of 150 kilometers of the Hyderabad Airport can be developed, improved or upgraded into an international or domestic airport until the 25th year of operation of the Hyderabad Airport. GHIAL is required to pay an amount equivalent to 4% of its gross revenue to the MOCA annually.

The Hyderabad Airport is located on 5,492 acres of land and GHIAL completed Phase 1 of the Hyderabad Airport Master Plan in March 2008. The airport has one runway. One of the taxiways at the Hyderabad Airport can be used as a standby runway when the main runway is not being used, for instance, during repair and maintenance and in emergency situations.

After the completion of Phase 1, the Hyderabad Airport has an annual capacity of 1.2 crore passengers and 150,000 MT of cargo.

Revenue Streams

In accordance with AERA's order dated February 24, 2014, AERA has mandated us to follow a "Single Till" model of revenue for aeronautical services at the Hyderabad Airport. A "Single Till" model is an approach that considers 100 per cent. subsidization by non-aeronautical revenues, in specified building blocks, while determining the eligible aeronautical revenues. We challenged the effect of the AERA Order dated February 24, 2014 at the High Court of Andhra Pradesh that passed its judgment on June 10, 2014. For further details, see the section "Outstanding Litigation and Defaults" on page 358.

We generate revenues from the provision of aeronautical and non-aeronautical services at the Hyderabad Airport. For the year ended March 31, 2014, the aeronautical revenue was Rs. 423.43 crore and non-aeronautical revenue was Rs. 301.82 crore, which represents 58% and 42%, respectively, of GHIAL's total revenue of Rs.725.25 crore from operations.

Our Airport outside India

The Cebu Airport

A consortium formed by our Company and Megawide Construction Corporation (a company incorporated in the

Philippines), was awarded the rehabilitation, expansion and operation project in relation to the Cebu Airport subsequent to an international competitive bidding process for a 25-year concession period.

The concession offered by the Department of Transport and Communications of the Government of the Philippines is a BOT project. It broadly includes the construction of a new passenger terminal, renovation of the existing passenger terminal and operation and maintenance of the airport (except the runway and cargo facilities) for a period of 25 years. For this project we formed a special purpose vehicle, GMCAC, in which we have a 40% shareholding and the remaining 60% is held by Megawide Construction Corporation.

We plan to undertake a two-phase development for the Cebu Airport. While most of the development work listed above will be done in the first phase, the second phase will comprise any additional capacity required at the airport. We expect to generate aeronautical revenues, non-aeronautical revenues and revenues from commercial property development from the Cebu Airport.

In relation to the Cebu Airport, a petition has been filed before the Supreme Court of the Republic of the Philippines, seeking direction to restrain the Mactan Cebu International Airport Authority from issuing an award or executing the Cebu Airport concession agreement alleging that the Mactan Cebu International Airport Authority and the Pre-Qualifications, Bids and Awards Committee for the Cebu Airport have wrongfully determined GMR-Megawide Consortium as a qualified bidder. For details see the section "Outstanding Litigation and Defaults" on page 358.

Power Segment

Our power segment comprises power generation, power transmission, interests in coal mining projects and power trading. We have a gross capacity of 2,501.15 MW of power plants that are operational. We are also constructing power projects with a gross capacity of 2,317.56 MW and developing power projects with a gross capacity of 3,695 MW.

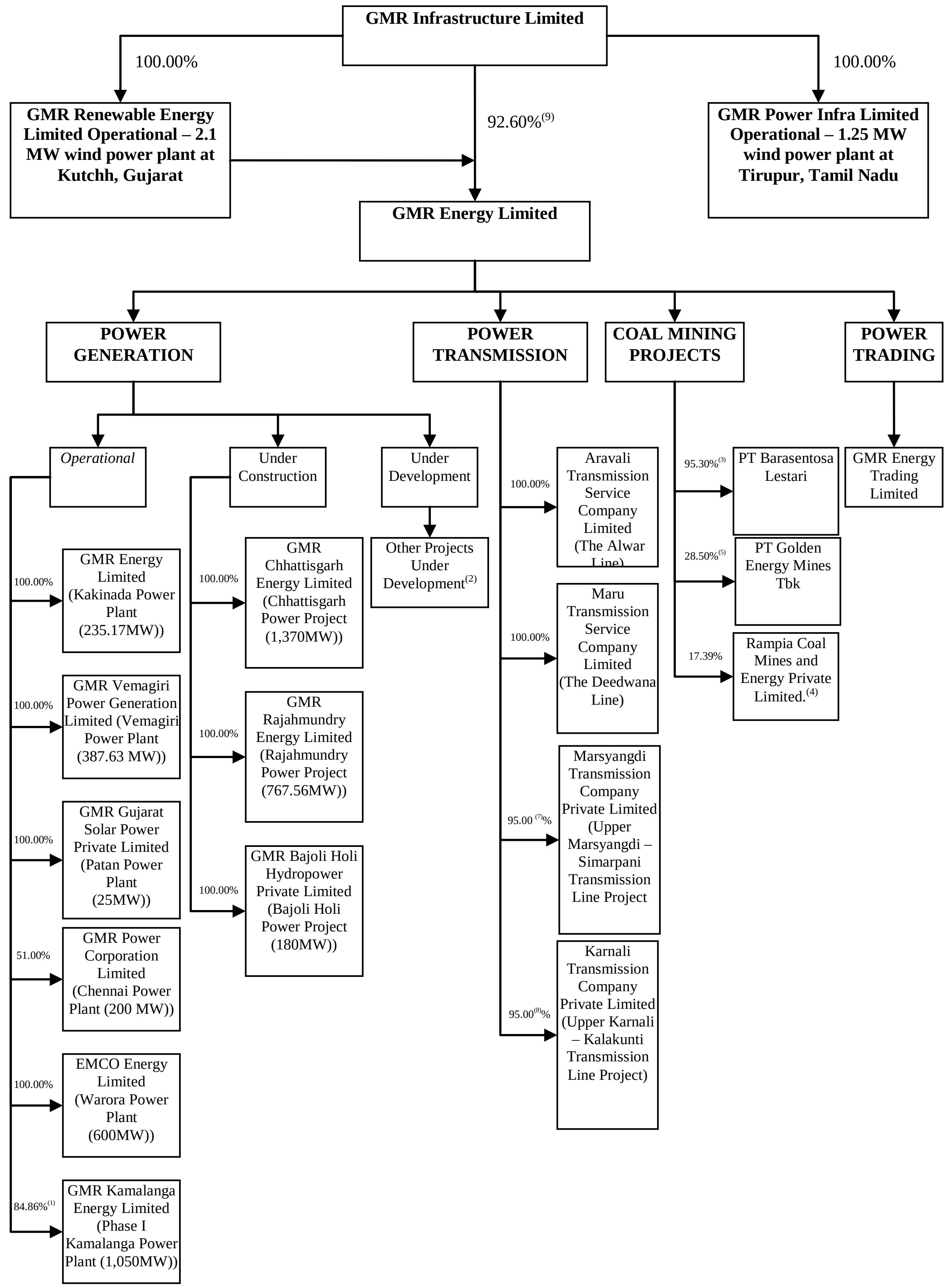
Our power projects are categorized as follows based on their stage of development: (1) operational; (2) under construction; and (3) under development.

Operational. Operating power plants are power plants or units of power projects that have achieved commercial operations, which refers to the date when the power plants or their respective units become eligible to supply power to customers.

Under Construction. Power projects under construction are power projects that are not operational and for which: (I) land and sites have been substantially identified; (ii) financial closure has been obtained; (iii) EPC contracts have been executed; and (iv) notices to proceed have been issued to commence construction. Financial closure refers to the date when the financing documents become effective with all initial pre-commitment conditions precedent having been satisfied to the extent they are not waived.

Under Development. Power projects under development are power projects that have been awarded to us by the relevant governmental authority, either through a bidding process or through a memorandum of understanding, as applicable, and are not yet under construction.

The chart below sets forth our subsidiaries and their respective businesses in our power segment as on March 31, 2014:



Notes:

(1) We have allotted shares representing a combined 15.96% interest in GKEL to India Infrastructure Fund (as to 12.9%) and Infrastructure Development Finance Company Limited (as to 3.06%) pursuant to a share subscription and shareholders agreement that we entered into with them in September 2009.

(2) Other power projects under development include:

- GEL holds 99.90% of GBHPL, the company which has been formed to develop a 300 MW planned capacity hydroelectric-based power project in the state of Uttarakhand (the "**Alaknanda Power Project**") and 0.10% is held by GIL.

- GEL holds 100.00% of GLHPL, the company which has been formed to develop a 225 MW planned capacity hydroelectric-based power project in the state of Arunachal Pradesh (the "**Talong Power Project**").

- GEL holds 82.00% of Himtal Hydro, the company which has been formed to develop a 600 MW planned capacity hydroelectric-based power project in Nepal (the "**Upper Marsyangdi-2 Power Project**"). Pursuant to our original memorandum of understanding and the subsequent shareholders agreement, we are entitled to increase our equity interest to 95.00% by the date of commercial operations of this project. The IFC has an option to acquire a 10.00% equity stake in the project.

- GMR Lion Energy Limited holds 73.00% of GMR Upper Karnali, the company which has been formed to develop a 900 MW planned capacity hydroelectric-based power project in Nepal (the "**Upper Karnali Power Project**").

- GEL holds 84.86% of GKEL, the company which seeks to develop a 350 MW planned coal-based power project in the state of Odisha (the "**Phase II Kamalanga Power Project**").

- GEL holds 70.00% of SJK Powergen Limited, the company which has been formed to develop a 1,320 MW planned capacity coal-based power project in the state of Madhya Pradesh (the "**SJK Power Project**").

(3) The remaining 5.00% equity interest is held by GIL.

(4) For further details, see the sections "- Our Business - Power Business - Other Interests in Coal Assets - Rampia Coal Mine" and "Outstanding Litigation and Defaults" on pages 135 and 358.

(5) GIL holds a 1.50% equity interest in GEMS.

(6) The remaining 81.00% equity interest is held by GIL.

(7) The remaining 5.00% equity interest is held by GIL.

(8) The remaining 5.00% equity interest is held by GIL.

(9) GREL, GEPML and GIL together, directly and indirectly, hold 92.60% equity stake in GEL.

Our Operational Power Plants

We have a gross operational capacity of 2,501.15 MW. This includes a LSHS-based power plant at Chennai; two gas-based power plants at Vemagiri and Kakinada; a solar power plant at Patan; a coal-based power plant at Warora; 3 units of our Phase I coal-based power plant at Kamalanga and 2 wind-based power plants at Kutch and Tirupur. We have provided a brief description of key aspects of our operational power plants:

Chennai Power Plant

The Chennai Power Plant is a LSHS-based power plant with a gross capacity of 200 MW located in the state of Tamil Nadu. This power plant is owned by GPCL in which our Subsidiary GEL has a 51% equity interest. Odeon Limited owns the remaining 49% equity interest in GPCL. The Chennai Power Plant commenced complete commercial operations in February 1999.

Patan Power Plant

The Patan Power Plant is a solar power plant with a gross capacity of 25 MW located at Charanka Village in the Patan district of the state of Gujarat. The power plant was developed by our subsidiary, GGSPL which is a wholly owned subsidiary of GEL. The Patan Power Plant commenced commercial operations in March 2012.

Warora Power Plant

The Warora Power Plant is a 600 MW coal-based power plant consisting of two 300 MW units each. The Warora Power Plant is located at Warora Taluka in the Chandrapur district of the state of Maharashtra. The Warora Power Plant is developed by EMCO in which our subsidiary GEL has a 100% equity interest. We commenced commercial operations of Unit 1 and Unit 2 of Warora Power Plant in March 2013 and September 2013 respectively.

Phase I Kamalanga Power Plant

The Kamalanga Power Plant is a 1,400 MW, coal-based power project located in Dhenkanal district of the state of Odisha, Phase I of which has been granted provisional Mega Power Project status by the Ministry of Power of India in February 2012. The Phase I Kamalanga Power Plant consists of three units of 350 MW each and Phase II Kamalanga Power Project consists of one 350 MW unit. We commenced commercial operations of Unit 1, Unit 2 and Unit 3 of the Phase I Kamalanga Power Plant in April 2013, November 2013 and March 2014 respectively. The Phase II Kamalanga Power Project is currently under development. Our Company (directly and/or indirectly through one or more Subsidiaries) holds 84.86% of GKEL.

Gujarat Wind Power Plant

The Gujarat Wind Power Plant is a wind-based power plant with a gross capacity of 2.10 MW located in Moti Sindhodi Village, Kutchh District, Gujarat. The Gujarat Wind Power Plant is owned by our wholly-owned subsidiary GMR Renewable. The Gujarat Wind Power Plant commenced commercial operations in July 2011.

Tamil Nadu Wind Power Plant

The Tamil Nadu Wind Power Plant is a wind-based power plant with a gross capacity of 1.25 MW located in Muthayampatty Village, Tirupur District, Tamilnadu. This power plant is owned by our wholly-owned subsidiary GPIL. The Tamil Nadu Wind Power Plant commenced commercial operations in December 2011.

Our Power Projects under Construction

We have a gross capacity of 2,317.56 MW under construction. This includes a coal based power project at Chhattisgarh; a gas-based power plant at Rajahmundry; and a run-of-the-river hydropower project in the Chamba district of Himachal Pradesh. We have provided a brief description of key aspects of our power projects under construction:

The Chhattisgarh Power Project

The Chhattisgarh Power Project is a 1,370 MW supercritical coal-based power project, consisting of two 685 MW units, located in the state of Chhattisgarh. Our Company (directly and/or indirectly through one or more Subsidiaries) holds 100% of GCEL, our subsidiary that owns the Chhattisgarh Power Project. We expect to complete the commissioning of the two units of the power project during Financial Year 2015. The Ministry of Power of India granted a provisional Mega Power Project status to the Chhattisgarh Power Project in September 2011.

We had applied to the Ministry of Coal, Government of India ("**MoC**") for domestic coal linkage as of the date of this Draft Letter of Offer. We are still waiting for the Ministry of Coal to grant us an award for the coal linkage.

The Rajahmundry Power Project

The Rajahmundry Power Project is a 767.59 MW gas-based combined cycle power project. This power project is located at a site adjacent to our operating Vemagiri Power Plant in the state of Andhra Pradesh. The power project is being constructed by our subsidiary, GREL in which GEL has a 100% equity interest. The commissioning of this power project has been suspended due to the non-availability of gas. For details see the section "Risk Factors" on page 21.

The Bajoli Holi Power Project

The Bajoli Holi Power Project is a 180 MW run-of-the-river power facility being constructed on the River Ravi in the Chamba district of the state of Himachal Pradesh. Our Company (directly and/or indirectly through one or more Subsidiaries) holds 100% of GBHHPL, the subsidiary which is implementing this power project. The power project was awarded to us by the Government of Himachal Pradesh on a build-own-operate-transfer basis for 40 years from the power project's commercial operations date, subsequent to which it will be transferred to the state free of charge. We expect the Bajoli Holi Power Project will begin commercial operations during Financial Year 2018. Achieving commercial operations of our projects under construction and projects under development is subject to a number of contingencies. For details see the section "Risk Factors" on page 21.

Revenue Shares

We generate revenue from the sale of electricity based on tariffs pursuant to our PPAs, sale of electricity through short term merchant or bilateral trade, and from the sale of CERs. For Financial Years 2013 and 2014, we generated consolidated income from the power segment of ₹ 2,420.76 crore and ₹ 3,342.61 crore, respectively.

PPAs

We sell electricity to various state utility boards or to private parties in the open market. We typically enter into long-term PPAs with various state utility boards, with terms ranging from 7 to 25 years. Historically, our largest customers have all been state utility boards.

We also sell power through GETL, in which our Company (directly and/or indirectly through one or more Subsidiaries) holds a 100% equity interest, and through agreements with PTC for resale or through other short-term arrangements. Tariffs on third party sales are charged at the prevailing market price of electricity. However, the terms of the offtake arrangements entered into with private third party customers are short and medium term.

The table below sets forth the key terms of the power offtake arrangements that we have entered into as of the date of this Draft Letter of Offer:

Name of Power Plant / Project	Offtake Arrangement	Contracted Capacity[1]	Term	Threshold for Incentive Payments	Threshold for Penalty Payments
Patan Power Plant	PPA with Gujarat Urja Vikas Nigam Limited dated December 2010	25 MW	PPA valid for 25 years from March 2012	N/A	N/A
Kakinada Power Plant	PPA with GETL dated October 2008	Up to 220 MW[2]	PPA valid until October 2015[3]	N/A	N/A
Vemagiri Power Plant	PPA with four state-owned distribution companies in Andhra Pradesh[4] dated March 1997	370 MW	PPA valid for 23 years from September 2006[5]	Entitled to incentive payments in the event that plant load factor ("**PLF**") exceeds 80%	Subject to penalty if Availability is less than 68.5%
Chennai Power Plant	PPA with TANGEDCO dated September 1996[6]	200 MW	PPA expired February 2014 and extended until February 2015 [6]	N/A	N/A
Phase I Kamalanga Power Plant	PPA with GRIDCO dated September 2006 and revised in January 2011	(A) Up to 25% of power sent out, (B) right to buy all power generated in excess of a PLF of 80%, and (C) all infirm power[8]	PPA valid for 25 years from the commencement of operations of the last unit[7]	Entitled to incentive payments for power generated in excess of a PLF of 80%	N/A
	PPA with PTC dated March 2009[9]	300 MW	PPA for 25 years from the start date of supply	Entitled to incentive payments in the event that annual Availability[10] exceeds 85%	Subject to penalty if annual Availability is less than 75%
	PPA with Bihar State Electricity Board dated November 2011	260 MW	PPA for 25 years from September 2014	Entitled to incentive payments in the event that Availability	Subject to penalty if Availability is less than 80%

Name of Power Plant / Project	Offtake Arrangement	Contracted Capacity[1]	Term	Threshold for Incentive Payments	Threshold for Penalty Payments
				exceeds 85%	
Warora Power Plant	PPA with Electricity Department, Union Territory of Dadra and Nagar Haveli dated March 2013	200 MW	PPA for 7 years and 3 months from April 2013	Entitled to incentive payments in the event that Availability of the power project exceeds 85%	Subject to penalty if Availability of the power project is less than 80%
	PPA with MSEDCL dated March 2010	200 MW	PPA for 25 years from March 2014	Entitled to incentive payments in the event that Availability of the power project exceeds 85%	Subject to penalty if Availability of the power project is less than 80%
	PPA with TANGEDCO[11]	150 MW	PPA valid from June 1, 2014 until September 2028	Entitled to incentive payments in the event that Availability of the power project exceeds 85%	Subject to penalty if Availability of the power project is less than 80%
Chhattisgarh Power Project	PPA with Chhattisgarh State Power Trade Company Limited dated January 2011	(A) 30% of gross capacity generated, and (B) 5% of net power generated, from the power project	PPA for 20 years from the date of commencement of supply of power	Entitled to incentive payments in the event that PLF exceeds 85%	N/A

Notes:

(1) Contracted capacity is the portion of net capacity which has been agreed to be supplied to our customers at either our busbar or the customers' busbar based on the PPAs signed with the respective customers. Net capacity is the total electricity output at a power project's busbar after taking into account auxiliary consumption. Auxiliary consumption represents the portion of electricity that is consumed within the power project location.

(2) GETL has agreed to purchase up to 220 MW of net power generated by the Kakinada Power Plant, provided that it has a corresponding offtake for such power on the open market.

(3) The PPA with GETL originally expired in October 2009, but was subsequently extended first until October 2012 then until October 2015.

(4) GVPGL entered into a PPA with AP Transco and subsequently, pursuant to a government notification issued in June 2005, transferred the obligations of AP Transco to four state-owned distribution companies: APCPDCL, APEDCL, APNPDCL and APSPDCL.

(5) The initial term of the PPA which was 15 years from COD was extended by eight years until 2029 through an amendment in May 2007.

(6) The PPA with TANGEDCO expired in February 2014. Extension of this PPA to February 2015 has been approved by TANGEDCO subject to new conditions and approval of the TNERC.

(7) GRIDCO has the right not to purchase any power during a given five-year period, provided it notifies us six months in advance of such five-year period.

(8) Infirm power refers to the electricity generated prior to the commercial operations of the power project.

(9) PTC subsequently entered into an agreement with Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited with respect to a net capacity of 300 MW from the Phase I Kamalanga Power Plant pursuant to our PPA with PTC. In February 2014, we started supplying power to Haryana. The total tariff under this PPA comprises a fixed capacity charge for contracted capacity and non-escalable energy charge. We also pay to PTC a trading commission of 2.5% of the total tariff.

(10) The Availability of a power project is the amount of time that it is able to produce electricity over a certain period, divided by the amount of the time in that period.

(11) GETL has entered into a 15 year PPA with TANGEDCO to provide a net capacity of 150 MW through EMCO commencing from June 2014. We supply power to GETL for onward supply to TANGEDCO pursuant to a PPA with GETL. We have made an application to PGCIL for LTOA although this has not yet been sanctioned.

Carbon Credit Transactions

In addition to generating revenue from selling electricity to SEBs and to third parties, we also derive income from the sale of CERs accrued during the operation of the power plants based on our registration as CDM projects with the CDM Executive Board of the UNFCCC which is a pre-requisite to be eligible to issue CERs.

The Vemagiri and Patan Power Plants and Rajahmundry, Alaknanda and Bajoli Holi Power Projects have been registered as CDM projects with the UNFCCC. Additionally, the Bajoli Holi and Alaknanda projects have also successfully completed the World Commission of Dams audit.

Fuel Supply Sources

We enter into FSAs with respect to the supply of coal, natural gas and LSHS.

We primarily source coal domestically from Coal India Limited or its subsidiaries. We also procure coal in the open market through e-auctions conducted by Coal India Limited. We also plan to import coal from Indonesia or other countries to meet any shortfall in the supply of domestic coal.

We procure natural gas primarily from Reliance, Niko and BP on substantially similar terms. The Government controls the price at which natural gas is supplied within India. Our PPAs with respect to our gas-based power plants require us to supply the electricity only when we have the requisite amount of natural gas to generate electricity.

We source LSHS through Hindustan Petroleum Corporation Limited.

The table below sets forth the key terms of our fuel supply arrangements for our coal-based, natural gas-based and LSHS-based power projects:

Name of Power Plant/Project	Fuel Type	Supplier	Term	Contracted Quantity[1]
Kakinada Power Plant	Natural Gas	Reliance, Niko and BP	Expired on March 31, 2014[2]	28,286 MMBTU per day on net heating value ("**NHV**") basis, which is expected to be sufficient to fuel 75% of the plant's capacity.[3]
Vemagiri Power Plant	Natural Gas	Reliance, Niko and BP	Expired on March 31, 2014[2]	44,354 MMBTU per day on NHV basis till September 30, 2009 which is expected to be sufficient to fuel 90% of the plant's capacity; and 57,211 MMBTU per day on NHV Basis from October 1, 2009 till March 31, 2014[3]
Chennai Power Plant	LSHS	Hindustan Petroleum Corporation Limited	Expired in February 2014[4]	Maximum Daily Delivery of 1,050 MT (subject to maximum capacity of 370,000 MT per annum) which is expected to be sufficient to fuel 100% of the plant's capacity[3]
Phase I	Coal	Subsidiary of Coal	20 years or life of plant,	LoA for firm linkage of 2.14

Name of Power Plant/Project	Fuel Type	Supplier	Term	Contracted Quantity[1]
Kamalanga Power Plant		India Limited (Mahanadi Coalfields Limited)	whichever is earlier	MTPA for 500 MW; corresponding FSA signed for 2.0009 MTPA
		Subsidiaries of Coal India Limited (Mahanadi Coalfields Limited and Eastern Coalfields Limited)	Tapering starts in the earlier of September 2016 or when production starts at the Rampia Coal Mine[5]	Allocation for a tapering linkage from Mahanadi Coalfields Limited of 0.867 MTPA corresponding to 200 MW; corresponding FSA signed for 0.238 MTPA Allocation for a tapering linkage from Eastern Coalfields Limited of 1.071 MTPA corresponding to 350 MW; corresponding FSA signed for 0.295 MTPA.
		Rampia Coal Mine (under development) [5]	N/A	Captive coal mine allocated along with five other partners; our share is up to 112,200,000 tons of coal
		PT BSL (under development)	15 years from the date of first shipment of coal	Up to 2 MTPA
Warora Power Plant	Coal	South Eastern Coal Field Limited (SECL)	20 years or life of plant, whichever is earlier	• FSA for Unit I and amended subsequently to 1.3 MTPA. • FSA for Unit II and amended subsequently to 1.3 MTPA.
Chhattisgarh Power Project	Coal	GEL through GEMS/PT BSL	20 years from date of commencement of the supply of coal or until coal linkage for the entire 1,370 MW is provided by the MOC.	4.2 MTPA from Financial Year 2015 onwards

Notes:

(1) Contracted capacity refers to the quantity of fuel that the supplier commits to provide under the fuel supply arrangements. Actual capacity may vary from time to time depending on the availability of fuel and various external factors, such as government policies.

(2) Since March 1, 2013, we have not received any supply of natural gas under this arrangement. GVPGL and GEL has signed the revised term sheet on April 14, 2014 with Reliance, Niko and BP. The price of the gas supply will be based on notified prices by the MOPNG.

(3) These contracted quantities were as under the old FSAs which have now expired and are now subject to potential revision under the new FSAs that are to be entered into.

(4) The FSA, like the underlying PPA, expired in February 2014. However, the FSA with Hindustan Petroleum Corporation Limited is coterminous with the PPA with TANGEDCO. GPCL has negotiated commercial terms for extending the PPA by one year hence the corresponding FSA will also be automatically extended by one year, subject to approval of the PPA by TNERC.

(5) For further details, see the sections "- Our Business - Power Business - Other Interests in Coal Assets - Rampia Coal Mine" and "Outstanding Litigation and Defaults" on pages 135 and 358.

Our Power Projects Under Development

We have six power projects that are under development, of which four are hydroelectric power projects (Alaknanda, Talong, Upper Marsyangdi-2 and Upper Karnali) and two are coal-based power projects (Phase II Kamalanga Power Project and the SJK Power Project). We have provided a brief description of each of our hydroelectric power projects below, which we believe are further along in the development phase:

Name of the Project	Capacity	Location
Alaknanda Power Project	300 MW run-of-the-river power facility	State of Uttarakhand, India
Talong Power Project	225 MW run-of-the-river power facility	State of Arunachal Pradesh, India
Upper Marsyangdi-2 Power Project	600 MW run-of-the-river power facility	Nepal
Upper Karnali Power Project	900 MW run-of-the-river power facility	Nepal
Phase II Kamalanga Power Plant	350 MW planned coal-based power project	State of Odisha
SJK Power Project	1,320 MW planned capacity coal-based power project	State of Madhya Pradesh

Our Transmission Assets

Deedwana and Alwar Lines

In September 2010, GEL was selected as the successful bidder in the tariff-based competitive bidding process conducted by Rajasthan Rajya Vidyut Prasaran Nigam Limited with regard to two power projects:

- to build, own, operate and maintain and provide transmission service through the 400 kV S/C Bikaner-Deedwana-Ajmer lines with 400 kV/220 kV GCC at Deedwana that will span 268.71 circuit kilometers in length (the "**Deedwana Line**"). This consists of two transmission lines of 400kV and one D/C transmission line of 220kV. The transmission line project was commissioned in December 2013; and

- to build, own, operate and maintain and provide transmission service through the 400 kV S/C Hindaun-Alwar line with 400 kV GSS at Alwar and that will span 96.95 circuit kilometers in length (the "**Alwar Line**").

The Deedwana Line is being constructed by MTSCL (in which 100% stake is owned by GEL) and the Alwar Line is being constructed by our subsidiary ATSCL (in which 100% stake is owned by GEL), on a build, own, operate and maintain basis for 25 years from the transmission license date. MTSCL and ATSCL will continue to own the Transmission Assets beyond the concession period of 25 years. The commissioning date of the Deedwana Line is currently under dispute (for details see the section “Outstanding Litigation and Defaults” on page 358) and we expect the Alwar Line to be commissioned in Financial Year 2015. We will operate and maintain these Transmission Assets for the next 25 years as per the transmission service agreements from the date of transmission license.

Nepal Transmission Lines

Power generated by each of our Upper Karnali and Upper Marsyangdi-2 Power Projects is expected to be exported from Nepal to the Indian National grid via two transmission lines. To this end, we have established KTCPL and MTCPL each in which we own 100% equity interest. Whilst, TCPL will be responsible for development of the transmission line from the Upper Karnali Power Project to the Indo-Nepal International Border at Kalakunti, MTCPL will be responsible for development of the transmission line from the Upper Marsyangdi-2 Power Project to Indo-Nepal International Border at Simarpani. The Indian portions of transmission line of both projects are expected to be developed as an extension of the Inter State Transmission System network, as per Indian regulations.

Energy Trading

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 100% in GETL, the company that is engaged in the business of power trading. Apart from purchasing and trading power from third parties, GETL currently purchases power generated by the Kakinada Power Plant for sale pursuant to short-term arrangements in the open market. GETL has also entered into a 15-year PPA with TANGEDCO to provide a net capacity of 150 MW through EMCO commencing from June 2014.

Our Coal Mining Project

PT BSL

In February 2009, GMR Mauritius acquired 100% indirect equity interest in PT BSL, which has rights to explore and develop PT BSL Coalfields. Coal production operations are expected to commence in the second half of Financial Year 2015. PT BSL has aggregate proven reserves of 107.4 MT and probable reserves of 44.8 MT as at June 2013 measured as per JORC standards.

Other Interests in Coal Assets

GEMS

In Financial Year 2012, our subsidiary GCRPL (formerly known as GMR Infrastructure Investments (Singapore) Pte Limited), acquired a 30.0% equity interest in GEMS, a Sinar Mas Group company in Indonesia, which owns the GEMS Coal Assets.

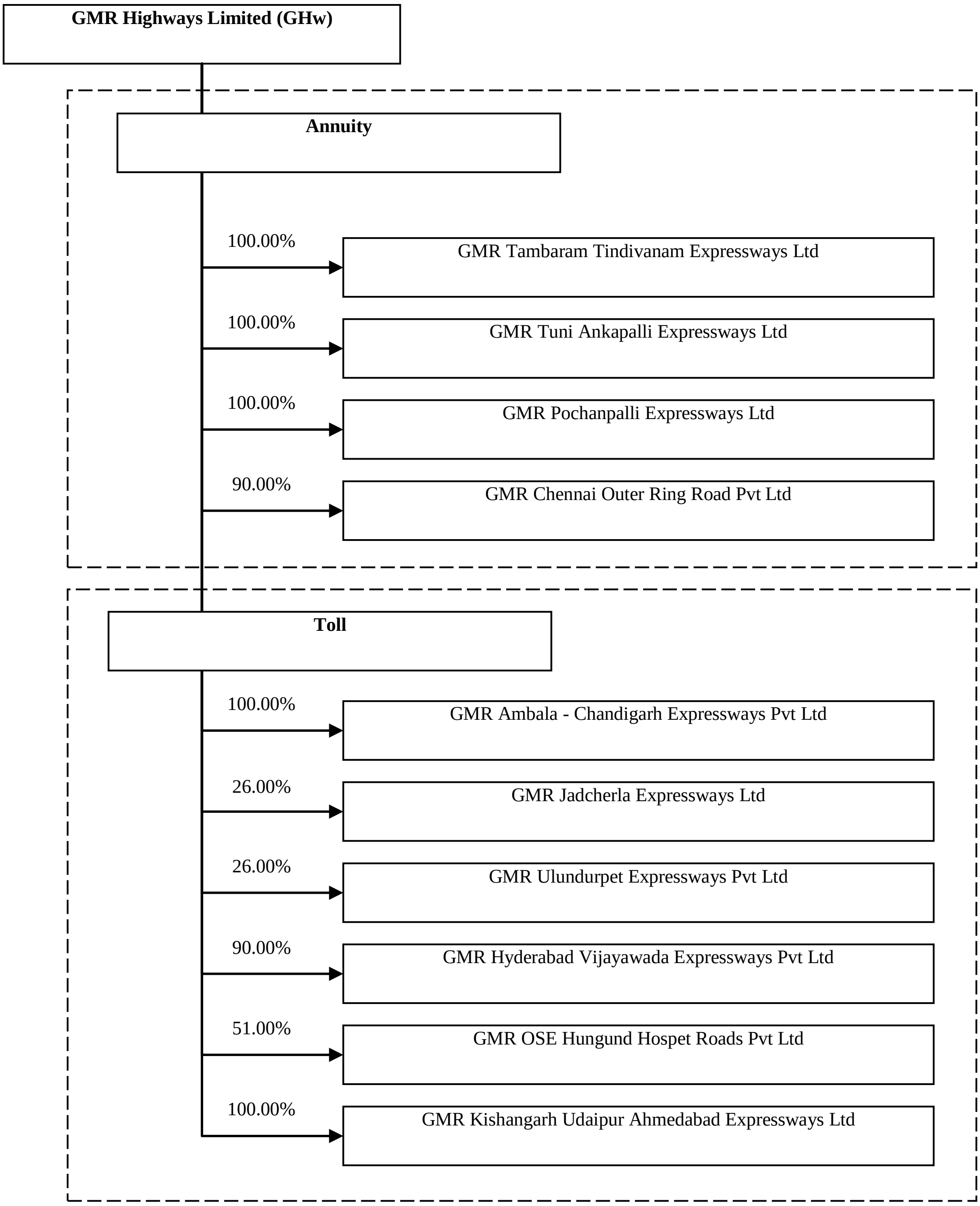
Rampia Coal Mine

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 17.39% of RCMEPL, a joint venture that has been formed to explore, develop, extract or mine coal from the Rampia Coal Mine block allocated by the MOC. The total geological reserves for the Rampia Coal Mine, comprising two blocks (Rampia coal block and the dip side of the Rampia coal block), are approximately 645.26 million tons as estimated by the MOC, of which our individual allocation is up to 112.2 million tons. We received a show cause notice from the MOC on January 15, 2014 regarding the delay in the development of the Rampia Coal Mine. Subsequently, the relevant inter-ministerial group of the Government recommended the de-allocation of the Rampia Coal Mine. We have challenged the de-allocation of the Rampia Coal Mine in the High Court of Delhi. On February 11, 2014, the High Court of Delhi pronounced an interim order to maintain status quo and prohibited the Government from re-allocating the mine and creating third party interest. Subsequently, on February 17, 2014, the MOC issued a letter informing us that while the recommendation of the inter-ministerial group has been accepted by the competent authority on February 11, 2014, no further action will be taken by the Government in light of the order passed by the High Court of Delhi. Further, the Supreme Court has passed an order dated August 25, 2014 pursuant to a writ petition filed before the Supreme Court, pronouncing that the allocations of coal blocks made between 1993 and 2010 were arbitrary, illegal and impermissible under the applicable law. The consequences of such allocation have not been determined by the Supreme Court as on the date of this Draft Letter of Offer. For details see the section "Outstanding Litigation and Defaults" on page 358.

Roads Segment

Our roads segment consists of nine operational roads (including 2 roads in which we own a minority interest) of total length of 731.28 kilometers. Four of our roads are on annuity basis and the remaining five are on toll basis. We signed the concession agreement for six-laning of Kishangarh-Udaipur-Ahmedabad section of National Highways 79A, 79, 76 and 8 on November 30, 2011 in the state of Rajasthan and Gujarat and is currently under development. For details see the sections "Risk Factors" as well as "Outstanding Litigation and Defaults" on pages 21 and 358. Annuity projects provide us fixed revenue for each year for the term of concession period irrespective of traffic on such roads. In relation to toll road projects, we are eligible for toll collection which is directly proportionate to the traffic. Toll is increased based on a wholesale price index linked formula. In toll road projects, we are subject to the risk of varying revenue which depends on traffic volume. The distribution of revenue streams between annuity projects and toll projects provides us with a healthy revenue mix. For the Financial Year ending March 31, 2014, our net revenue from annuity and toll projects was in the ratio of 46.39:53.61.

The chart below shows the structure of our roads segment:



Annuity Road Projects

As at the date of this Draft Letter of Offer, we hold concessions for the development, operation and maintenance of four annuity road projects: the Tuni-Anakapalli road project, the Tambaram-Tindivanam road project, the Pochanpalli road project and the Chennai Outer Ring Road Project. We provide a brief description of key aspects of our four operating annuity roads:

Tuni-Anakapalli Road Project

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 100% of GMR Tuni Anakapalli. GMR Tuni Anakapalli has executed a concession agreement in October 2001 to strengthen the existing two-lane 59 kilometer stretch and expand this stretch to a four-lane dual carriageway on the Chennai-Kolkata road. The project commenced commercial operations in December 2004.

Tambaram-Tindivanam Road Project

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 100% of GMR Tambaram Tindivanam. GMR Tambaram Tindivanam has executed a concession agreement in October 2001 to strengthen an existing four-lane 39 kilometer stretch and expand part of an existing two-lane 54 kilometer stretch expressway to a four-lane dual carriageway and as such, to strengthen the four-lane carriageway on the Chennai-Dindigul road. The project commenced commercial operations in October 2004.

Pochanpalli Road Project

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 100% of GMR Pochanpalli. GMR Pochanpalli has executed a concession agreement in March 2006 to (i) develop, operate and maintain 85.75 kilometers stretch, and (ii) improve, operate and maintain another 17 kilometers stretch, both of which are on the Hyderabad-Nagpur road. GMR Pochanpalli will also be required to improve, operate and maintain an additional stretch of 10 kilometers on the Hyderabad-Nagpur road once the same is made available to it by NHAI. The project commenced commercial operations in March 2009.

Chennai Outer Ring Road Project

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 90% of GCORRPL. GMR Chennai Outer Ring Road has executed a concession agreement in December 2009 to construct, operate and maintain a six-lane and two service lane, of total 29.65 kilometer stretch to serve as the outer ring road to Chennai city in Tamil Nadu. In April 2014, the project was issued with a provisional certificate of completion with effect from June 15, 2013.

Toll Road Projects

As of the date of this Draft Letter of Offer, we operate following five toll road projects with one toll road project under development:

Ambala-Chandigarh Road Project

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 100% of GMR Ambala Chandigarh. GMR Ambala Chandigarh has executed a concession agreement in November 2005 to improve, operate maintain rehabilitation and strengthen a 35 kilometer stretch on the New Delhi - Chandigarh highway along with widening to four-lane dual carriage. The project commenced commercial operations in November 2008.

Hyderabad-Vijayawada Road Project

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 90% of GMR Hyderabad Vijayawada. GMR Hyderabad Vijayawada has executed a concession agreement in October 2009 to construct, operate and maintain a two-lane 181.98 kilometer stretch on Pune-Machilipatnam highway and widening of the same to four-lane and subsequently to six-lane. The project commenced commercial operations in December 2012.

Hungund-Hospet Road Project

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 51% of GMR OSE Hungund-Hospet. GMR OSE Hungund Hospet has executed a concession agreement in March 2010 to develop and operate a two-lane 99.05 kilometer stretch on Solapur-Mangalore highway, and widening of parts of the same to four-lane (86.305 kilometers stretch) and six-lane (12.749 kilometers stretch). The project commenced partial commercial operations (of approximately 84.8 kilometers) in November 2012 and full commercial operations in May 2014.

Thondapalli-Jadcherla Road Project

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 26% of GMR Jadcherla. GMR Jadcherla has executed a concession agreement in February 2006 to develop, operate and maintain a two-lane 46 kilometer stretch widening the same to four-lane and to improve, operate and maintain another 12 kilometer stretch on the Bengaluru Hyderabad (NH7) highway in the state of Andhra Pradesh from Thondapalli to Farukhnagar. The project commenced commercial operations in February 2009. Subject to certain regulatory and lenders' approval, we have an option to divest all of our interest in this project.

Tindivanam-Ulundurpet Road Project

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 26% of Ulundurpet. Ulundurpet has executed a concession agreement in April 2006 to construct, operate and maintain a two-lane 72.9 kilometer stretch on the Chennai - Dindigul highway widening the same to four-lane. The project commenced commercial operations in July 2009. Subject to certain regulatory and lenders' approval, we have an option to divest 11% of our interest in this project.

Kishangarh-Udaipur-Ahmedabad Road Project

Our Company (directly and/or indirectly through one or more Subsidiaries) holds 100% of GKUAEL. GMR Kishangarh has executed a concession agreement in November 2011 to develop a 555.48 kilometer stretch and widening of the same to six-lane on national highway no. 79A, 79, 76 and 8. This project has not yet commissioned and a legal proceeding is currently pending before the High Court of Delhi with respect to this project. For details, see the section “Outstanding Litigation and Defaults” on page 358.

Our Urban Infrastructure Business

SIRs

A SIR is a combination of a SEZ and a DTA Zone. A SEZ is a duty-free, license-free, entrepreneur-friendly and environmentally conducive enclave that is primarily directed towards export-oriented activities. A DTA Zone is a domestic tariff area, for industries/units which produces/provides service for domestic consumption. The SIR would also involve non-processing area developments, in both SEZ and DTA zones, which cover the residential, commercial, retail, leisure & entertainment, institutional areas and other social infrastructure such as for education, healthcare and hospitality.

Krishnagiri SIR

We are developing the Krishnagiri SIR in the Krishnagiri district of the state of Tamil Nadu. The Krishnagiri SIR is primarily positioned towards high-tech engineering and manufacturing (with a particular focus on, amongst others, auto / auto components, electronics, aerospace and defence and precision engineering). The majority of necessary approvals on the utility front and environmental clearance front from the Government have been obtained. We have received an in-principle approval for the development of a greenfield electronics manufacturing cluster spread over an area 527 acres. A detailed project report for the development of the same has been submitted to the Government's Department of Electronics and Information Technology, for which we are awaiting final approval. We have already entered into an agreement with an international auto / auto components company in relation to the Krishnagiri SIR.

Kakinada SIR

We are also developing the Kakinada SIR in the Kakinada, East Godavari district of the state of Andhra Pradesh. The Kakinada SIR will be a port-based SIR, located on the east coast of India, in the Krishna-Godavari basin. The area to be developed will include an all weather multi-purpose deep-water port, a logistics park, a petrochemicals cluster and an eco-industrial park for tenants to establish manufacturing activities. In relation to the same, land parcels measuring 2,559.2 acres and 2,504.76 acres have been notified as SEZs by virtue of notifications dated April 23, 2007 and February 8, 2013, respectively. The necessary approvals on the utility front and the environmental front from the state government of Andhra Pradesh have been obtained for the initial development. A memorandum of understanding has also been signed with Rural Shores Private Limited for the setting up of a business process outsourcing centre and two letters of intent have been signed with marine food processing units.

Our EPC Business

In order to strengthen our competitive edge in infrastructure projects where proper estimations of value, planning and execution are important for success, we established an in-house turnkey construction department in 2008, which helps increase the competitiveness of the group. Although our EPC business primarily carries out work in respect of our Group's internal projects, it also enters into contracts with outside third parties.

Our EPC business has carried out part of the following projects which include the Hyderabad Vijayawada Road

Project, Chennai Outer Ring Road Project; and Hungund Hospet Road Project; our EPC business is also carrying out the Balance of Plant works in relation to the Warora Power Plant and Phase I Kamalanga Power Plant.

For the Financial Year 2014, our consolidated sales / income from operations for EPC segment was ₹ 239.75 crore.

A consortium led by us (the "**GMR-Kalindee-TPL**") has recently won the construction package of rail line doubling between Jhansi and Bhimsen stations in the State of Uttar Pradesh, India. The total contract is valued at approximately ₹ 267.41 crore of which our share of work is approximately ₹ 135 crore. The work includes construction of roadbed, major and minor bridges, track linking, outdoor signaling & telecommunications ("**S&T**") works, overhead electrification, traction sub-station and general electrical works from Jhansi to Erich Road. TATA Projects and Kalindee Rail Nirman (Engineers) Limited are the signaling and telecommunications partners for overhead electrification and track works, respectively. The duration for completion of the project is approximately 42 months. Rail Vikas Nigam Limited ("**RVNL**") issued the letter of award to our consortium on February 20, 2014 and the GMR-Kalindee-TPL signed the contract agreement with RVNL on March 29, 2014. RVNL has also awarded three more projects to our Company through a letter dated June 11, 2014 for various works related to railway restoration and construction. These projects will also be carried out by the GMR-Kalindee-TPL and will involve quadrupling of tracks, patch doubling, track linking, construction of booking offices, railway platforms, electrical works across the Secunderabad and Hyderabad Divisions of South Central Railway, Andhra Pradesh. Apart from this, our Company has also been awarded a construction package for construction of house and villa (phase-I) civil works in the state of Himachal Pradesh. The total contract is valued at approximately ₹ 50 crore. We were awarded this project by Princeton Infrastructure Private Limited. However, see the section “Risk Factors” on page 21.

Insurance

We maintain a number of insurance policies for the different risks involved in the operation of our businesses, as well as to cover any liability that may be imposed on our directors and officers. Specifically, we maintain directors' and officers' liability insurance for the directors and officers of our Company and each of its Subsidiaries.

Real Properties

We own and have leased certain premises in Mumbai, Hyderabad, New Delhi, Chennai and Bengaluru from which we carry on our business. We also own and lease space for project offices at the locations of our various project sites.

Employees

As of March 31, 2014, we had approximately 4,232 employees in our various offices, as well as at the sites of our projects. The Bengaluru office contains our principal corporate offices which conducts administrative and reporting activities for us and extends support to the rest of our businesses.

Our employees are not covered by any collective bargaining agreements. We have not experienced any material strikes, work stoppages, labor disputes or actions by or with our employees, and we consider our relationship with our employees to be good.

Trademarks

We conduct most of our business under the trademark of “GMR”, the ownership of which is currently held by GHPL. GHPL has, through license agreements dated October 1, 2011 for the use of the trademark, the associated logo and the artistic work/copyright, granted a non-exclusive personal right to use the “GMR” trademark, associated logo and the artistic work/copyright to us and our Subsidiaries in the ordinary course of business of each such entity, in consideration for the payment of a specified annual license fee to GHPL. For details, see the section “Risk Factors” on page 21.

OUR MANAGEMENT

Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013 and the listing agreements with the Indian Stock Exchanges where the shares of our Company are listed. The Articles of Association provide that the number of directors shall not be less than three or more than 15 unless otherwise approved in a general meeting. At present, our Company has 14 Directors including two Executive Directors and 12 Non-Executive Directors. Our Company has a total of seven Independent Directors. Pursuant to the resolution dated July 15, 2014, our Board has approved increase in the maximum number of Directors from 15 to 16 by amending the Article 117 of the Articles of Association, subject to the approval of the shareholders of the Company in the AGM held on September 18, 2014. While the AGM was held on September 18, 2014, the results of the AGM have not been declared by our Company as on the date of the Draft Letter of Offer.

Pursuant to the provisions of the Companies Act, at least two-thirds of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each AGM. A retiring Director is eligible for re-election. Further, an Independent Director may be appointed for a maximum of two consecutive terms of up to five consecutive years each. Any re-appointment of Independent Directors shall, inter alia, be on the basis of the performance evaluation report and approved by the shareholders by way of special resolution.

The Directors of our Company are not required to hold any qualification shares to qualify to be a Director. On account of the recent enactment of the Companies Act, 2013, our Board will take necessary steps to comply with the applicable provisions of the Companies Act, 2013 within the timeframe prescribed thereunder. SEBI has, vide its circular dated September 15, 2014, granted extension to Companies till March 31, 2015 for compliance with certain corporate governance norms relating to composition of the board of directors.

The following table provides information about the Directors as of the date of this Draft Letter of Offer:

Sr. No.	Name, Address, DIN, Term and Nationality	Age	Other Directorships/ Interests/ Trusteeships / Partnerships
1.	G.M. Rao *Executive Chairman* **Address**: No. 486/76, Varalakshmi Nilayam, 38th Cross 1st Main, 8th Block, Jayanagar Bengaluru 560 082 Karnataka, India **DIN**: 00574243 **Term**: From October 18, 2012 to October 17, 2017 **Nationality**: Indian **Occupation**: Business	65	***Other Directorships*** 1. GHPL; 2. GMIAL; 3. GAL; 4. Delhi Aerotropolis Private Limited; 5. GMR Hyderabad Aerotropolis Limited; 6. DIAL; 7. GHIAL; 8. AMG Healthcare Destination Private Limited; 9. Kakinada Refinery and Petrochemicals Private Limited; 10. GMR Varalakshmi Foundation; 11. Parampara Family Business Institute; 12. RBI; and 13. National Housing Bank. ***Partnerships*** 1. GMR Infra Ventures LLP. ***Trusteeships*** 1. GMR Family Fund Trust; 2. Grandhi Varalakshmi Mallikarjuna Rao Trust; 3. Grandhi Buchi Sanyasi Raju And Satyavathi Smitha Trust; 4. Grandhi Kiran Kumar And Ragini Trust; and 5. Srinivas Bommidala And Ramadevi Trust.

Sr. No.	Name, Address, DIN, Term and Nationality	Age	Other Directorships/ Interests/ Trusteeships / Partnerships
2.	Grandhi Kiran Kumar *Managing Director* **Address**: No. 486/76, Varalakshmi Nilayam, 38th Cross 1st Main, 8th Block, Jayanagar Bengaluru 560 082 Karnataka, India **DIN**: 00061669 **Term**: From July 28, 2013 to July 27, 2018 **Nationality**: Indian **Occupation**: Business	38	***Other Directorships*** 1. GMR Sports Private Limited; 2. GHIAL; 3. GMR Varalakshmi Foundation; 4. DIAL; 5. GHPL; 6. GAL; 7. KSPL; 8. GMR SEZ & Port Holdings Private Limited; 9. GMR Highways; 10. GMR Krishnagiri SEZ Limited; and 11. GMIAL. ***Trusteeships*** 1. Grandhi Kiran Kumar and Ragini Trust; and 2. GMR Family Fund Trust.
3.	G.B.S. Raju *Group Director* **Address**: No. 486/76, Varalakshmi Nilayam, 38th Cross 1st Main, 8th Block, Jayanagar Bengaluru 560 082 Karnataka, India **DIN**: 00061686 **Term**: Liable to retire by rotation **Nationality**: Indian **Occupation**: Business	40	***Other Directorships*** 1. Delhi Aerotropolis Private Limited; 2. DIAL; 3. GBS Holdings Private Limited; 4. GAPL; 5. GBHHPL; 6. GEL; 7. GHPL; 8. GMR Infrastructure (Singapore) PTE Limited; 9. GKEL; 10. GPCL; 11. GMR Varalakshmi Foundation; 12. Kakinada Refinery and Petrochemicals Private Limited; and 13. Limak-GMR Adi-Oratakli (Limak-GMR Joint Venture). ***Trusteeships*** 1. GMR Family Fund Trust; and 2. Grandhi Buchi Sanyasi Raju and Satyavathi Smitha Trust.

Sr. No.	Name, Address, DIN, Term and Nationality	Age	Other Directorships/ Interests/ Trusteeships / Partnerships
4.	Srinivas Bommidala *Group Director* **Address**: No. 309, 3rd Cross, 2nd Block, 2nd Stage Devasandra, Rajmahal Vilas Extension Bengaluru 560 094 Karnataka, India **DIN**: 00061464 **Term**: Liable to retire by rotation **Nationality**: Indian **Occupation**: Business	51	***Other Directorships*** 1. AMG Healthcare Destination Private Limited; 2. B S R Infrastructure Private Limited; 3. Bommidala Exports Private Limited; 4. Bommidala Tobacco Exporters Private Limited; 5. BSR Holdings Private Limited; 6. DDFS; 7. DIAL; 8. GAL; 9. GAPL; 10. GHPL; 11. GMR Hyderabad Aerotropolis Limited; 12. GHIAL; 13. GMR Krishnagiri SEZ Limited; 14. GMIAL; 15. GMCAC; 16. GMR Sports Private Limited; 17. GMR Varalakshmi Foundation; 18. Hotel Shivam International Private Limited; 19. İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş.; 20. KSPL; and 21. MGAE. ***Partnerships*** 1. Bommidala Exports; and 2. Hindustan Tobacco Company. ***Trusteeships*** 1. GMR Family Fund Trust; and 2. Srinivas Bommidala and Ramadevi Trust.
5.	B.V.N. Rao *Group Director* **Address**: 98, Next to NAL Layout, Behind FCI Building East End Main Road, 4th Block, Jayanagar Bengaluru 560 041 Karnataka, India **DIN**: 00051167 **Term**: Liable to retire by rotation **Nationality**: Indian **Occupation**: Business	60	Other Directorships 1. GEL; 2. GMR Highways; 3. GHPL; 4. GMR Hosur EMC Limited; 5. GKEL; 6. GKUAEL; 7. GPCL; 8. GMR Tuni Anakapalli; 9. GMR Varalakshmi Foundation; 10. Kakinada Refinery And Petrochemicals Private Limited; and 11. KSPL. Trusteeships 1. Srivatsa Charitable Trust.

Sr. No.	Name, Address, DIN, Term and Nationality	Age	Other Directorships/ Interests/ Trusteeships / Partnerships
6.	O.B. Raju *Director* **Address**: No.249, 4th cross, 6th main, 4th phase JP Nagar, Dollars Colony Bengaluru 560 078 Karnataka, India **DIN**: 00082228 **Term**: Liable to retire by rotation **Nationality**: Indian **Occupation**: Business	57	***Other Directorships*** 1. Delhi Aerotropolis Private Limited; 2. DIAL; 3. GMR Ambala Chandigarh; 4. GCORRPL; 5. GMR Highways; 6. GMR Highways Projects Private Limited; 7. GMR Hyderabad Vijaywada; 8. GMR Jadcherla; 9. GKUAEL; 10. GMR Tambaram Tindivanam; 11. GMR Tuni Anakapalli; and 12. Indian Highways Management Company Limited. ***Trusteeships*** 1. Vasavi Charitable Trust.
7.	K.V.V. Rao *Director* **Address**: 2C Santhrupthi MCHS Colony, 3rd Block 14th C Cross, HSR Layout, Sector VI Bengaluru 560 034 Karnataka, India **DIN**: 01165942 **Term**: Liable to retire by rotation **Nationality**: Indian **Occupation**: Service	64	***Other Directorships*** 1. GCEL; 2. GPPL; and 3. RCMEPL.
8.	S. Sandilya *Independent Director* **Address**: B-17, Kailash Colony New Delhi 110 048 India **DIN**: 00037542 **Term**: Liable to retire by rotation(1) **Nationality**: Indian **Occupation**: Service	66	***Other Directorships*** 1. Association Of Indian Automobiles Manufacturers; 2. Eicher Motors Limited; 3. Lean Management Institute Of India; 4. Mastek Limited; 5. Mastek UK limited; 6. National Skill Development Corporation; 7. Rane Brake Lining Limited; and 8. Tube Investments Of India Limited.

Sr. No.	Name, Address, DIN, Term and Nationality	Age	Other Directorships/ Interests/ Trusteeships / Partnerships
9.	R.S.S.L.N. Bhaskarudu *Independent Director* **Address**: H. No. 2210, Sector-D Pocket 2, Vasant Kunj New Delhi 110 070 India **DIN**: 00058527 **Term**: Liable to retire by rotation(1) **Nationality**: Indian **Occupation**: Service	74	***Other Directorships*** 1. DIAL; 2. Fatpipe Networks Limited; 3. GAL; 4. GHIAL; 5. GMIAL; and 6. GMR Upper Karnali.
10.	N.C. Sarabeswaran *Independent Director* **Address**: No. 27, Papanasam Sivan Salai Palace Road Chennai 600 004 Tamil Nadu, India **DIN**: 00167868 **Term**: Liable to retire by rotation(1) **Nationality**: Indian **Occupation**: Service	70	***Other Directorships*** 1. DIAL; 2. GCEL; 3. GEL; 4. GAL; 5. GMR Highways; 6. GKEL; 7. GMR Pochanpalli; 8. GPCL; 9. Madura Micro Finance Limited; and 10. R Subbaraman & Company Private Limited. ***Others*** 1. Madison India Real Estate Fund; and 2. Paracor India Investments Limited.
11.	Prakash G. Apte *Independent Director* **Address**: National Institute of Bank Management NIBM Post Office Kondhur Khurd Pune 411 048 **DIN**: 00045798 **Term**: Liable to retire by rotation(1) **Nationality**: Indian **Occupation**: Service	67	***Others*** 1. UTI Trustee Company Private Limited.

Sr. No.	Name, Address, DIN, Term and Nationality	Age	Other Directorships/ Interests/ Trusteeships / Partnerships
12.	S. Rajagopal *Independent Director* **Address**: "VARENYA" 1043, 10th Main Road Judicial Officers Layout, GKVK Post Bengaluru 560 065 Karnataka, India **DIN**: 00022609 **Term**: Liable to retire by rotation(1) **Nationality**: Indian **Occupation**: Service	74	***Other Directorships*** 1. Careercubicle Technologies Private Limited; 2. GCEL; 3. GEL; 4. GMR Hyderabad Vijaywada; 5. GKEL; 6. GKUAEL; 7. GMR Tambaram Tindivanam; 8. GMR Tuni Anakapalli; 9. National Trust Housing Finance Limited; 10. SREI Alternative Investment Managers Limited; 11. SREI Infrastructure Finance Limited; 12. Vivek Limited; and 13. Wisdomleaf Technologies Private Limited.
13.	V. Santhanaraman *Independent Director* **Address**: New No.06, 1st Floor, Sri Devi Colony Near 7th Avenue, Ashok Nagar Chennai 600 083 Tamil Nadu, Chennai **DIN**: 00212334 **Term**: Liable to retire by rotation(1) **Nationality**: Indian **Occupation**: Service	64	***Other Directorships*** 1. DQ Entertainment (International) Limited; 2. DQ Entertainment PLC; 3. GBHHPL; 4. GEL; 5. Rajapalayam Mills Limited; and ***6.*** Ramaraju Surgical Cotton Mills Limited.
14.	C.R. Muralidharan *Independent Director* **Address**: No.29A, Kamala Street, Nehru Nagar, Near Kumaran Kundran, Chromepet, St. Thomas Mount (Central) Chennai 600 044 Tamil Nadu, India **DIN**: 02443277 **Term**: Liable to retire by rotation(1) **Nationality**: Indian **Occupation**: Service	66	***Other Directorships*** 1. City Union Bank Limited; 2. ICICI Prudential Asset Management Company Limited; 3. PTC India Financial Services Limited; and 4. Universal Sompo General Insurance Company Limited.

(1) *The shareholders approval was proposed to be obtained by our Company in the AGM held on September 18, 2014 for re-appointment of S. Sandilya, R.S.S.L.N. Bhaskarudu, N.C. Sarabeswaran, Prakash G. Apte, S. Rajagopal, V. Santhanaraman and C.R. Muralidharan for a term of two consecutive years i.e. up to the conclusion of the 20th AGM of*

our Company. While the AGM was held on September 18, 2014, the results of the AGM have not been declared by our Company as on the date of the Draft Letter of Offer.

Our Board has in its meeting held on September 18, 2014 approved the appointment of Kameswari Vissa as an additional director (independent director) with effect from October 1, 2014 and for a term up to the conclusion of the 20th AGM of our Company. The approval of the shareholders of our Company would be obtained by our Company in due course.

Relationship with other Directors

G. M. Rao is the father of G. B. S. Raju and Grandhi Kiran Kumar. Srinivas Bommidala is the son-in-law of G. M. Rao. None of the other Directors are related to any other Director.

Biographies of the Directors

G.M. Rao is the Executive Chairman of our Company. He has a bachelor's degree in mechanical engineering from Andhra University, India. He was conferred with the honorary doctor of laws by York University, Toronto, Canada in 2011, the honorary doctor of letters by the Andhra University, India in 2010 and honorary doctor of letters by the Jawaharlal Nehru Technological University, Hyderabad, India in 2005. He has 36 years of experience in business. He was a director on the board of Vysya Bank Limited for several years and also served as a non-executive chairman of ING Vysya Bank Limited between October 2002 and January 2006. He has recently been nominated to the central board of directors of RBI. He is involved in apex level business decisions and external relations, senior leadership development and organisation building initiatives in relation to our Group. He is the founder and chairman of our Group and the GMR Varalakshmi Foundation.

Grandhi Kiran Kumar is the Managing Director of our Company. He is the younger son of G.M. Rao, and has been on our Company's board since 1999. He has a bachelor's degree in commerce. He has successfully spearheaded the setting up of the Greenfield Hyderabad Airport and the development and modernisation of the Delhi Airport. Earlier he headed our Group's finance function and shared services. Subsequently he led our Group's highways, construction, SEZs and allied businesses (excluding airports SEZ) and sports divisions. Currently he is overseeing our Group's finance and corporate strategic planning department functions in addition to leading our Group's sports business. He has around 15 years of experience in the infrastructure sector.

B.V.N. Rao is a Group Director. He holds a bachelors' degree in electrical engineering from Andhra University. He has been associated with various businesses promoted by our Group since 1989. He has experience in the area of banking and industrial finance. He has been on the board of Vysya Bank Limited (now known as ING Vysya Bank Limited) for eight years. He has held various senior responsibilities in our Group. He is also a director on our Group's holding board. Currently as a business chairman, he heads the urban infrastructure and highways sectors covering highways, SEZ, EPC and corporate services covering legal, procurement, corporate affairs and the GMR Varalakshmi Foundation. He is currently a director on the board of several subsidiaries of our Group.

Srinivas Bommidala, a Group Director, is one of the first directors of our Company. He holds a bachelors' degree in Commerce from Acharya Nagarjuna University, Guntur. He has been a member of the Board since 1996. He has over 17 years of experience in the infrastructure sector. He led the team as the managing director of GPCL for setting up the first independent power project. This project with slow speed diesel technology is the world's largest diesel engine power plant under one roof situated at Chennai in the southern part of India. He was also instrumental in implementing the combined cycle gas turbine power project in Andhra Pradesh. When the Government decided to modernise and restructure Delhi Airport under a public private partnership scheme in 2006, he became the first managing director of this venture and successfully handled the transition process from a public owned entity to a public private partnership enterprise. He is currently chairman of our airports business and continues to spearhead commercial property development/Aerotropolis at the Delhi Airport and the Hyderabad Airport.

G.B.S. Raju, a Group Director, is the elder son of G.M. Rao, and has been on our Company's board since 1999. He holds a bachelors' degree in commerce from Vivekananda College, University of Madras, Chennai, in 1995. He has over 16 years of experience in the infrastructure sector. He was appointed as the managing director of GEL in June 1998 and was responsible for setting up the barge-mounted power plant. He steered our Company's involvement in the roads sector, led corporate services including fund raising initiatives and spearheaded our Company's foray into international business. He also heads energy, resources and other allied businesses.

O.B. Raju is a Director of our Company. He has been a member of our board since 2007 and is a qualified chartered accountant from the Institute of Chartered Accountants of India in 1981. He has over 30 years of diverse experience in the finance and infrastructure business. Presently, he is leading the highway sector group as managing director. Under his guidance, we achieved commercial operation of all our highway projects awarded by the NHAI and have undertaken structured fundings.

K.V.V. Rao is a Director of our Company. He is an engineering graduate from Andhra University and holds a post graduate diploma in environmental sciences from Andhra University. He has a first class competency certificate issued by the Government's ministry of shipping and a certificate of proficiency in boiler operations issued by the government of Maharashtra. He is also a director on the board of other companies. He has over 36 years of experience in the field of engineering and has approximately 25 years of experience in the field of power and management. He has been involved in the development of five greenfield projects - two power projects, two cement projects and one ferroalloy project. He has previously worked with the Shipping Corporation of India Limited.

S. Sandilya is an Independent Director. Pursuant to an affidavit dated September 16, 2014, he has confirmed that he is a commerce graduate from Chennai University and has a post graduate diploma in business administration from the Indian Institute of Management, Ahmedabad. He is the immediate past president of Society of Indian Automobile Manufacturers. He has experience in the areas of management and leadership. He is also the immediate past president of the International Motorcycle Manufacturers Association, Geneva. In addition, he is also the chairman of the Lean Management Institute of India and a member of the board of Lean Global Network, United States. He is also currently the president of SOS Children's Villages of India, a not-for-profit organisation involved in caring for children in need.

R.S.S.L.N. Bhaskarudu is an Independent Director and has been on our Company's board since 2005. He is also on the board of directors for GHIAL and DIAL. He graduated from the College of Engineering, Andhra University with a degree in electrical engineering and has over 48 years of experience in management and leadership positions. He worked for more than 19 years at Bharat Heavy Electricals Limited and was involved in the development and production of turbine generator sets. He was also the managing director of Maruti Udyog Limited, where he worked for 16 years and was a member / chairman of the Public Enterprises Selection Board of the Government.

N.C. Sarabeswaran is an Independent Director. He is a chartered accountant and the founding partner of Jagannathan & Sarabeswaran, Chartered Accountants, an audit firm with 40 years' standing. He has experience in the areas of banking and finance. He renders advisory services to various corporate clients. He was nominee director of the RBI and later professional and independent director on the board of Vysya Bank Limited, the predecessor of ING Vysya Bank Limited for 13 years. Previously, he was chairman of our audit committee and a member of our management and joint venture committees and held the position of president of Indo-Australian chamber of commerce.

Prakash G. Apte is an Independent Director and has been on our Company's board since September 2005. He has a bachelor's degree in technology (mechanical engineering) from the Indian Institute of Technology, Mumbai, a postgraduate diploma in management from the Indian Institute of Management, Kolkata and a doctorate degree in economics from Columbia University. He has experience in the areas of teaching, research and consultancy. He has published four books and several articles in academic journals and professional media. He has served on expert committees appointed by SEBI.

S Rajagopal is an Independent Director. He holds bachelor degrees in Commerce and Law, master's degree in Economics from Gujarat University and a professional qualification from the Indian Institute of Banking and Finance. Having been on the boards of various corporates and development funds in India and abroad, he has knowledge of commerce, industry, finance and insurance. He was previously chairman and managing director of Bank of India, chairman and managing director of Indian Bank and chairman of Banking Service Recruitment Board. He has 38 years of experience in the field of banking. He is also closely associated with academics. He was a member of the Court of Banaras Hindu University and a member of the board of governors of Madras School of Economics. He is also an advocate with specialization in company matters.

V. Santhanaraman is an Independent Director. He holds a bachelor's degree in commerce from the University of Madras. He was an executive director of Bank of Baroda from October 2006 until his retirement in August 2009. He has over 39 years experience in the banking industry. Starting his banking career as an officer in 1970 in a nationalised bank, namely Bank of Baroda, he handled various levels of responsibilities at officer and executive level positions. He was a member of the "Advisory Board for Bank, Commercial and Financial Frauds" constituted by Central Vigilance Commission for a period of two years from February 2010 to January 2012.

C. R. Muralidharan is an Independent Director. He has a career spanning nearly four decades in supervision and regulation of the Indian banking and insurance sectors. He has experience in both operational and executive capacities. He has served as an executive at senior levels in the RBI and headed the department of Banking Operations and Development. Later he joined at the board level in the Insurance Regulatory and Development Authority ("**IRDA**") and served as a whole time member for almost four and a half years between 2005 and 2009.

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Draft Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

Except as disclosed below, none of our Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Sr. No.	Name of the company	Name of the stock exchange(s) on which the company was listed	Date of delisting on stock exchanges	Whether the delisting was compulsory or voluntary delisting:	Reasons for delisting	Whether the company has been relisted	Term of directorship (along with relevant dates) in the company
1.	**G. M. Rao**						
	Ideaspace Solutions Limited	The Hyderabad Stock Exchange Limited (“**HSE**”) The Bangalore Stock Exchange Limited (“**BgSE**”) BSE Limited (“BSE”)	November 8, 2004; October 26, 2004; and September 23, 2004	Voluntary	The rationale behind listing is to provide liquidity to the shareholders by enabling them to buy/ sell the shares on the Stock Exchange. Such liquidity is presently is not available to the shareholders of the company due to sporadic trading in the shares.	No	Date of appointment: June 30, 2001 Date of cessation: March 27, 2004
2.	**Grandhi Kiran Kumar**						
	Ideaspace Solutions Limited	HSE BgSE BSE	November 8, 2004; October 26, 2004; and September 23, 2004	Voluntary	The rationale behind listing is to provide liquidity to the shareholders by enabling them to buy/ sell the shares on the Stock Exchange. Such liquidity is presently is not available to the shareholders of the company due to sporadic trading in the shares.	No	Date of appointment: November 29, 2000 Date of cessation: August 19, 2009

Service agreements with the Directors

No service contracts have been entered into by the Directors with our Company providing for benefits upon termination of employment.

As of the date of this Draft Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which our Company has appointed a director or a member of the senior management.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th & 13th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru-560 001, India
Tel : +91 80 6727 5000
Fax : +91 80 2210 6000

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of GMR Infrastructure Limited

We have audited the accompanying consolidated financial statements of GMR Infrastructure Limited ('the Company'), its subsidiaries, associates and jointly controlled entities [collectively hereinafter referred to as 'the Group' and individually as 'component' (refer note 2 to the accompanying consolidated financial statements of the Group)], which comprise the consolidated balance sheet as at March 31, 2014, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

1) *As detailed in Note 35(g)(x)(b) to the accompanying consolidated financial statements for the year ended March 31, 2014, GMR Rajahmundhry Energy Limited ('GREL'), a subsidiary of the Company has capitalised Rs.397.56 crore and Rs.679.95 crore for the year ended and cumulatively upto March 31, 2014 respectively towards indirect expenditure and borrowing*

S.R. Batliboi & Associates LLP Bengaluru

costs (net of income earned during aforementioned period) incurred on a plant under construction where active construction work has been put on hold pending securing supply of requisite natural gas and has approached the Ministry of Corporate Affairs for clarification on the applicability of / relaxation from the provisions of Accounting Standard ('AS') -10 and AS -16 to the capitalisation. However, in our opinion, the aforesaid capitalisation of such expenses is not in accordance with the relevant Accounting Standards. Had the aforesaid expenditure not been capitalised, profit after tax and minority interest of the Group for the year ended and cumulatively upto March 31, 2014 would have been lower by Rs. 389.25 crore and Rs. 665.74 crore respectively. In respect of the above matter, our audit report for the year ended March 31, 2013 was similarly modified.

2) *As detailed in Note 35(g)(xvii) to the accompanying consolidated financial statements for the year ended March 31, 2014, GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL'), a subsidiary of the Company has issued a notice of intention to terminate the Concession Agreement with National Highways Authority of India ('NHAI') which has been disputed by NHAI. Subsequently, the management of the Group has submitted the proposal for the continuance of the project subject to certain conditions which is pending acceptance by NHAI. As at March 31, 2014, GKUAEL has incurred and capitalised indirect expenditure and borrowing costs of Rs.124.42 crore (including Rs.16.67 crore incurred during the year ended March 31, 2014) and has given capital advances of Rs.590.00 crore. In our opinion, in view of the uncertainty as stated above such expenses of Rs.124.42 crore should have been charged off in the consolidated financial statements. Had the aforesaid expenditure not been capitalised, profit after tax and minority interest of the Group for the year ended and cumulatively upto March 31, 2014 would have been lower by Rs.16.67 crore and Rs.124.42 crore respectively. Further, having regard to the uncertainty in view of the dispute, we are also unable to comment on the final outcome of the matter and its consequential impact that may arise in this regard on the consolidated financial statements for the year ended March 31, 2014. In respect of above matter, our audit report for the year ended March 31, 2013 was similarly modified.*

3) *As detailed in Note 30 (b) and Note 35(g)(xv) to the accompanying consolidated financial statements for the year ended March 31, 2014, the Concession Agreement entered into between GMR Male International Airport Private Limited ('GMIAL'), a subsidiary of the Company, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years has been declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated arbitration process to seek remedies under the aforementioned agreement and pending resolution of the dispute, continues to recognise the assets at their carrying values of Rs.1,431.50 crore (USD 23.66 crore) as at March 31, 2014 including the claim recoverable of Rs.1,062.90 crore(USD 17.57 crore) as the management is of the opinion that GMIAL will be able to recover at least the carrying value of the assets.*

   Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for Rehabilitation, Expansion and Modernization of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and has received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognised in the consolidated financial statements as at March 31, 2014.

   The takeover of MIA by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a

S.R. Batliboi & Associates LLP Bengaluru

significant doubt about the going concern of GMIAL and GADLIL. However, the financial statements of GMIAL and GADLIL as at and for the year ended March 31, 2014 continue to be prepared and consolidated on a going concern basis.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the assets of GMIAL and GADLIL and any other consequential impact that may arise in this regard on the consolidated financial statements for the year ended March 31, 2014. In respect of above matter, our audit report for the year ended March 31, 2013 was similarly modified.

4) *As detailed in Note 30(a) to the accompanying consolidated financial statements for the year ended March 31, 2014, the management of the Group has recognized the profit on sale of its investments in Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi ('ISG') and LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi ('LGM') of Rs 1,658.93 crore (net of cost incurred towards sale of shares) in the consolidated financial statements for the year ended March 31, 2014. In our opinion, since the sale consideration was received, the transfer of shares and certain regulatory approvals were obtained subsequent to March 31, 2014, recognition of the profit on sale of such investments in the consolidated financial statements of the Group for the year ended March 31, 2014 is not in accordance with the relevant Accounting Standards. Accordingly, profit after tax and minority interest of the Group for the year ended March 31, 2014 would have been lower by Rs.1,652.96 crore with a consequential effect on the reserves of the Group as at the year end.*

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of the matters described in (1), (2) and (4) and possible effect of the matters described in (2) and (3) in the Basis for Qualified Opinion paragraph,* the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2014;

(b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Emphasis of Matter

i. We draw attention to Note 35(g)(vii) to the accompanying consolidated financial statements for the year ended March 31, 2014 in connection with the carrying value of net assets of Rs.224.45 crore (after providing for losses till date of Rs.132.90 crore) as regards investment in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company. Though GACEPL has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration, based on management's internal assessment and legal opinion obtained by the management of GACEPL, the management of the Group is of the view that the carrying value of the net assets (after providing for losses till date) as regards investment in GACEPL is appropriate. Accordingly, no adjustments have been made in the accompanying consolidated financial statements for the year ended March 31, 2014. Our opinion is not qualified in respect of this matter.

S.R. Batliboi & Associates LLP
Bengaluru

ii. We draw attention to Note 35(g)(xiii) to the accompanying consolidated financial statements for the year ended March 31, 2014 which indicate that the entire matter relating to claims / counter claims arising out of the Power Purchase Agreement and Land Lease Agreement, filed by GMR Power Corporation Limited ('GPCL'), a subsidiary of the Company, and Tamil Nadu Generation and Distribution Corporation Limited ('TAGENDCO') (formerly known as Tamil Nadu Electricity Board, 'TNEB'), is sub-judice before the Hon'ble Supreme Court of India and has not attained finality. However, pending the resolution of matter, no adjustments have been made in the accompanying consolidated financial statements for the year ended March 31, 2014. Considering that substantial amount, though under protest, has been received, GPCL, based on an expert opinion, has offered the amount of claims received upto March 31, 2013 as income in its income tax returns and has claimed the deduction under Section 80IA of the Income Tax Act, 1961. Our opinion is not qualified in respect of this matter.

iii. We draw attention to Note 35(g)(x)(a) to the accompanying consolidated financial statements for the year ended March 31, 2014 regarding (i) cessation of operations and the losses incurred by GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiaries of the Company, and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) rescheduling of the commercial operations date and the repayment of certain project loans by GREL, pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet their short term and long term obligations. The accompanying consolidated financial statements of the Group for the year ended March 31, 2014 do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

Other Matters

(a) The financial statements and other financial information of 2 subsidiaries, with total assets of Rs. 14,022.30 crore as at March 31, 2014, total revenue (including other income) of Rs. 4,316.02 crore, total loss of Rs. 108.36 crore and net cash outflow amounting to Rs. 226.92 crore for the year then ended (after adjustments on consolidation) have been audited by us jointly with other auditors.

(b) We did not audit the financial statements and other financial information of (i) 110 subsidiaries (including 6 subsidiaries consolidated for the period January 1, 2013 to December 31, 2013 and 1 subsidiary consolidated for the period April 1, 2013 to February 17, 2014) with total assets of Rs. 41,929.34 crore as at March 31, 2014, total revenue (including other income) of Rs. 4,663.69 crore, total loss of Rs. 462.73 crore and net cash outflow amounting to Rs. 1,991.77 crore for the year then ended (after adjustments on consolidation); and (ii) 26 jointly controlled entities (including 14 jointly controlled entities consolidated for the period January 1, 2013 to December 31, 2013) whose financial statements include the Group's share of total assets of Rs. 778.21 crore as at March 31, 2014, total revenue (including other income) of Rs. 2,134.96 crore, total profit of Rs. 609.01 crore and net cash inflow amounting to Rs. 95.76 crore for the year then ended (after adjustments on consolidation). These financial statements and other financial information for these subsidiaries and jointly controlled entities have been audited by other auditors, whose reports have been furnished to us, and our opinion in so far as it relates to the affairs of such subsidiaries and jointly controlled entities is based solely on the report of such other auditors.

S.R. Batliboi & Associates LLP
Bengaluru

(c) We did not audit the financial statements and other financial information of (i) 2 subsidiaries (including 1 subsidiary consolidated for the period April 1, 2013 to December 31, 2013 and 1 subsidiary consolidated for the period April 1, 2013 to April 23, 2013) with total assets of Rs. Nil as at March 31, 2014, total revenue (including other income) of Rs. 10.21 crore, total profit of Rs. 10.21 crore and net cash outflow amounting to Rs. 8.34 crore for the year then ended (after adjustments on consolidation), (ii) 2 jointly controlled entities whose financial statements include the Group's share of total assets of Rs. 8.15 crore as at March 31, 2014, total revenue (including other income) of Rs. 2.39 crore, total loss of Rs. 0.74 crore and net cash inflow amounting to Rs. 3.27 crore for the year then ended (after adjustments on consolidation) and (iii) 1 associate consolidated for the period January 1, 2014 to March 31, 2014 with Group's share of total profit of Rs. Nil (after adjustments on consolidation). These financial statements and other financial information have been incorporated in the consolidated financial statements of the Group based on un-audited financial statements as provided by the management of the Company as audited financial statements of such component entities as at and for the year ended March 31, 2014 were not available and our opinion in so far as it relates to the affairs of such subsidiaries, jointly controlled entities and associate is based solely on the basis of management certified financial statements. Our opinion is not qualified in respect of this matter.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number: 101049W
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership Number: 35141

S.R. Batliboi & Associates LLP
Bengaluru

Place: Bengaluru
Date: May 29, 2014

GMR INFRASTRUCTURE LIMITED
Consolidated balance sheet as at March 31, 2014

	Notes	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Equity and Liabilities			
Shareholders' funds			
Share capital	3	1,525.91	389.24
Reserves and surplus	4	6,095.18	6,888.94
		7,621.09	7,278.18
Preference shares issued by subsidiaries	35 (e)	1,155.60	1,971.10
Minority interest		2,008.64	1,720.00
Non-current liabilities			
Long-term borrowings	5	33,599.28	31,633.16
Deferred tax liability (net)	39	73.27	55.39
Trade payables	6	20.97	68.57
Other long-term liabilities	6	2,398.71	2,858.23
Long-term provisions	7	78.45	148.84
		36,170.68	34,764.19
Current liabilities			
Short-term borrowings	8	5,588.17	4,856.62
Trade payables	9	1,759.31	1,481.59
Other current liabilities	9	10,547.84	11,492.21
Short-term provisions	7	290.52	253.10
		18,185.84	18,083.52
Total		**65,141.85**	**63,816.99**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	24,338.61	18,066.51
Intangible assets	11	9,300.65	9,268.71
Capital work-in-progress	32 (a)	14,908.85	17,785.28
Intangible assets under development	32 (b)	824.99	1,393.04
Non-current investments	12	104.22	104.16
Deferred tax asset (net)	39	44.57	58.11
Long-term loans and advances	13	2,441.08	3,477.82
Trade receivables	14	171.76	173.41
Other non-current assets	15	3,802.93	3,845.81
		55,937.66	54,172.85
Current assets			
Current investments	16	775.35	178.63
Inventories	17	358.92	270.43
Trade receivables	14	1,600.14	1,695.63
Cash and bank balances	18	3,321.19	5,134.84
Short-term loans and advances	13	493.15	879.79
Other current assets	15	2,655.44	1,484.82
		9,204.19	9,644.14
Total		**65,141.85**	**63,816.99**

Summary of significant accounting policies 2.1

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For S. R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership number: 35141

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: May 29, 2014

For and on behalf of the Board of Directors of
GMR Infrastructure Limited

G.M. Rao
Executive Chairman

Grandhi Kiran Kumar
Managing Director

Madhva Bhimacharya Terdal
Group CFO

C. P. Sounderarajan
Company Secretary

Place: Bengaluru
Date: May 29, 2014

GMR INFRASTRUCTURE LIMITED

GMR INFRASTRUCTURE LIMITED
Consolidated statement of profit and loss for the year ended March 31, 2014

	Notes	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Income			
Revenue from operations:			
Sales / income from operations	19	10,566.97	9,871.87
Other operating income	20	86.25	102.99
Other income	21	315.87	277.19
Total (A)		10,969.09	10,252.05
Expenses			
Revenue share paid / payable to concessionaire grantors		1,943.69	1,669.48
Consumption of fuel		1,754.47	1,031.85
Cost of materials consumed	22	60.65	201.90
Purchase of traded goods	23	1,045.06	1,472.14
(Increase) / decrease in stock in trade	24	(14.42)	19.41
Sub-contracting expenses		522.87	755.18
Employee benefits expenses	25	574.22	611.93
Other expenses	26	2,015.09	1,604.93
Utilisation fees	35 (c)	186.18	130.87
Depreciation and amortisation expenses	27	1,454.99	1,039.78
Finance costs	28	2,971.88	2,099.00
Total (B)		12,514.68	10,636.47
(Loss) / profit before exceptional items, tax expenses and minority interest (A-B)		**(1,545.59)**	**(384.42)**
Exceptional items - gains / (losses) (net)	29	1,820.25	777.27
Profit / (loss) before tax expenses and minority interest		**274.66**	**392.85**
Profit / (loss) from continuing operations before tax expenses and minority interest		(1,408.28)	(310.36)
Tax expenses of continuing operations			
Current tax		168.90	174.00
Tax adjustments for prior years		(1.99)	(5.82)
Less: MAT credit entitlement		(37.67)	(21.81)
Deferred tax expense / (credit)		32.09	95.25
Profit / (loss) from continuing operations after tax expenses and before minority interest		**(1,569.61)**	**(551.98)**
Minority interest - share of (profit) / loss from continuing operations		(117.66)	(86.40)
Profit / (loss) after minority interest from continuing operations (C)		**(1,687.27)**	**(638.38)**
Profit / (loss) from discontinuing operations before tax expenses and minority interest	30 (h)	1,682.94	703.21
Tax expenses of discontinuing operations			
Current tax		51.18	14.70
Tax adjustments for prior years		(1.05)	1.08
Less: MAT credit entitlement		(45.20)	-
Deferred tax expense / (credit)		(0.01)	0.04
Profit / (loss) from discontinuing operations after tax expenses and before minority interest		**1,678.02**	**687.39**
Minority interest - share of (profit) / loss from discontinuing operations		19.26	39.11
Profit / (loss) after minority interest from discontinuing operations (D)		**1,697.28**	**726.50**
Profit / (loss) after minority interest from continuing and discontinuing operations (C+D)		**10.01**	**88.12**
Earnings per equity share (Rs.) - Basic and diluted (per equity share of Re.1 each)	31	0.03	0.23
Earnings per equity share (Rs.) from continuing operations - Basic and diluted (per equity share of Re.1 each)	31	(4.33)	(1.64)
Earnings per equity share (Rs.) from discontinuing operations - Basic and diluted (per equity share of Re.1 each)	31	4.36	1.87
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership number: 35141

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: May 29, 2014

For and on behalf of the Board of Directors of GMR Infrastructure Limited

G.M. Rao
Executive Chairman

Grandhi Kiran Kumar
Managing Director

Madhva Bhimacharya Terdal
Group CFO

C. P. Sounderarajan
Company Secretary

Place: Bengaluru
Date: May 29, 2014

GMR INFRASTRUCTURE LIMITED

GMR INFRASTRUCTURE LIMITED
Consolidated cash flow statement for the year ended March 31, 2014

	March 31, 2014 (Rs. in crore)	March 31, 2013 (Rs. in crore)
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
(Loss) / profit from continuing operations before tax expenses and minority interest	(1,408.28)	(310.36)
Profit / (loss) from discontinuing operations before tax expenses and minority interest	1,682.94	703.21
Profit / (loss) before tax expenses and minority interest	**274.66**	**392.85**
Non-cash adjustment to reconcile profit / (loss) before tax to net cash flows		
Depreciation / amortisation of continuing operations	1,360.70	912.06
Depreciation / amortisation of discontinuing operations	94.29	127.72
Adjustments to the carrying amount of current investments	5.29	2.91
Inventory written off	-	8.09
Provisions no longer required, written back	(14.67)	(23.58)
Amortisation of ancillary borrowing costs	61.52	73.18
Impairment / other write off of tangible / intangible assets pertaining to continuing operations	47.02	6.92
Impairment / other write off of tangible / intangible assets pertaining to discontinuing operations	0.04	485.63
Loss/ (profit) on sale of fixed assets	(114.37)	(3.82)
Provision / write off of doubtful advances and trade receivables	34.81	125.22
Effect of changes in exchange rates	90.00	186.52
Mark to market losses on derivative instruments	0.18	-
Net gain on sale of investments	(1,772.63)	(1,315.54)
Finance costs	2,910.18	2,025.82
Interest income	(229.63)	(200.20)
Dividend income on current investments	(0.06)	(0.04)
Operating profit before working capital changes	**2,747.33**	**2,803.74**
Movements in working capital :		
Increase / (decrease) in trade payables and other liabilities	290.27	524.57
(Increase) / decrease in trade receivables	26.02	(156.91)
(Increase) / decrease in inventories	(62.51)	(42.64)
Decrease/ (increase) in other assets	(90.70)	77.40
Decrease/ (increase) in loans and advances	(84.07)	206.87
Increase / (decrease) in provisions	(13.88)	26.97
Cash generated from operations	**2,812.46**	**3,440.00**
Direct taxes paid (net of refunds)	(222.40)	(262.50)
Net cash flow from operating activities (A)	**2,590.06**	**3,177.50**
CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets and cost incurred towards assets under construction / development	(5,602.70)	(10,281.02)
Proceeds from sale of fixed assets	336.37	17.02
Advance proceeds from sale of stake in jointly controlled entities	66.15	-
Proceeds from sale of long term investments	-	46.72
Sale / (purchase) of current investments (net)	(433.21)	473.47
Proceeds from dilution of stake in subsidiary companies	416.62	1,677.23
Loans given to / (repaid by) others	146.83	(101.33)
Proceeds from dilution of subsidiary companies used towards settlement of borrowings	-	1,284.30
Purchase consideration paid on acquisition / additional stake in subsidiary companies / jointly controlled entities	(128.51)	(53.09)
(Investments) / redemption of bank deposits (net) (having original maturity of more than three months)	(414.11)	(1,589.88)
Interest received	190.83	193.26
Dividend received	0.06	0.04
Net cash flow used in investing activities (B)	**(5,421.67)**	**(8,333.28)**
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Proceeds from issue of preference shares (including securities premium)	1,169.17	-
Redemption of preference shares (including redemption out of securities premium)	(1,181.99)	(9.03)
Redemption premium on debentures, preference shares and security issue expenses	(336.34)	(346.60)
Issue of common stock in consolidated entities (including share application money)	199.83	78.16
Proceeds from borrowings	10,785.05	16,142.24
Repayment of borrowings	(6,836.60)	(8,130.20)
Finance costs paid	(3,109.72)	(1,817.10)
Dividend paid (including dividend distribution taxes)	(55.84)	(7.19)
Net cash flow from financing activities (C)	**633.56**	**5,910.28**
Net increase in cash and cash equivalents (A + B + C)	(2,198.05)	754.50
Cash and cash equivalents as at April 1,	3,783.11	3,185.50
Cash and cash equivalents on acquisitions during the year	22.83	0.02
Cash and cash equivalents on account of sale of subsidiaries / jointly controlled entities during the year	(122.51)	(201.51)
Effect of exchange differences on cash and cash equivalents held in foreign currency	8.93	44.60
Cash and cash equivalents as at March 31,	**1,494.31**	**3,783.11**

S.R. Batliboi & Associates LLP Bengaluru

GMR INFRASTRUCTURE LIMITED

GMR INFRASTRUCTURE LIMITED
Consolidated cash flow statement for the year ended March 31, 2014

	March 31, 2014 (Rs. in crore)	March 31, 2013 (Rs. in crore)
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	11.11	10.85
Cheques / drafts on hand	14.13	10.08
With banks:		
- on current account	822.12	3,399.83
- on deposit account (having original maturity of less than or equal to three months)	646.95	362.35
Total cash and cash equivalents	**1,494.31**	**3,783.11**

Note:
1. The above consolidated cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on 'Cash Flow Statements' as referred to in section 211(3C) of the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs.
2. The above consolidated cash flow statement has been compiled from and is based on the consolidated balance sheet as at March 31, 2014 and the related consolidated statement of profit and loss for the year ended on that date.
3. Refer note 5 and note 8 as regards restriction on balances with banks arising in connection with the borrowings made by the Group.
4. Previous year figures have been regrouped and reclassified to conform to those of the current year.

As per our report of even date

For S. R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership number: 35141

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: May 29, 2014

For and on behalf of the Board of Directors of
GMR Infrastructure Limited

G.M. Rao
Executive Chairman

Grandhi Kiran Kumar
Managing Director

Madhva Bhimacharya Terdal
Group CFO

C. P. Sounderarajan
Company Secretary

Place: Bengaluru
Date: May 29, 2014

GMR INFRASTRUCTURE LIMITED

GMR INFRASTRUCTURE LIMITED
Notes to the consolidated financial statements for the year ended March 31, 2014

1. CORPORATE INFORMATION

GMR Infrastructure Limited ('GIL' or 'the Company') and its subsidiaries, associates and jointly controlled entities (hereinafter collectively referred to as 'the Group') are mainly engaged in generation of power, mining and exploration activities, development of highways, infrastructure development such as development and maintenance of airports and special economic zones, construction business including Engineering, Procurement and Construction ('EPC') contracting activities and operation of special economic zones.

Power sector

Certain entities of the Group are involved in the generation of power. These are separate Special Purpose Vehicles ('SPV') which have entered into Power Purchase Agreements ('PPA') with the electricity distribution companies of the respective state governments / other government authorities (either on the basis of Memorandum of Understanding or through a bid process) or short term power supply agreements to generate and sell power directly to consumers as a merchant plant. Certain entities of the Group are involved in the mining and exploration activities and the Group is also involved in energy trading activities through one of its subsidiaries.

Airport sector

Certain entities of the Group are engaged in development and operation of airport infrastructure such as greenfield international airport at Hyderabad and modernisation and operation of international airports at Delhi, Male and Istanbul (refer note 30(a) and note 30(b) with regard to discontinuance of operations) on build, own, operate and transfer basis.

Development of Highways

Certain entities of the Group are engaged in development of highways on build, operate and transfer model on annuity or toll basis. These are SPVs which have entered into concessionaire agreements with National Highways Authority of India ('NHAI') or the respective state governments for carrying out these projects.

Construction business

Certain entities of the Group are in the business of construction including as an EPC contractor. These entities are engaged in handling of EPC solution in the infrastructure sector.

Others

Entities of the Group which cover all residual activities of the Group that include special economic zones, operations of hotels, investment activities and management / technical consultancy.

2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include accounts of the subsidiaries (accounted as per Accounting Standard ('AS') 21), associates (accounted as per AS 23) and jointly controlled entities (accounted as per AS 27). Subsidiary undertakings are those entities in which the Company, directly or indirectly, has an interest of more than one half of voting power or otherwise controls the composition of the Board / Governing Body so as to obtain economic benefits from its activities. Subsidiaries are consolidated from the date on which effective control is transferred to the Group till the date such control ceases. The consolidated financial statements have been prepared in all material respects with the accounting standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs ('MCA'). The consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group as in the previous year.

The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the balance sheets, the statements of profit and loss and the cash flow statements of the Company and its subsidiaries. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between the entities in the Group are eliminated unless cost cannot be recovered.

GMR INFRASTRUCTURE LIMITED

S.R. Batliboi & Associates LLP Bengaluru

The excess of the cost to the Company of its investments in subsidiaries, over its proportionate share in equity of the investee Company as at the date of acquisition is recognised in the consolidated financial statements as goodwill and disclosed under intangible assets. In case the cost of investment in subsidiaries is less than the proportionate share in equity of the investee Company as on the date of investment, the difference is treated as capital reserve and shown under reserves and surplus.

The gains arising from the dilution of interest on issue of additional shares to third parties, without loss of control is recorded as capital reserve. Gains or losses arising on the direct sale by the Company of its investment in its subsidiaries are transferred to the statement of profit and loss. Such gains or losses are the difference between the sale proceeds and the net carrying values of the investments.

The consolidated financial statements have been prepared using uniform policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

Investments in the associates have been accounted in the consolidated financial statements as per AS 23 on "Accounting for Investments in Associates". Investments in associates, which have been made for temporary purposes, have not been considered for consolidation.

Investments in the jointly controlled entities have been accounted using proportionate consolidation method whereby the Group includes its share of the assets, liabilities, income and expenses of the jointly controlled entities in its consolidated financial statements as per AS 27 on "Financial Reporting of Interests in Joint Ventures."

The entities consolidated in the consolidated financial statements are listed below:

Sl. No.	Name of the entity	Country of incorporation	Relationship as at March 31, 2014	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at	
				March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
1	GMR Energy Limited (GEL)	India	Subsidiary[1]	92.60%	97.91%	92.60%	97.91%
2	GMR Power Corporation Limited (GPCL)	India	Subsidiary[2]	47.23%	49.93%	51.00%	51.00%
3	GMR Vemagiri Power Generation Limited (GVPGL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
4	GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
5	GMR Mining & Energy Private Limited (GMEL)	India	Subsidiary[2]	92.23%	97.52%	99.60%	99.60%
6	GMR Kamalanga Energy Limited (GKEL)	India	Subsidiary[2,17]	77.82%	79.13%	84.04%	80.82%
7	Himtal Hydro Power Company Private Limited (HHPPL)	Nepal	Subsidiary[2]	75.93%	80.29%	82.00%	82.00%
8	GMR Energy (Mauritius) Limited (GEML)	Mauritius	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
9	GMR Lion Energy Limited (GLEL)	Mauritius	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
10	GMR Upper Karnali Hydropower Limited (GUKPL)	Nepal	Subsidiary[2]	67.87%	71.55%	73.00%	73.00%
11	GMR Energy Trading Limited (GETL)	India	Subsidiary[2,5]	98.59%	99.60%	100.00%	99.99%
12	GMR Consulting Services Private Limited (GCSPL)	India	Subsidiary[2]	91.67%	96.93%	99.00%	99.00%
13	GMR Coastal Energy Private	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%

Sl. No.	Name of the entity	Country of incorporation	Relationship as at March 31, 2014	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at	
				March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Limited (GCEPL)						
14	GMR Bajoli Holi Hydropower Private Limited (GBHHPL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
15	GMR Londa Hydropower Private Limited (GLHPPL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
16	GMR Kakinada Energy Private Limited (GKEPL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
17	Rampia Coal Mine and Energy Private Limited (RCMEPL)	India	Jointly controlled entity [2]	16.10%	17.03%	17.39%	17.39%
18	GMR Chhattisgarh Energy Limited (GCHEPL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
19	GMR Energy (Cyprus) Limited (GECL)	Cyprus	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
20	GMR Energy (Netherlands) B.V. (GENBV)	Netherlands	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
21	PT Dwikarya Sejati Utma (PTDSU)	Indonesia	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
22	PT Duta Sarana Internusa (PTDSI)	Indonesia	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
23	PT Barasentosa Lestari (PTBSL)	Indonesia	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
24	GMR Rajahmundry Energy Limited (GREL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
25	SJK Powergen Limited (SJK)	India	Subsidiary[2]	64.82%	68.54%	70.00%	70.00%
26	PT Unsoco (PT)	Indonesia	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
27	EMCO Energy Limited (EMCO)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
28	Homeland Energy Group Limited (HEGL)	Canada	Subsidiary[2, 15]	51.60%	54.67%	55.72%	55.84%
29	Homeland Energy Corporation (HEC)	Mauritius	Subsidiary[2,16]	51.60%	54.67%	100.00%	100.00%
30	Homeland Mining & Energy SA (Pty) Limited (HMES)	South Africa	Subsidiary[2,16]	51.60%	54.67%	100.00%	100.00%
31	Homeland Coal Mining (Pty) Limited (HCM)	South Africa	Subsidiary[2,16]	51.60%	54.67%	100.00%	100.00%
32	Nhalalala Mining (Pty) Limited (NML)	South Africa	Jointly controlled entity [2,16]	25.80%	27.34%	50.00%	50.00%
33	Tshedza Mining Resource (Pty) Limited (TMR)	South Africa	Jointly controlled entity [3]	-	27.34%	-	50.00%
34	Corpclo 331 (Pty) Limited (CPL)	South Africa	Subsidiary[2,16]	51.60%	54.67%	100.00%	100.00%
35	Ferret Coal (Kendal) (Pty) Limited (FCK)	South Africa	Subsidiary[2,16]	38.18%	40.46%	74.00%	74.00%
36	GMR Maharashtra Energy Limited (GMAEL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
37	GMR Bundelkhand Energy Private Limited (GBEPL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
38	GMR Uttar Pradesh Energy	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%

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Notes to the consolidated financial statements for the year ended March 31, 2014

Sl. No.	Name of the entity	Country of incorporation	Relationship as at March 31, 2014	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at	
				March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Private Limited (GUPEPL)						
39	GMR Hosur Energy Limited (GHOEL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
40	GMR Gujarat Solar Power Private Limited (GGSPPL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
41	Karnali Transmission Company Private Limited (KTCPL)	Nepal	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
42	Marsyangdi Transmission Company Private Limited (MTCPL)	Nepal	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
43	GMR Indo-Nepal Energy Links Limited (GINELL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
44	GMR Indo-Nepal Power Corridors Limited (GINPCL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
45	GMR Renewable Energy Limited (GREEL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
46	Aravali Transmission Service Company Limited (ATSCL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
47	Maru Transmission Service Company Limited (MTSCL)	India	Subsidiary[2]	92.60%	97.91%	100.00%	100.00%
48	GMR Energy Projects (Mauritius) Limited (GEPML)	Mauritius	Subsidiary	100.00%	100.00%	100.00%	100.00%
49	GMR Infrastructure (Singapore) Pte Limited (GISPL)	Singapore	Subsidiary	100.00%	100.00%	100.00%	100.00%
50	GMR Coal Resources Pte Limited (GCRPL)	Singapore	Subsidiary[2]	92.97%	98.01%	100.00%	100.00%
51	PT Golden Energy Mines Tbk (PTGEMS)	Indonesia	Jointly controlled entity[2]	27.89%	29.40%	30.00%	30.00%
52	PT Roundhill Capital Indonesia (RCI)	Indonesia	Jointly controlled entity[2]	27.62%	29.11%	29.70%	29.70%
53	PT Borneo Indobara (BIB)	Indonesia	Jointly controlled entity[2]	27.36%	28.84%	29.43%	29.43%
54	PT Kuansing Inti Makmur (KIM)	Indonesia	Jointly controlled entity[2]	27.89%	29.40%	30.00%	30.00%
55	PT Karya Cemerlang Persada (KCP)	Indonesia	Jointly controlled entity[2]	27.89%	29.40%	30.00%	30.00%
56	PT Bungo Bara Utama (BBU)	Indonesia	Jointly controlled entity[2]	27.89%	29.40%	30.00%	30.00%
57	PT Bara Harmonis Batang Asam (BHBA)	Indonesia	Jointly controlled entity[2]	27.89%	29.40%	30.00%	30.00%
58	PT Berkat Nusantara Permai (BNP)	Indonesia	Jointly controlled entity[2]	27.89%	29.40%	30.00%	30.00%
59	PT Tanjung Belit Bara Utama (TBBU)	Indonesia	Jointly controlled entity[2]	27.89%	29.40%	30.00%	30.00%
60	PT Trisula Kencana Sakti (TKS)	Indonesia	Jointly controlled entity[2]	19.52%	20.58%	21.00%	21.00%
61	GEMS Trading Resources Pte Limited (GEMSCR)	Singapore	Jointly controlled entity[2]	27.89%	29.40%	30.00%	30.00%

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Sl. No.	Name of the entity	Country of incorporation	Relationship as at March 31, 2014	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at	
				March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Formerly known as GEMS Coal Resources Pte Limited)						
62	PT Bumi Anugerah Semesta (BAS)	Indonesia	Jointly controlled entity[10]	27.89%	-	30.00%	-
63	GMR Power Infra Limited (GPIL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
64	GMR Highways Limited (GMRHL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
65	GMR Tambaram Tindivanam Expressways Limited (formerly known as GMR Tambaram Tindivanam Expressways Private Limited) (GTTEPL)	India	Subsidiary[2]	85.75%	86.48%	100.00%	100.00%
66	GMR Tuni Anakapalli Expressways Limited (formerly known as GMR Tuni Anakapalli Expressways Private Limited) (GTAEPL)	India	Subsidiary[2]	85.75%	86.48%	100.00%	100.00%
67	GMR Ambala Chandigarh Expressways Private Limited (GACEPL)	India	Subsidiary[2]	98.08%	99.46%	100.00%	100.00%
68	GMR Jadcherla Expressways Limited (GJEPL)	India	Associate[4]	25.98%	99.99%	26.00%	100.00%
69	GMR Pochanpalli Expressways Limited (GPEPL)	India	Subsidiary	99.96%	99.99%	100.00%	100.00%
70	GMR Ulundurpet Expressways Private Limited (GUEPL)	India	Associate[4]	25.97%	99.99%	26.00%	100.00%
71	GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL)	India	Subsidiary	90.00%	90.00%	90.00%	90.00%
72	GMR Chennai Outer Ring Road Private Limited (GCORRPL)	India	Subsidiary[2]	89.26%	89.79%	90.00%	90.00%
73	GMR OSE Hungund Hospet Highways Private Limited (GOSEHHHPL)	India	Subsidiary	51.00%	51.00%	51.00%	51.00%
74	GMR Kishangarh Udaipur Ahmedabad Expressways Limited (GKUAEL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
75	GMR Highways Projects Private Limited (GHPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
76	GMR Hyderabad International Airport Limited (GHIAL)	India	Subsidiary	61.20%	61.20%	63.00%	63.00%
77	Gateways for India Airports	India	Subsidiary	86.49%	86.49%	86.49%	86.49%

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				March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Private Limited (GFIAL)						
78	Hyderabad Menzies Air Cargo Private Limited (HMACPL)	India	Subsidiary	31.21%	31.21%	51.00%	51.00%
79	Hyderabad Airport Security Services Limited (HASSL)	India	Subsidiary	61.20%	61.20%	100.00%	100.00%
80	GMR Hyderabad Airport Resource Management Limited (GHARML)	India	Subsidiary	61.20%	61.20%	100.00%	100.00%
81	GMR Hyderabad Aerotropolis Limited (HAPL)	India	Subsidiary	61.20%	61.20%	100.00%	100.00%
82	GMR Hyderabad Aviation SEZ Limited (GHASL)	India	Subsidiary	61.20%	61.20%	100.00%	100.00%
83	GMR Hyderabad Multiproduct SEZ Limited (GHMSL)	India	Subsidiary	61.20%	61.20%	100.00%	100.00%
84	MAS GMR Aerospace Engineering Company Private Limited (MGAECL)	India	Jointly controlled entity	30.60%	30.60%	50.00%	50.00%
85	MAS GMR Aero Technic Limited (MGATL)	India	Jointly controlled entity	30.60%	30.60%	50.00%	50.00%
86	TVS GMR Aviation Logistics Limited (TVS GMR)	India	Jointly controlled entity [14]	-	29.99%	-	49.00%
87	Hyderabad Duty Free Retail Limited (HDFRL)	India	Subsidiary	61.20%	61.20%	100.00%	100.00%
88	GMR Airport Developers Limited (GADL)	India	Subsidiary[5]	97.15%	96.20%	100.00%	99.02%
89	GMR Airport Handling Services Company Limited (GAHSCL)	India	Subsidiary	61.20%	61.20%	100.00%	100.00%
90	Asia Pacific Flight Training Academy Limited (APFT)	India	Jointly controlled entity	24.51%	24.51%	40.04%	40.04%
91	GADL International Limited (GADLIL)	Isle of Man	Subsidiary[6]	97.15%	96.20%	100.00%	100.00%
92	GADL (Mauritius) Limited (GADLML)	Mauritius	Subsidiary[6]	97.15%	96.20%	100.00%	100.00%
93	GMR Hotels and Resorts Limited (GHRL)	India	Subsidiary	61.20%	61.20%	100.00%	100.00%
94	Laqshya Hyderabad Airport Media Private Limited (Laqshya)	India	Jointly controlled entity	29.99%	29.99%	49.00%	49.00%
95	GMR Hyderabad Airport Power Distribution Limited (GHAPDL)	India	Subsidiary	61.20%	61.20%	100.00%	100.00%
96	Delhi International Airport Private Limited (DIAL)	India	Subsidiary[7]	52.46%	52.82%	54.00%	54.00%
97	Delhi Aviation Services Private Limited (DASPL)	India	Jointly controlled entity[8]	26.23%	26.41%	50.00%	50.00%

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Sl. No.	Name of the entity	Country of incorporation	Relationship as at March 31, 2014	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at	
				March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
98	Delhi Aerotropolis Private Limited (DAPL)	India	Subsidiary[8]	52.46%	52.82%	100.00%	100.00%
99	East Delhi Waste Processing Company Private Limited (EDWPCPL)	India	Associate[8,9]	25.70%	26.94%	48.99%	51.00%
100	Travel Food Services (Delhi Terminal 3) Private Limited (TFS)	India	Jointly controlled entity[8]	20.98%	21.13%	40.00%	40.00%
101	Devyani Food Street Private Limited (DFSPL)	India	Jointly controlled entity[8]	20.98%	21.13%	40.00%	40.00%
102	Delhi Select Services Hospitality Private Limited (DSSHPL)	India	Jointly controlled entity[8]	20.98%	21.13%	40.00%	40.00%
103	Delhi Duty Free Services Private Limited (DDFS)	India	Subsidiary[8, 12]	42.72%	26.36%	66.93%	49.90%
104	Delhi Aviation Fuel Facility Private Limited (DAFF)	India	Jointly controlled entity[8]	13.64%	13.73%	26.00%	26.00%
105	Celebi Delhi Cargo Terminal Management India Private Limited (CDCTM)	India	Jointly controlled entity[8]	13.64%	13.73%	26.00%	26.00%
106	Delhi Cargo Service Center Private Limited (DCSCPL)	India	Jointly controlled entity[8]	13.64%	13.73%	26.00%	26.00%
107	Wipro Airport IT Services Limited (WAISL)	India	Jointly controlled entity[8]	13.64%	13.73%	26.00%	26.00%
108	Delhi Airport Parking Services Private Limited (DAPSL)	India	Jointly controlled entity[8]	26.18%	26.36%	49.90%	49.90%
109	TIM Delhi Airport Advertising Private Limited (TIM)	India	Jointly controlled entity[8]	26.18%	26.36%	49.90%	49.90%
110	Istanbul Sabiha Gokcen Uluslarasi Havalimani Yatirim Yapum Velsletme Sirketi (ISG)	Turkey	Jointly controlled entity[3]	-	40.00%	-	40.00%
111	Istanbul Sabiha Gokcen Uluslararasi Hvalimani YerHizmetleri Anonim Sirketi (SGH)	Turkey	Jointly controlled entity[18]	-	29.00%	-	29.00%
112	GMR Airports Limited (GAL)	India	Subsidiary	97.15%	97.15%	97.15%	97.15%
113	GMR Male International Airport Private Limited (GMIAL)	Maldives	Subsidiary	76.99%	76.99%	77.00%	77.00%
114	GMR Male Retail Private Limited (GMRPL)	Maldives	Subsidiary[6]	96.66%	95.72%	99.50%	99.50%
115	GMR Airports (Malta) Limited (GMRAML)	Malta	Subsidiary[5]	97.15%	96.11%	100.00%	99.91%
116	GMR Airport Global Limited (GAGL)	Isle of Man	Subsidiary[6]	97.15%	96.20%	100.00%	100.00%
117	GMR Airports (Mauritius)	Mauritius	Subsidiary[11]	97.15%	-	100.00%	-

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				March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Limited (GALM)						
118	GMR Aviation Private Limited (GAPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
119	GMR Krishnagiri SEZ Limited (GKSEZ)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
120	Advika Properties Private Limited (APPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
121	Aklima Properties Private Limited (AKPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
122	Amartya Properties Private Limited (AMPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
123	Baruni Properties Private Limited (BPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
124	Bougainvillea Properties Private Limited (BOPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
125	Camelia Properties Private Limited (CPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
126	Deepesh Properties Private Limited (DPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
127	Eila Properties Private Limited (EPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
128	Gerbera Properties Private Limited (GPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
129	Lakshmi Priya Properties Private Limited (LPPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
130	Honeysuckle Properties Private Limited (HPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
131	Idika Properties Private Limited (IPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
132	Krishnapriya Properties Private Limited (KPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
133	Larkspur Properties Private Limited (LAPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
134	Nadira Properties Private Limited (NPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
135	Padmapriya Properties Private Limited(PAPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
136	Prakalpa Properties Private Limited (PPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
137	Purnachandra Properties Private Limited (PUPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
138	Shreyadita Properties Private Limited (SPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
139	Pranesh Properties Private Limited (PRPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
140	Sreepa Properties Private Limited (SRPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
141	Radhapriya Properties Private Limited (RPPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
142	Asteria Real Estates Private	India	Subsidiary	100.00%	100.00%	100.00%	100.00%

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				March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Limited (AREPL)						
143	GMR Hosur Industrial City Private Limited (GHICL) (Formerly known as Lantana Properties Private Limited (LPPL))	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
144	Namitha Real Estates Private Limited (NREPL)	India	Subsidiary[13]	100.00%	-	100.00%	-
145	Honey Flower Estates Private Limited (HFEPL)	India	Subsidiary[13]	100.00%	-	100.00%	-
146	GMR Hosur EMC Private Limited (GHEMCPL)	India	Subsidiary[11]	100.00%	-	100.00%	-
147	GMR SEZ and Port Holdings Private Limited (GSPHPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
148	GMR Corporate Affairs Private Limited (GCAPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
149	Dhruvi Securities Private Limited (DSPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
150	Kakinada SEZ Private Limited (KSPL)	India	Subsidiary	51.00%	51.00%	51.00%	51.00%
151	GMR Business Process and Services Private Limited (GBPSPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%
152	GMR Infrastructure (Mauritius) Limited (GIML)	Mauritius	Subsidiary	100.00%	100.00%	100.00%	100.00%
153	GMR Infrastructure (Cyprus) Limited (GICL)	Cyprus	Subsidiary	100.00%	100.00%	100.00%	100.00%
154	GMR Infrastructure Overseas (Malta) Limited (GIOSL) (formerly Known as GMR Infrastructure Overseas Sociedad Limitada)	Malta	Subsidiary	100.00%	100.00%	100.00%	100.00%
155	GMR Infrastructure (UK) Limited (GIUL)	United Kingdom	Subsidiary	100.00%	100.00%	100.00%	100.00%
156	Limak GMR Construction JV (CJV)	Turkey	Jointly controlled entity	50.00%	50.00%	50.00%	50.00%
157	GMR Infrastructure (Global) Limited (GIGL)	Isle of Man	Subsidiary	100.00%	100.00%	100.00%	100.00%
158	GMR Energy (Global) Limited (GEGL)	Isle of Man	Subsidiary	100.00%	100.00%	100.00%	100.00%
159	LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi (LGM)	Turkey	Jointly controlled entity[3]	-	40.00%	-	40.00%
160	GMR Infrastructure Overseas Limited (GIOL)	Mauritius	Subsidiary	100.00%	100.00%	100.00%	100.00%

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The reporting dates of the subsidiaries and jointly controlled entities coincide with that of the parent Company except in case of HEGL and its subsidiaries and jointly controlled entities (refer Sl. No 28 to 35 above) and PTGEMS and its subsidiaries and jointly controlled entities (refer Sl. No 51 to 62 above), whose financial statements for the year ended on and as at December 31, 2013 were considered for the purpose of consolidated financial statements of the Group.

The financial statements of other subsidiaries / jointly controlled entities have been drawn up to the same reporting date as of the Company, i.e. March 31, 2014.

Notes:
1. Decrease in effective ownership consequent to issue of equity shares to minority shareholders during the year ended March 31, 2014. Refer note 35(e)(i).
2. Decrease in effective ownership consequent to note 1 above.
3. Jointly controlled entities sold during the year. Refer note 30 (a) and 30 (c).
4. Consequent to dilution of stake in the entities, it has ceased to be a subsidiary and has become an associate during the year. Refer note 30 (d) and 30 (e).
5. Acquired additional equity stake from the minority shareholder.
6. Increase in effective ownership consequent to note 5 above.
7. Decrease in effective ownership consequent to change in holding structure of the subsidiary during the year.
8. Decrease in effective ownership consequent to note 7 above.
9. Further infusion of equity share capital by the minority shareholder during the year, consequent to which EDWPCPL has ceased to be a subsidiary and has become an associate.
10. Subsidiary of PTGEMS incorporated during the year.
11. Subsidiary incorporated during the year.
12. Consequent to acquisition of additional equity stake from the minority shareholder, DDFS has ceased to be a jointly controlled entity and became a subsidiary during the year.
13. Subsidiary acquired during the year.
14. Joint venture agreement annulled during the year.
15. Dilution of stake in HEGL during the year.
16. Decrease in effective ownership consequent to note 15 above.
17. Increase in percentage of voting right consequent to additional investment in GKEL.
18. Ceased to be jointly controlled entity pursuant to note 3 above.

2.1. Significant accounting policies

a) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in India ('Indian GAAP') requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Power sector business:

In case of power generating and trading companies, revenue from energy units sold as per the terms of the PPA and Letter Of Intent ('LOI') (collectively hereinafter referred to as 'the PPAs') is recognised on an accrual basis and includes unbilled revenue accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to customers based on the units of energy delivered and the rate agreed with the customers.

Revenue from sale of coal is recognised when the risks and rewards of ownership passes to the purchaser including delivery of the product, the selling price is fixed or determinable, and collectability is reasonably assured. Revenue earned in the pre-

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production stage and related operating costs have been recorded against the carrying value of mining and exploration and development properties.

Claims for delayed payment charges and any other claims, which the Group is entitled to under the PPAs, are accounted for in the year of acceptance.

<u>Development of highways:</u>

In case of companies involved in construction and maintenance of roads, toll revenue from operations is recognised on an accrual basis which coincides with the collection of toll. In annuity based projects, revenue recognition is based on annuity accrued on time basis in accordance with the provisions of the concessionaire agreement entered into with NHAI or with respective State Governments. Claims raised on NHAI under concessionaire agreement are accounted for in the year of acceptance.

<u>Revenue share paid / payable to concessionaire grantors:</u>

Revenue share paid / payable to concessionaire / grantors as a percentage of revenues, pursuant to the terms and conditions of the relevant agreement for development, construction, operation and maintenance of the respective carriageways has been disclosed as revenue share paid / payable to concessionaire grantors in the statement of profit and loss.

<u>Airport sector business:</u>

In case of airport infrastructure companies, aeronautical and non-aeronautical revenue is recognised on an accrual basis and is net of service tax, applicable discounts and collection charges, when services are rendered and it is possible that an economic benefit will be received which can be quantified reliably. Revenue from aeronautical operations include user development fees, landing and parking charges of aircraft, operation and maintenance of passenger boarding and other allied services. Revenue from non-aeronautical operations include granting rights to use land and space primarily for catering to the needs of passengers, air traffic services and air transport services.

In case of cargo handling revenue, revenue from outbound cargo is recognised at the time of acceptance of cargo with respect to non-airline customers and at the time of departure of aircraft with respect to airline customers and revenue from inbound cargo is recognised at the time of arrival of aircraft in case of airline customers and at the point of delivery of cargo in case of non-airline customers. Interest on delayed receipts from customers is recognised on acceptance.

Revenue from commercial property development rights granted to concessionaires is recognised on accrual basis, as per the terms of the agreement entered into with the customers.

Revenue from sale of goods at the duty free outlets operated by the Group is recognised at the time of delivery of goods to customers which coincides with transfer of risks and rewards to its customers. Sales are stated net of returns and discounts.

Revenue from hotel operations comprises of income by way of hotel room rent, sale of food, beverages and allied services relating to the hotel and is recognised net of taxes and discounts as and when the services are provided.

Revenue from sale of fuel is recognised when fuel is transferred to the customers and is measured based on the consideration received or receivable, net of returns and trade discounts.

Revenue from developing, operating, maintaining and managing the sites at the airport for display of advertisements is recognised over the period of display of advertisements, net of taxes and rebates.

Revenue from flight training operations related to aircraft flying hour's fee is recognized on accrual basis based on actual flying hours of flying training imparted during the period and revenue from fees for other training courses is recognized on accrual basis across the training period on straight line basis.

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Revenue share paid / payable to concessionaire grantors:

Revenue share paid / payable to concessionaire / grantors as a percentage of revenues, pursuant to the terms and conditions of the relevant agreement for development, construction, operation and maintenance of the respective airports has been disclosed as revenue share paid/ payable to concessionaire grantors' in the statement of profit and loss.

Construction business:

Construction revenue and costs are recognised by reference to the stage of completion of the construction activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the outcome of the construction cannot be estimated reliably, revenue is recognised to the extent of the construction costs incurred if it is probable that they will be recoverable. In the case of contracts with defined milestones and assigned price for each milestone, revenue is recognised on transfer of significant risks and rewards which coincides with achievement of milestone and its acceptance by its customer. Provision is made for all losses incurred till the balance sheet date. Any further losses that are foreseen in bringing contracts to completion are also recognised.

Others:

i. Dividend income is recognised when the right to receive dividend is established by the reporting date.

ii. Income from management / technical services is recognised as per the terms of the agreement on the basis of services rendered.

iii. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'other operating income' for companies engaged in investing activities and under the head 'other income' for other companies in the statement of profit and loss.

iv. Benefits arising out of duty free scrips utilised for the acquisition of fixed assets or inventory are recognised as income once it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

v. On disposal of current investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss. Such income is included under the head 'other operating income' for companies engaged in investing activities and under the head 'other income' for other companies in the statement of profit and loss.

vi. Revenue from certified emission reductions is recognised as per the terms and conditions agreed with the customers on sale of the certified emission reduction units, when the risks and rewards are passed on to the customer.

vii. Insurance claim is recognised on acceptance of the claims by the insurance company.

viii. Revenue from charter services is recognised based on services provided as per the terms of the contracts with the customers.

Revenue earned in excess of billings has been included under 'other assets' as unbilled revenue and billings in excess of revenue has been disclosed under 'other liabilities' as unearned revenue.

Expenditure including pre-operative and other incidental expenses incurred by the Group on projects that are in the process of commissioning, being recoverable from the respective SPVs / subsidiaries incorporated for carrying out these projects, are not charged to the statement of profit and loss and are treated as advances to the respective entities.

c) **Operation and maintenance contracts**

Certain entities engaged in power generation have entered into a Long Term Service Agreements ('LTSAs'), Technical Service Agreement ('TSA') for maintenance of the power plants, Operations and Maintenance Agreement ('OMA') for regular and major maintenance and Long Term Assured Parts Supply Agreement ('LTAPSA'), Repair Work Supply Agreement ('PRWST') for supply of parts for planned and unplanned maintenance over the term of the agreements. Amounts payable under the LTSAs / TSA are charged to the statement of profit and loss based on actual factored fired hours of the gas turbines during the year on the basis of average factored hour cost including customs duty applicable at the current prevailing

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rate. Periodical minimum payments are accounted for as and when due. Amounts payable under PRWST are charged to the statement of profit and loss on an accrual basis.

OMAs have been entered by certain subsidiaries in the road sector for operations, regular and major maintenance of the highways. Amounts payable under such agreements are charged to the statement of profit and loss on an accrual basis.

d) **Fixed assets**

Fixed assets are stated at cost, net of accumulated depreciation / amortization and accumulated impairment losses, if any. The cost comprises of purchase price and freight, duties, levies and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Group adjusts exchange differences arising on translation / settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with the MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the fixed asset and are recognised in the statement of profit and loss when the asset is de-recognised.

Tangible assets under installation or under construction as at balance sheet are shown as capital work-in-progress, intangible assets under development as at balance sheet date are shown as intangible assets under development and the related advances are shown as loans and advances.

In case of airport infrastructure companies, amounts in the nature of upfront fee and other costs incurred pursuant to the terms of the respective concession agreements are recognised as intangible assets.

Carriageways represents commercial rights to collect toll fee in relation to roads projects and to receive annuity in the case of annuity based projects which has been accounted at the cost incurred on the project activity towards reconstruction, strengthening, widening, rehabilitation of the roads on build, operate and transfer basis. It includes all direct material, labour and subcontracting costs, inward freight, duties, taxes, obligation towards negative grant payable to concessionaires, if any, and any directly attributable expenditure on making the commercial right ready for its intended use.

Research and development cost:

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an 'intangible asset' when all of the below conditions are met:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
ii. The Group's intention to complete the asset
iii. The Group's ability to use or sell the asset
iv. The asset will generate future economic benefits
v. The availability of adequate resources to complete the development and to use or sell the asset
vi. The ability to measure reliably the expenditure attributable to the intangible asset during development.

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e) **Exploration and evaluation expenditure / mining properties under construction and production**

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred for potential mineral reserves and related to the project are recognised and classified as part of 'intangible assets under development' when one of the below conditions are met:

i. Such costs are expected to be either recouped in full through successful exploration and development of the area of interest or alternatively by its sale, or
ii. When exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically available reserves and active and significant operations in relation to the area are continuing or are planned for future.

These expenditure include materials and fuel used, surveying costs, drilling, general investigation, administration and license, geology and geophysics expenditure, stripping costs and payments made to contractors before the commencement of production stage.

Ultimate recoupment of the exploration expenditure carried forward is dependent upon a successful development and commercial exploitation, or alternatively, sale of the respective area. Deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

Exploration and evaluation assets are transferred to 'Mines under construction' in the 'Mines properties' account after the mines are determined to be economically viable to be developed.

Expenditure on mines under construction

Expenditure for mines under construction and incorporated costs in developing an area of interest subsequent to the transfer from exploration and evaluation assets but prior to the commencement of production stage in the respective area, are capitalised to 'Mines under construction' as long as they meet the capitalization criteria.

Producing mines

The Group assesses the stage of each mine under construction to determine when a mine reaches the production phase. This occurs when the mine is substantially complete and ready for its intended use. Upon completion of mine construction and commencement of production stage, the 'Mines under construction' are transferred to 'Producing mines' in the 'Mines properties' account, which are stated at cost, less depletion and accumulated impairment losses.

Intangible assets under development include expenditure incurred on exploration and evaluation of assets, expenditure incurred on mines under construction.

f) **Stripping costs**

Stripping costs are recognised as production costs on the average stripping ratio during the life of the mine (which is the ratio between the overburden and ore during mine's life). If the actual stripping ratio (which is the ratio between the overburden and ore for a certain period) exceeds the average stripping ratio, the excess stripping costs are recorded as deferred stripping cost as part of mine properties. These form part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Changes in the average stripping ratio are considered as changes in estimate and are accounted on a prospective basis. The balance of deferred stripping costs are charged to expense as production costs in the period / year in which the actual ratio is significantly lower than the estimated average stripping ratio.

The amortisation period and the amortisation method are reviewed at the end of each financial year. If the expected useful life of the asset is significantly different from the previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

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g) **Leases**

For lessee:

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

For lessor:

Leases in which the Group transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognised in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

h) **Depreciation / Amortisation**

In case of entities under Central Electricity Regulatory Commission ('CERC') Regulations:

Depreciation on plant and machinery is provided using straight line method at the rate of 5.28% per annum. After a period of 12 years from the date of commencement of commercial operations, the remaining written down value shall be depreciated over the balance useful life of the asset estimated by the management or in the manner prescribed under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 in terms of MCA Circular No: 31/2011 dated May 31, 2011 ('CERC regulations').

Other tangible assets are depreciated using straight line method at the rates specified in the CERC regulations, which is estimated by the management to be the estimated useful lives of the fixed assets, except for fixed assets individually costing Rs 5,000 or less, which are fully depreciated in the year of acquisition.

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Sl. No.	Block	Rate of depreciation
1	Buildings: - Factory and office	3.34%
2	Office equipments - Computers - Others	15.00% 6.33%
3	Vehicles	9.50%
4	Furniture and fixtures	6.33%

Other entities:

For domestic subsidiaries and jointly controlled entities, other than as stated aforesaid and below, the Group provides depreciation on fixed assets, using straight line method at the rates specified under Schedule XIV to the Companies Act, 1956 or rates based on useful lives of the assets which are estimated by the management whichever are higher, except for assets individually costing less than Rs. 5,000, which are fully depreciated in the year of acquisition.

Leasehold land is amortised over the tenure of the lease except in case of power plants where it is amortised from the date of commercial operation. Leasehold improvements are amortised over the primary period of the lease or estimated useful life whichever is shorter.

Depreciation on adjustments to the historical cost of the assets on account of foreign exchange fluctuations is provided prospectively over the residual useful life of the asset.

For overseas subsidiaries, jointly controlled entities and associates, the Group provides depreciation based on estimated useful lives of the fixed assets as determined by the management of such subsidiaries, jointly controlled entities and associates. In view of different sets of environment in which such foreign subsidiaries, jointly controlled entities and associates operate in their respective countries, depreciation is provided based on local laws and management estimates. These entities follow straight line method of depreciation spread over the useful life of each individual asset. It is practically not possible to align rates of depreciation of such subsidiaries, jointly controlled entities and associates with those of the domestic subsidiaries, jointly controlled entities and associates.

The estimated useful lives of the assets considered by such overseas entities are as follows:

Asset category	Useful life in years	
	Minimum	Maximum
Lease hold improvements	3	16
Buildings	3	10
Plant and machinery	3	15
Furniture and fixtures	3	20
Computer equipments, office equipment	3	20
Motor vehicles	4	7
Other tangible fixed assets	5	10

Intangible assets

Goodwill arising on consolidation is not amortised but tested for impairment.

Technical know-how is amortised over five years from the date of issuance of certificate from a competent authority.

Intangible assets representing upfront fees and other payments made to concessionaires of the respective airports, pursuant to the terms and conditions of concession agreements are amortised on a straight line method over the initial and extended periods of concession agreements, as applicable.

Carriageways related to annuity based projects are amortised over the period of the respective Concessionaire Agreements on a straight line basis.

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Carriageways related to toll based road projects are amortised based on proportion of actual revenue received during the accounting year to the total projected revenue till the end of the concession period in terms of MCA notification dated April 17, 2012.

The total projected revenue for the entire useful life is reviewed at the end of each financial year for expected changes in traffic and adjusted to reflect any changes in the estimate which will lead to actual collection at the end of useful life.
Intangible assets representing carriageways and airport concessionaire rights are amortised over the concession period, ranging from 17 to 20 years and 25 to 60 years respectively, which is beyond the maximum period of 10 years as specified in AS 26 on Intangible Assets, as the economic benefits from the underlying assets would be available to the Group over such period as per the respective concessionaire agreements.

Depletion of producing mines are based on using unit-of-production method from the date of commencement of commercial production of the respective area of interest over the lesser of the life of the mine or the terms of the coal contracts of work or mining business license.

Software is amortised based on the useful life of six years on a straight line basis as estimated by the management.

i) **Impairment of tangible and intangible assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units ('CGU') net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve upto the amount of any previous revaluation.

After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

j) **Investments**

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares

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or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the consolidated financial statements at lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in nature in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

k) **Inventories**

Inventories are valued as follows:

Raw materials, components, stores and spares:

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis and includes all applicable costs in bringing goods to their present locations and condition.

Contract work-in-progress:

Costs incurred that relate to future activities on the contract are recognised as contract work-in-progress. Contract work-in-progress comprises of construction cost and other directly attributable overheads and are measured at lower of cost and net realisable value.

Traded / Finished goods:

Traded goods are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition.

Self-generated certified emission reductions are recognised on grant of credit by United Nations Framework Convention on Climate Change and are measured at lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l) **Employee benefits**

i. Defined contribution plans

Retirement benefits in the form of provident fund, pension fund and superannuation fund etc. are defined contribution schemes except in case of certain entities, wherein only pension fund and superannuation fund form part of the defined contribution scheme. The Group has no obligation, other than the contributions payable to the defined contribution schemes. The Group recognises contribution payable to the defined contribution schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

ii. Defined benefit plans

The liability as at the balance sheet date is provided for based on the actuarial valuation, based on projected unit credit method at the balance sheet date, carried out by an independent actuary. Actuarial gains and losses comprise experience

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adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the statement of profit and loss as an income or expense.

Retirement benefit in the form of provident fund is a defined benefit scheme in DIAL. DIAL contributes a portion of contribution to DIAL Employees Provident Fund Trust ('the Trust'). DIAL has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate which is determined by actuary and accounted by the DIAL as provident fund cost.

iii. Other long term employee benefits

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

iv. Short term employee benefits

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

m) **Foreign currency transactions**

Foreign currency transactions and balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Group accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the remaining life of the concerned monetary item.
4. All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of 2 and 3 above, the Group treats a foreign currency monetary item as 'long-term foreign currency monetary item' if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated

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August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset / liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. Any gain / loss arising on forward contracts which are long-term foreign currency monetary items is recognised in accordance with paragraph (iii)(2) and (iii)(3) above.

v. Translation of integral and non-integral foreign operations

The Group classifies all its foreign operations as either 'integral foreign operations' or 'non-integral foreign operations'.

The financial statements of an integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

The assets and liabilities of non-integral foreign operations are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operations, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in the statement of profit and loss.

When there is a change in the classification of foreign operations, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

Any goodwill or capital reserve arising on acquisition of non-integral operations is translated at closing rate.

n) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) **Government grants and subsidies**

Grants or subsidies including airport development fee from the government or any regulatory authority are recognised when there is reasonable assurance that the grant / subsidy will be received and all conditions attached to the grant / subsidy will be complied with.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate.

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Where the grant or subsidy relates to an asset, the grant or subsidy amount (net of direct amount incurred to earn aforesaid grant or subsidy) is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

p) **Taxes on income**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 ('IT Act') enacted in India and tax laws prevailing in the respective tax jurisdictions where the entities in the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the entities in the Group have unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the entities in the Group are entitled to a tax holiday under IT Act enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the entities in the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.
At each reporting date, the entities in the Group re-assess unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The entities in the Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax ('MAT') paid in a year is charged to the statement of profit and loss as current tax. The entities in the Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the entities in the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the entities in the Group recognises MAT credit as an asset in accordance with the Guidance Note on 'Accounting for Credit Available in respect of Minimum Alternative Tax' under IT Act, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT credit entitlement'. The entities in the Group reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the entities in the Group does not have convincing evidence that it will pay normal tax during the specified period.

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q) **Segment reporting policies**

Identification of segments:

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

Inter segment transfers:

The Group accounts for intersegment sales / transfers at cost plus appropriate margins.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Unallocated items include general corporate income and expense items, which are not allocated to any business segment. It includes income tax, deferred tax charge or credit and the related tax liabilities and tax assets, interest expense or interest income and related interest generating assets, interest bearing liabilities, which are not allocated to any business segment.

Segment accounting policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

r) **Provisions**

A provision is recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.
Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

s) **Derivative instruments**

In accordance with the Institute of Chartered Accountants of India ('ICAI') announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

t) **Securities issue expenses and premium on redemption**

Securities issue expenses incurred are expensed in the year of issue and debenture / preference share issue expenses and redemption premium payable on preference shares / debentures are expensed over the term of preference shares / debentures. These are adjusted, net of taxes, against the securities premium account of the respective entities as permitted by Section 78 of the Companies Act, 1956 to the extent of balance available in such securities premium account.

u) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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v) **Borrowing costs**

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

w) **Employee stock compensation cost**

In respect of HEGL, a subsidiary in Canada, officers, directors, employees and consultants are offered stock-based compensation. Measurement and disclosure of the employee share-based payment plans is done in the consolidated financial statements in accordance with Securities Exchange Board of India ('SEBI') (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on 'Accounting for Employee Share-based Payments', issued by the ICAI. The said subsidiary accounts all stock-based payments using a fair value-based method of accounting. The fair value of each stock option granted is accounted over the vesting period. The fair value is calculated using the Black-Scholes option pricing model.

x) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

3 Share capital

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Authorised share capital		
7,500,000,000 (March 31, 2013: 7,500,000,000) equity shares of Re. 1 each	750.00	750.00
6,000,000 (March 31, 2013: Nil) Compulsorily Convertible Preference Shares ('CCPS' or ' preference shares') of Rs. 1,000 each ('Series A CCPS')	600.00	-
6,000,000 (March 31, 2013: Nil) CCPS of Rs. 1,000 each ('Series B CCPS')	600.00	-
Issued, subscribed and fully paid-up		
3,892,430,282 (March 31, 2013: 3,892,430,282) equity shares of Re.1 each	389.24	389.24
5,683,351 (March 31, 2013: Nil) Series A CCPS of Rs. 1,000 each	568.33	-
5,683,353 (March 31, 2013: Nil) Series B CCPS of Rs. 1,000 each	568.34	-
Issued, subscribed but not fully paid-up shares		
4,500 (March 31, 2013: 4,500) equity shares of Re. 1 each not fully paid up [Rs. 2,250 (March 31, 2013: Rs. 2,250)]	0.00	0.00
Total issued, subscribed and paid-up share capital	**1,525.91**	**389.24**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Equity shares

	March 31, 2014		March 31, 2013	
	Number	Rs. in crore	Number	Rs. in crore
At the beginning of the year	3,892,434,782	389.24	3,892,434,782	389.24
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**3,892,434,782**	**389.24**	**3,892,434,782**	**389.24**

Preference shares

	March 31, 2014		March 31, 2013	
	Number	Rs. in crore	Number	Rs. in crore
At the beginning of the year	-	-	-	-
Add: Issued during the year				
a) Series A CCPS of Rs. 1,000 each	5,683,351	568.33	-	-
b) Series B CCPS of Rs. 1,000 each	5,683,353	568.34	-	-
Outstanding at the end of the year				
a) Series A CCPS of Rs. 1,000 each	5,683,351	568.33	-	-
b) Series B CCPS of Rs. 1,000 each	5,683,353	568.34	-	-

(b) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Re. 1 per share. Every member holding equity shares there in shall have voting rights in proportion to the member's share of the paid up equity share capital. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

(c) Terms / rights attached to CCPS:

Pursuant to the equity shareholders' approval obtained on March 20, 2014, the Company issued 11,366,704 CCPS of face value of Rs. 1,000 each comprising of (a) 5,683,351 Series A CCPS each fully paid up, carrying a coupon rate of 0.001% per annum ('p.a.') and having a term of 17 months from the date of allotment and (b) 5,683,353 Series B CCPS each fully paid up, carrying a coupon rate of 0.001% p.a. and having a term of 18 months from the date of allotment to IDFC Limited, Duncarn Investments (Mauritius) Pte Limited, GKFF Ventures, Premier Edu-Infra Solutions Private Limited and Skyron Eco-Ventures Private Limited. The Series A CCPS and Series B CCPS shall be converted into equity shares upon the expiry of their respective terms in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital Disclosure Requirements) Regulations, 2009 ('ICDR Regulations'). The number of equity shares allotted to the Investors upon conversion of the Investor Securities shall be on the basis of the minimum permissible price, computed in accordance with Regulation 76 read with Regulation 71(h) of the SEBI ICDR Regulations on the conversion date.

The preference shareholders have a right to attend General Meetings of the Company and vote on resolutions directly affecting their interest. In the event of winding up, the Company would repay the preference share capital in priority to the equity shares of the Company but it does not confer any further right to participate either in profits or assets of the Company.

(d) Shares held by the Holding Company / Ultimate Holding Company and / or their subsidiaries / associates:

Out of equity shares issued by the Company, shares held by its Holding Company, Ultimate Holding Company and their subsidiaries / associates are as below:

	March 31, 2014 Number	March 31, 2013 Number
GMR Holdings Private Limited ('GHPL'), the Holding Company		
Equity shares of Re. 1 each, fully paid up	2,736,221,862	2,736,221,862
GMR Infra Ventures LLP ('GIVLLP'), an associate of the Holding Company		
Equity shares of Re. 1 each, fully paid up	31,321,815	30,000,000
GMR Enterprises Private Limited ('GEPL'), an associate of the Holding Company		
Equity shares of Re. 1 each, fully paid up	17,100,000	17,100,000
Welfare Trust of GMR Infra Employees ('GWT'), an associate of the Holding Company		
Equity shares of Re. 1 each, fully paid up	17,999,800	17,999,800

(e) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Equity shares allotted as fully paid-up for consideration other than cash[1]	2.60	2.60

1. During the year ended March 31, 2010, 46,800,000 equity shares of Rs. 10 each of DIAL were acquired from Infrastructure Development Finance Corporation Limited Infrastructure Fund - India Development Fund at a consideration of Rs. 149.72 crore, which was discharged by allotment of 26,038,216 equity shares of the Company of Re. 1 each at an issue price of Rs. 57.50 per equity share (including Rs. 56.50 per equity share towards securities premium).

(f) Details of shareholders holding more than 5% shares in the Company:

	March 31, 2014		March 31, 2013	
	Number	% holding in the class	Number	% holding in the class
Equity shares of Re. 1 each fully paid				
GHPL	2,736,221,862	70.30%	2,736,221,862	70.30%
Series A CCPS of Rs. 1,000 each				
Duncarn Investments (Mauritius) Pte Limited	3,944,084	69.40%	-	-
IDFC Limited*	209,550	3.69%	-	-
GKFF Ventures*	272,415	4.79%	-	-
Premier Edu-Infra Solutions Private Limited*	209,550	3.69%	-	-
Skyron Eco Ventures Private Limited*	1,047,752	18.43%	-	-
Series B CCPS of Rs. 1,000 each				
Duncarn Investments (Mauritius) Pte Limited	3,944,085	69.40%	-	-
IDFC Limited*	209,550	3.69%	-	-
GKFF Ventures*	272,416	4.79%	-	-
Premier Edu-Infra Solutions Private Limited*	209,550	3.69%	-	-
Skyron Eco Ventures Private Limited*	1,047,752	18.43%	-	-

* Joint investors under the same share subscription and shareholders agreement.

As per records of the Company, including its register of shareholders / members, the above shareholding represents both legal and beneficial ownership of shares.

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4 Reserves and surplus

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Capital reserve on consolidation		
Balance as per the last financial statements	125.87	115.85
Add: Additions during the year	-	10.02
Closing balance	**125.87**	**125.87**
Capital reserve on acquisition (as per the last financial statements) [refer note 4(a)]	**3.41**	**3.41**
Capital reserve (government grant) (as per the last financial statements) [refer note 4(e)]	**65.49**	**65.49**
Capital redemption reserve		
Balance as per the last financial statements	28.53	19.50
Add: Amount transferred from surplus / (deficit) in the balance in the statement of profit and loss	-	9.03
Closing balance	**28.53**	**28.53**
Debenture redemption reserve		
Balance as per the last financial statements	158.62	80.78
Add: Amount transferred from surplus / (deficit) in the statement of profit and loss	122.49	99.50
Less: Amount transferred to surplus / (deficit) in the statement of profit and loss on redemption of debentures	108.75	21.66
Closing balance	**172.36**	**158.62**
Employee stock option outstanding (as per the last financial statements)	**0.96**	**0.96**
Securities premium account		
Balance as per the last financial statements	6,926.79	7,269.93
Add: Received during the year on issue of preference shares / equity shares	23.88	-
Less: Utilised towards debenture / share issue expenses, debenture / preference shares redemption premium and redemption of preference shares issued (net of taxes and MAT credit)	339.04	346.60
Add / (less): Transfer from / (transfer to) minority interest	(151.14)	3.46
Closing balance	**6,460.49**	**6,926.79**
Foreign currency translation reserve		
Balance as per the last financial statements	337.91	282.43
Movement during the year	81.15	55.48
Closing balance	**419.06**	**337.91**
Foreign currency monetary items translation difference account		
Balance as per the last financial statements	(2.51)	(2.50)
Movement during the year	4.88	(0.01)
Closing balance	**2.37**	**(2.51)**
Special Reserve u/s 45-IC of Reserve Bank of India ('RBI') Act [refer note 4(b) and 4(c)]		
Balance as per the last financial statements	0.20	26.86
Add: Amount transferred from surplus / (deficit) in the statement of profit and loss	-	1.67
Less: Amount transferred to surplus / (deficit) in the statement of profit and loss	-	28.33
Closing balance	**0.20**	**0.20**
Surplus / (deficit) in the statement of profit and loss		
Balance as per the last financial statements	(756.33)	(714.17)
Profit / (loss) for the year	10.01	88.12
Appropriations		
Add: Transfer from debenture redemption reserve	108.75	21.66
Less: Transfer to debenture redemption reserve	(122.49)	(99.50)
Less: Redemption premium to preference shareholders [refer note 35 (e)(i)]	(464.17)	-
Add: Transfer from special reserve u/s 45-IC of RBI Act	-	28.33
Less: Transfer to special reserve u/s 45-IC of RBI Act	-	(1.67)
Add / (less): Transfer of (profit) / loss to minority on dilution of interest in subsidiaries / jointly controlled entities	98.27	(15.95)
Less: Proposed equity dividend [refer note 4(d)]	(38.92)	(38.92)
Less: Dividend distribution tax on proposed equity dividend	(6.92)	(6.31)
Less: Proposed preference share dividend (March 31, 2014: Rs. 1,868; March 31, 2013: Rs. Nil)	0.00	-
Less: Dividend distribution tax on proposed preference share dividend (March 31, 2014: Rs. 318; March 31, 2013: Rs. Nil)	0.00	-
Less: Preference share dividend declared by a subsidiary	(2.16)	(2.16)
Less: Dividend distribution tax on preference share dividend declared by a subsidiary	(9.60)	(6.73)
Less: Transferred to capital redemption reserve on redemption of preference shares by a subsidiary	-	(9.03)
Net (deficit) / surplus in the statement of profit and loss	**(1,183.56)**	**(756.33)**
Total reserves and surplus	**6,095.18**	**6,888.94**

Note 4(a)
GAPL purchased the aircraft division of GMR Industries Limited ('GIDL') under slump sale on October 01, 2008 for a purchase consideration of Rs. 29.00 crore on a going concern basis and the transaction was concluded in the month of March 2009. Accordingly, an amount of Rs. 3.41 crore being the excess of net value of the assets acquired (based on a valuation report) over the purchase consideration has been recognised as capital reserve on acquisition.

Note 4(b)
As required by section 45-IC of the RBI Act, 20% of DSPL's net profit of the year is transferred to special reserve. The said reserve can be used only for the purpose as may be specified by the RBI from time to time.

Note 4(c)
On July 9, 2012, GAL had written a letter to the RBI seeking the status as Core Investment Company ('CIC') and exemption from registration with the RBI. Pursuant to the reply by the RBI vide letter reference DNBS (BG) No. 382/01.02.636/2012-13 dated September 5, 2012, GAL had been exempted from the requirement of registration with the RBI under section 45-IA of RBI Act, in terms of para (i) of RBI notification No. DNBS(PD) 22-/CGM (US)-2011 dated January 5, 2011. Further it was advised that Certificate of Registration bearing No. B-02.00225 dated March 3, 2010 issued in the name of "GMR Airports Limited" has been cancelled. However, GAL had to adhere to the guidelines issued by RBI vide Circular CC No. 291 dated July 2, 2012.

GAL vide reference no. GAL / DEL / CS / 130101 on January 7, 2013, wrote another letter to the RBI for the permission to reverse provisions against Standard Assets and Reserve Fund created as per Section 45-IC of the RBI Act. The RBI, vide letter reference DNBS (BG) NO. 1047/01.02.636/2012-13 dated March 14, 2013, advised that CICs which are not systemically important are exempt from registration required under Section 45-IA of the RBI Act and Prudential Norms Directions for NBFCs. Since CIC Non Depository Systematic Investment Companies are exempt from registration requirements, the provisions of section 45-IC will not be applicable to them.

Hence, based on above developments, the Group had written back the provisions against Standard Assets of Rs. Nil (March 31, 2013: Rs. 1.67 crore) to other income and transferred the Reserve Fund created under section 45-IC of the RBI Act pertaining to GAL amounting to Rs. Nil (March 31, 2013: Rs. 28.33 crore) to the statement of profit and loss.

Further during the year ended March 31, 2014, GAL has made an application to the RBI for granting a certificate of registration to carry on the business of Non-Banking Financial Institution i.e. Systematically Important Core Investment Company ('CIC-ND-SI'). Subsequent to March 31, 2014, the RBI vide its letter reference DNBS (BG) No. 912/08.01.018/2013-14 dated April 22, 2014 has granted certificate of registration to GAL to commence and carry on the business of a CIC-ND-SI.

Note 4(d)
The Board of Directors of the Company have recommended a dividend of Re. 0.10 per equity share of Re. 1 each for the year ended March 31, 2014 and dividend on preference shares at the rate of 0.001% on a prorata basis on Series A CCPS and Series B CCPS for the year ended March 31, 2014.

Note 4(e)
During the year ended March 31, 2006, GHIAL had received a grant of Rs. 107.00 crore from Government of Andhra Pradesh ('GoAP') towards Advance Development Fund Grant, as per the State Support Agreement. This is in the nature of financial support for the project and accordingly, the Group's share amounting to Rs. 67.41 crore as at April 1, 2011 was included in Capital reserve (government grant). During the year ended March 31, 2012, pursuant to dilution in Group's effective holding in GHIAL, Rs. 1.92 crore was transferred to minority interest.

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5 Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Bonds / debentures				
Debentures (secured)	2,249.27	2,298.15	48.88	44.61
Debentures (unsecured)	-	194.50	175.00	175.00
Term loans				
Indian rupee term loans from banks (secured)	16,960.33	14,892.55	1,334.32	1,010.98
Indian rupee term loans from financial institutions (secured)	6,380.57	5,411.70	738.18	484.17
Foreign currency loans from banks (secured)	6,061.62	6,384.64	2,693.60	3,488.18
Indian rupee term loans from others (secured)	0.23	-	0.04	-
Foreign currency loans from financial institutions (secured)	483.92	-	-	-
Indian rupee term loans from banks (unsecured)	198.72	571.83	123.08	16.10
Indian rupee term loans from financial institutions (unsecured)	244.64	359.45	109.41	104.03
Indian rupee term loans from others (unsecured)	10.41	23.43	7.25	8.18
Foreign currency loans from others (unsecured)	6.25	5.66	-	-
Indian rupee term loans against development fees (secured)	493.89	846.94	435.76	345.16
Supplier's credit (secured)	53.40	64.51	17.80	16.13
Supplier's credit (unsecured)	109.00	109.00	-	-
Other loans				
Bills discounted (secured)	-	-	134.70	134.70
Finance lease obligations (secured)	0.52	0.60	0.31	0.77
Negative grant (unsecured)	31.46	155.15	34.95	31.51
From the State GoAP (unsecured)	315.05	315.05	-	-
	33,599.28	31,633.16	5,853.28	5,859.52
The above amount includes				
Secured borrowings	32,683.75	29,899.09	5,403.59	5,524.70
Unsecured borrowings	915.53	1,734.07	449.69	334.82
Amount disclosed under the head 'Other current liabilities' (note 9)	-	-	(5,853.28)	(5,859.52)
Net amount	33,599.28	31,633.16	-	-

1 During the year ended March 31, 2012, GEL has issued 8,000 secured, redeemable and non convertible debentures of Rs. 0.10 crore (Rs. 1,000,000) each to ICICI Bank Limited ('ICICI'). The debentures are secured by way of first ranking: (a) pari passu charge on the fixed assets of GVPGL; (b) pari passu pledge over 30% of fully paid-up equity shares of Rs. 10 each of GEL held by GREEL; (c) pari passu pledge over 30% of fully paid-up equity shares of Rs. 10 each of GVPGL held by GEL; (d) pari passu charge over GVPGL's excess cash flow account, as defined in the subscription agreement executed between GEL and ICICI; and (e) exclusive charge over Debt Service and Reserve Account ('DSRA') maintained by GEL with ICICI. These debentures are redeemable at a premium yielding 14.25% p.a. till March 25, 2013 and after March 25, 2013 with a yield of base rate of ICICI plus 4.25% p.a. in thirty seven quarterly unequal instalments starting from March 2012. As at March 31, 2014, GEL has partially redeemed these debentures and the revised face value of these debentures after redemption is Rs. 0.10 crore (Rs. 977,500) (March 31, 2013: Rs. 0.10 crore (Rs. 987,500)) per debenture. These secured, redeemable and non convertible debentures are listed on the Wholesale Debt Segment of National Stock Exchange of India Limited.

2 During the year ended March 31, 2012, the Company had entered into an agreement to issue 7,000 secured, redeemable, non convertible debentures of Rs. 0.10 crore each to ICICI ('Tranche 1'). During the year ended March 31, 2013, the Company has further entered into an agreement with ICICI to issue 3,000 secured, redeemable, non convertible debentures of Rs. 0.10 crore each ('Tranche 2'). These debentures are secured by way of first ranking: (a) pari passu charge on the fixed assets of GVPGL; (b) pari passu pledge over 30% of fully paid-up equity shares of Rs. 10 each of GEL held by GREEL; (c) pari passu pledge over 30% of fully paid-up equity shares of Rs. 10 each of GVPGL held by GEL; (d) pari passu charge over GVPGL's excess cash flow account, as defined in the subscription agreement executed between the Company and ICICI; and (e) exclusive charge over DSRA maintained by the Company with ICICI. These debentures are redeemable at a premium yielding 14.50% p.a. till March 25, 2013 and after March 25, 2013 with a yield of base rate of ICICI plus 4.50% p.a. The Tranche 1 is redeemable in thirty seven quarterly unequal instalments commencing from March 25, 2012 and Tranche 2 is redeemable in thirty six quarterly unequal instalments commencing from June 2012. As at March 31, 2014, the Company has partially redeemed these debentures and the revised face value of these debentures after redemption is Rs. 0.10 crore (Rs. 977,500) (March 31, 2013: Rs. 0.10 crore (Rs. 987,500)) per debenture.

3 Secured, redeemable and non convertible debentures of Rs. 0.10 crore each issued by GPEPL amounting to Rs. 538.65 crore (March 31, 2013: Rs. 565.26 crore) bear an interest of 9.38% p.a. and are secured by way of first charge over all assets of GPEPL, both movable (including future annuity receivable) and immovable properties, both present and future, excluding project assets (unless permitted by NHAI under the Concession agreement). These debentures are redeemable in 34 unequal half yearly instalments commencing from April 2010 and ending in October 2026.

4 During the year ended March 31, 2010, the Company issued 5,000 unsecured redeemable, non convertible debentures of Rs. 0.10 crore each to a bank which are redeemable at a premium yielding 14.00% p.a. and are repayable in 5 annual unequal instalments commencing from April 2011. As at March 31, 2014, the Company has partially redeemed these debentures and the revised face value of these debentures after redemption is Rs. 0.04 crore (Rs. 350,000) (March 31, 2013: Rs. 0.07 crore (Rs. 700,000)) per debenture.

5 During the year ended March 31, 2013, EDWPCPL had issued Rs. 1,950 unsecured fully convertible debentures of Rs. 0.01 crore each to IL&FS Renewable Energy Limited ('ILFS Renw') with an interest rate of 15.00% p.a. to 17.00% p.a. These debentures were to be converted into 17.00% cumulatively compulsorily convertible preference shares of Rs. 100 each of EDWPCPL after 36 months from the issue date. Pursuant to the divestment, EDWPCPL ceased to be a subsidiary during the year ended March 31, 2014 and accordingly the Group has not consolidated financial statements of EDWPCPL in these consolidated financial statements.

6 Secured Indian rupee term loan from a bank of Rs. 250.00 crore (March 31, 2013: Rs. 250.00 crore) of KSPL is secured by pari passu first charge on land and buildings appurtenant thereon and first ranking exclusive charge over DSRA for three months interest of KSPL. Further, secured by an irrevocable and unconditional guarantee given by the Company. The loan is repayable in 12 equal quarterly instalments starting from the end of 27 months from the first drawdown date i.e. October 2014 and carries an interest rate of 10.00% p.a. plus spread of 4.50% p.a. (March 31, 2013: 9.75% p.a. plus spread of 4.50% p.a.).

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7 Secured Indian rupee term loan from a bank of Rs. Nil (March 31, 2013: Rs. 43.50 crore) of the Company was secured by an exclusive first charge on assets acquired out of the proceeds of the loan and second charge on the current assets of EPC division of the Company. The rate of interest was base rate of the lender plus 2.50% p.a. and was to be repaid in 3 half yearly instalments commencing from February 2013. During the year ended March 31, 2014, the Company has prepaid the loan in full.

8 Secured Indian rupee term loan from a bank of Rs. 300.00 crore (March 31, 2013: Rs. 200.00 crore) of the Company are secured by exclusive first mortgage and charge on: (a) movable fixed assets and immovable properties of GPCL; (b) non agricultural lands of GMR Hebbal Towers Private Limited ('GHTPL') and Mr. G. M. Rao; (c) certain immovable properties of Boyance Infrastructure Private Limited ('BIPL') in Mamidipally, Ranga Reddy district; (d) commercial apartment owned by HFEPL and (e) an irrevocable and unconditional guarantee of GHPL, BIPL and HFEPL and demand promissory note equal to principal amount of the loan and interest payable on the loan. The loan carries an interest rate of base rate of lender plus applicable spread of 3.25% p.a. and is repayable in 16 quarterly instalments commencing from October 2014.

9 Secured Indian rupee term loan from a bank of Rs. 250.00 crore (March 31, 2013: Rs. 300.00 crore) of the Company are secured by 10% of cash margin on the outstanding amount in form of lien on fixed deposit in favour of lender and exclusive charge on loans and advances provided by the Company out of this facility. The loan carries an interest rate of base rate of lender plus spread of 1.50% p.a. and is repayable in 6 equal quarterly instalments commencing from March 2014.

10 Secured Indian rupee term loan from a bank of Rs. 188.00 crore (March 31, 2013: Rs. 180.00 crore) of the Company is secured by a first charge over certain immovable properties, aircrafts, fixed deposits and an exclusive charge on loans and advances provided by the Company out of this loan facility, charge over 30% shares of GHPL in GMR Sports Private Limited ('GSPL') and non-disposable undertaking with regard to 19% of shareholding of GHPL in GSPL. The loan carries an interest rate of base rate of lender plus spread of 1.50% p.a. and is repayable in 8 equal quarterly instalments commencing from June 2016.

11 Secured Indian rupee term loans from banks of Rs. 136.34 crore (March 31, 2013: Rs. 138.79 crore) of GHRL are secured by first pari passu charge by way of equitable mortgage of GHRL's immovable properties pertaining to the hotel project (including assignment of leasehold rights in the case of leasehold land, if any) and assets of the project consisting of land admeasuring 5.37 acres together with all the buildings, structures etc. on such land; further secured by first pari passu charge on the whole of stocks of raw materials, goods-in-process, semi-finished goods and finished goods, consumable stores and spares, book debts, bills, movable plant and machinery, machinery spares, tools and accessories and other movables, whole of equipment's including its spares, tools and accessories, software, whether installed or not and whether in the possession or under the control of GHRL or not, all bank accounts (whether escrow and no lien or otherwise) and all estate, rights, title, interest, benefits, claims and demands, trade receivables, all cash flows and receivables and proceeds of GHRL. Further secured by corporate guarantee given by GHIAL. The interest rate is 12.65% p.a. to 12.75% p.a. (March 31, 2013: 12.65% p.a. to 13.00% p.a.). The loan is repayable in 48 unequal quarterly instalments commencing from December 2012.

12 Secured Indian rupee term loans from banks and financial institutions of Rs. 1,684.72 crore (March 31, 2013: Rs. 1,681.71 crore) of GHVEPL are secured by way of pari passu first charge over GHVEPL's movable properties, both present and future, including plant and machinery. Further secured by the rights, title, interest, benefit, claims of GHVEPL in respect of the project agreements executed / to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of GHVEPL in respect of monies lying to the credit of Trust and Retention Account ('TRA') and other accounts and by pledge of 1,300,000 equity shares and 7,733,000 preference shares held by GMRHL in GHVEPL. The loans carry an interest rate of 11.75% p.a. till June 2013 and 11.25% p.a. thereafter (March 31, 2013: 11.75% p.a.) and are repayable in 46 unequal quarterly instalments commencing from April 2013.

13 Secured working capital loan from a bank of Rs. 35.00 crore (March 31, 2013: Rs. Nil) of GHVEPL is secured by way of first pari passu charge on the same securities offered as security for the Project Loan mentioned in point 12 above and is repayable in 36 monthly instalments starting after 24 months from the date of first disbursement i.e., March 2014. The loan carries an interest rate of 2.75% over bank's base rate.

14 Secured Indian rupee term loans from banks and financial institution of Rs. Nil (March 31, 2013: Rs. 466.76 crore) of GUEPL as at March 31, 2013 were secured by way of pari passu first charge over movable properties, both present and future, including plant and machinery of GUEPL. Further secured by the rights, title, interest, benefit, claims of GUEPL in respect of the project agreements executed / to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of GUEPL in respect of monies lying to the credit of TRA and other accounts. Further secured by way of pledge of 5.96 crore equity shares of GUEPL held by GMRHL. The loans carried an interest at banks' base rate plus spread as approved by the lenders and were repayable in 48 unequal quarterly instalments commencing from January 2011. Pursuant to the divestment, GUEPL has ceased to be subsidiary during the year ended March 31, 2014 and accordingly the Group has not consolidated financial statements of GUEPL in these consolidated financial statements.

15 Secured Indian rupee term loans from banks of Rs. 263.77 crore (March 31, 2013: Rs. 271.53 crore) of GACEPL are secured by way of pari passu first charge over GACEPL's movable properties, both present and future, including plant and machinery. Further secured by the rights, title, interest, benefit, claims of GACEPL in respect of the project agreements executed / to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of GACEPL in respect of monies lying to the credit of TRA and other accounts. Further secured by way of pledge of 2.33 crore and 2.42 crore (March 31, 2013: 2.33 crore and 2.42 crore) equity shares of GACEPL held by the Company and GEL respectively. The loans carry an interest at banks base rate plus spread as approved by the lenders and are repayable in 48 unequal quarterly instalments commencing from August 2010.

16 Secured Indian rupee term loans from banks of Rs. 241.30 crore (March 31, 2013: Rs. 275.65 crore) of GTTEPL are secured by way of mortgage of all the present and future immovable fixed assets of GTTEPL, hypothecation of movable fixed assets of the GTTEPL and the annuity / receivables, investments made out of the balance lying in TRA, assignment of all contractor guarantee, performance bond guarantee and liquidated damages, assignment of all the rights, titles, interest in the assets of the project and all project documents, assignment of all insurance policies, pledge of 51% of equity shares of GTTEPL, assignment of revolving letter of credit issued by NHAI, corporate guarantee by GHPL to cover any short fall in the amount payable in respect of the facility in the event of termination due to any event of default other than NHAI event of default. The loans carry an interest of 7.50% p.a. ± 10% spread, now fixed at 8.25% p.a. and are repayable in 29 unequal half yearly instalments commencing from November 2005.

17 Secured Indian rupee term loans from banks of Rs. Nil (March 31, 2013: Rs. 307.13 crore) of GJEPL were secured by way of pari passu first charge over movable properties of GJEPL, both present and future, including plant and machinery. Further secured by the rights, title, interest, benefit, claims of GJEPL in respect of the project agreements executed / to be executed, insurance policies both present and future and all rights, title, interest, benefit, claims, demands of GJEPL in respect of monies lying to the credit of TRA and other accounts. Further secured by way of pledge of 3.53 crore equity shares of the GJEPL held by GMRHL. The loans carried an interest at banks base rate plus spread as approved by the lenders and were repayable in 48 unequal quarterly instalments commencing from January 2011. Pursuant to the divestment, GJEPL has ceased to be subsidiary during the year ended March 31, 2014 and accordingly the Group has not consolidated financial statements of GJEPL in these consolidated financial statements.

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18 Secured Indian rupee term loans from banks of Rs. 716.00 crore (March 31, 2013: Rs. 570.32 crore) of GCORRPL are secured by way of first charge on all immovable and movable properties of GCORRPL, both present and future; assignment of all rights, titles and interests in respect of all assets (as permitted by Concession Agreement) and a first charge on all revenues and receivables and by way of pledge of 26% of paid up equity capital of GCORRPL held by the shareholders. The loans carry an interest of 11.75% p.a. (March 31, 2013: Lead bank's base rate plus margin plus 2.00% p.a.) subject to reset from time to time and were repayable in 27 unequal half yearly instalments commencing from June 2013. However, pursuant to the negotiations with the lenders during the year ended March 31, 2014, the instalments are repayable from December 2014.

19 Secured Indian rupee term loans from banks of Rs. 186.86 crore (March 31, 2013: Rs. 213.10 crore) of GTAEPL are secured by way of mortgage of all the present and future immovable fixed assets of GTAEPL, hypothecation of movable fixed assets of GTAEPL and the annuity / receivables, investments made out of the balance lying in TRA, assignment of all contractor guarantee, performance bond guarantee and liquidated damages, assignment of all the rights, titles, interest in the assets of the project and all project documents, assignment of all insurance policies, pledge of 51% of equity shares of GTAEPL, assignment of revolving LC issued by NHAI, corporate guarantee from GHPL to cover any short fall in the amount payable in respect of the facility in the event of termination due to any event of default other than NHAI event of default. The loans carry an interest of 7.50% p.a. ± 10% spread, now fixed at 8.25% p.a. and are repayable in 29 unequal half yearly instalments commencing from November 2005.

20 Secured Indian rupee term loans from banks and financial institutions of Rs. 1,061.73 crore (March 31, 2013: Rs. 929.51 crore) of GOSEHHHPL are secured by way of hypothecation of all movable assets of GOSEHHHPL both present and future, first charge / assignment on all intangible assets of GOSEHHHPL but not limited to goodwill, right and undertakings, both present and future, uncalled capital of GOSEHHHPL both present and future, GOSEHHHPL's bank accounts including debt service escrow accounts and first charge / assignment / security interest on GOSEHHHPL's rights, title and interest in the project documents including the substitution agreement. Further these loans are secured by way of pledge of 51% of the equity shares of GOSEHHHPL held by its shareholders. The loans carry an interest rate ranging from of 8.25% p.a. to 8.75% p.a. (March 31, 2013: 7.50% p.a. to 8.50% p.a.) plus applicable spread rate, reset from time to time and were repayable in 46 unequal quarterly instalments from April 2014 to July 2025. However, pursuant to the negotiations with the lenders during the year ended March 31, 2014 instalments are repayable from July 2015 to October 2026.

21 Secured Indian rupee term loans from banks and financial institutions of Rs. 2,979.56 crore (March 31, 2013: Rs. 3,650.00 crore) of DIAL are secured by first rank pari passu charge on all the future revenues, receivables, TRA, DSRA, major maintenance reserve, any other reserve, other bank accounts and insurance proceeds of DIAL and all the rights, titles, interests, permits in respect of the project documents as detailed in the lenders agreements, to the extent permissible under Operation Management and Development Agreement ('OMDA') and also by the pledge / non disposable undertaking of requisite shares of DIAL held by GAL, Malaysia Airports (Mauritius) Private Limited ('MAMPL') and Fraport AG Frankfurt Airport Services Worldwide ('FAG') (shareholders of DIAL). The rupee term loans from banks carry an interest rate at base rate plus agreed spread, which is subject to reset at the end of agreed interval . The interest rate during the period ranges from 10.90% to 11.75% p.a. (March 31, 2013: 11.50% to 12.00% p.a). Of these loans, Rs. 968.91 crore is repayable in 59 quarterly unequal instalments from September 2013 to March 2028, Rs. 1,212.65 crore is repayable in 60 quarterly unequal instalments from June 2013 to March 2028 and Rs. 798.00 crore is repayable in 42 quarterly unequal instalments is from December 2013 to March 2024.

22 Secured Indian rupee term loans from banks and financial institutions against development fees receipts of Rs. 929.65 crore (March 31, 2013: Rs. 1,192.10 crore) of DIAL are secured by pari passu first charge on development fees. The loans are repayable from collection of development fees receipts and repayment commitments are as per the loan agreement. The loans carry fixed rate of interest at 11.50% p.a.

23 Secured Indian rupee term loans from banks of Rs. 188.40 crore (March 31, 2013: Rs. 101.99 crore) of DDFS are secured by hypothecation of DDFS's entire stock of raw materials, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables both present and future in a form and manner satisfactory to the banks. Further secured by first charge on movable fixed assets of DDFS, both present and future (except those financed by other financial institutions) and pledge of 30% of sponsors' shareholding held in DDFS and escrow agreement between the lenders and DDFS for first and exclusive charge on receivables. The rate of interest is 13.50% p.a. (March 31, 2013 : 13.25% p.a.). The loans are repayable in 36 unequal quarterly instalments commencing from December 2011.

24 Secured Indian rupee loans from banks and financial institutions and foreign currency loans from banks of Rs. 1,402.90 crore (March 31, 2013: Rs. 1,438.25 crore) of GHIAL are secured by mortgage of leasehold right, title, interest and benefit in respect of leasehold land and first pari passu charge on all movable and immovable assets, operating cash flows, book debts, receivables, intangibles and revenues, both present and future, as well as assignment of all right, title, interest, benefits, claims and demands available under the concession agreement and other project documents, security interest in the TRA, DSRA and further secured by pledge of 16.41 crore and 2.87 crore equity shares, both present and future, held or to be held, upto 51% of the paid up share capital of GHIAL, as the case may be, by both, GAL and MAHB (Mauritius) Private Limited respectively. The foreign currency loans from banks of Rs. 604.90 crore (March 31, 2013: Rs. 582.25 crore) carry an interest rate of LIBOR plus agreed spread; however GHIAL has entered into interest rate swap ('IRS') arrangement to convert floating rate of interest into fixed rate of interest, as per the terms of the loan agreement. The effective weighted average interest rate is 8.30% p.a. (March 31, 2013 : 7.30% p.a.). The Indian rupee term loans from banks and financial institutions of Rs. 798 crore (March 31, 2013: Rs. 856 crore) carry interest at base rate plus agreed spread, which is subject to reset at the end of agreed interval . The interest rate ranges from 10.65% to 11.65% p.a. (March 31, 2013 : 10.75% to 12.10% p.a.). These loans are repayable in 56 quarterly instalments commencing from July 2010.

25 Secured Indian rupee term loans from a bank of Rs. Nil (March 31, 2013: Rs. 0.31 crore) of Laqshya were secured by first pari passu charge on current and fixed assets of Laqshya and corporate guarantee given by the holding Company, Laqshya Media Private Limited ('LMPL'). The rate of interest was 12.50% p.a. (March 31, 2013 : 12.50% p.a.). The loan has been repaid in full during the year ended March 31, 2014.

26 Secured Indian rupee term loan from a bank of Rs. 39.78 crore (March 31, 2013: Rs. 42.95 crore) of CDCTM is secured against charge on fixed assets and surplus account in accordance with escrow agreement entered with the bank. Further, the loan has been guaranteed by Celebi Hava Servisi A.S. ('CHSAS') and pledge over shares of CDCTM held by CHSAS. The loan carries an interest rate of 12.00% p.a. (March 31, 2013: 12.00% p.a.). The loan is repayable in 28 equal quarterly instalments commencing from June 2012.

27 Secured Indian rupee term loans from banks and financial institutions of Rs. 2,616.57 crore (March 31, 2013: Rs. 2,213.16 crore) of GREL are secured by first charge on all movable, immovable properties including stock of raw material and consumables, all book debts, cash flows receivables, TRA, DSRA, other reserves and any other bank accounts of GREL, both present and future. These loans are further secured by way of assignments / hypothecation of security interest of all the rights, title, interest, benefits, claims and demands of GREL in the project documents including all insurance contracts and clearances and all benefits and incidental thereto and further, secured by way of pledge of 52.00 crore (March 31, 2013 : 25.17 crore) equity shares of GREL held by GEL. The rate of interest for loans from banks is the base rate of lead bank plus 3.50% p.a, except for one bank which charges at its base rate plus 3.75% p.a. and the rate of interest on loans from financial institution is 12.84% to 13.39% p.a. (March 31, 2013 : 12.84% p.a.). As at April 1, 2012 these loans were repayable in 46 unequal quarterly instalments commencing from April 2013. As per the amendment agreement dated March 25, 2013 the secured Indian rupee term loans from banks of Rs. 2,073.89 crore are repayable in 46 equated quarterly instalments commencing from October 2015 and secured Indian rupee term loans from financial institutions of Rs. 542.69 crore are repayable in 50 unequal quarterly instalments commencing from October 2016.

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28 Secured Indian rupee term loans from banks and financial institutions of Rs. 3,305.95 crore (March 31, 2013: Rs. 3,075.33 crore) of GKEL are secured by first mortgage and charge by way of registered mortgage in favour of the lenders / security trustees of all the immovable properties of GKEL, present and future / a first charge by way of hypothecation of all GKEL's movables fixed assets including movable plant and machinery, machinery spares, tools and accessories, present and future, GKEL's stock of raw materials, semi-finished and finished goods and consumable goods, a first charge on the book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising present and future, intangibles, goodwill, uncalled capital, present and future / first charge on the TRA including the DSRA and other reserves and any other bank accounts, wherever maintained present and future first charge by way of assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever of GKEL in the project documents / in the clearances / in any letter of credit, guarantee, performance bond provided by any party to the project documents and all insurance contracts / insurance proceeds, pledge of shares (in the demat form) representing a minimum of 51% of the total paid up equity share capital of GKEL. From the date of repayment of 50% of loan, the number of shares under the pledge may be reduced to 26% of the paid up equity share capital of GKEL. All the securities set out above shall rank pari passu amongst the lenders of the project for an aggregate rupee term loans including foreign currency loans and working capital lenders for an amount acceptable to the lenders. The interest rate ranges from 12.75% to 14.50 % p.a (March 31, 2013 : 11.50% to 14.50 % p.a.). As at April 1, 2012, the loans were repayable in 48 equal quarterly instalments from the earlier of 12 months from scheduled project completion date i.e. in August 2012 or 51 months from the date of financial closure i.e. in May 2009 as per the loan agreement, whichever is earlier. If the amount disbursed is less than the sum agreed as per the agreement, the instalment of repayment of loan shall stand reduced proportionately. However during the current year, GKEL has signed an amendment to rupee term loan agreement for re-aligning the repayment of balance 47 equal quarterly instalments starting from April 2015, in line with revised schedule date of commercial operations.

29 Secured Indian rupee term loan from a financial institution of Rs. 300.00 crore (March 31, 2013: Rs. Nil) of GKEL is secured by way of hypothecation of all GKEL's movable assets, including movable plant and machinery, machinery spares, tools and accessories, present and future, stock of raw materials, semi finished and finished goods and consumable goods. Further, secured by charge on books debt, operating cash flows, receivables, commissions, revenue of whatsoever nature and intangibles, goodwill, uncalled capital, all rights, title, interest, benefits, claims and demand whatsoever in the project documents, clearance, letter of credit, guarantee, performance bond provided to any party to the project documents, all insurance contracts/insurance proceeds, charge on escrow account, TRA, DSRA and any other bank account, pledge of shares held by the sponsor in dematerialised form in equity share capital representing 30.44% of the total paid up equity capital and pledge of shares held by the sponsor in a dematerialised form in the equity of share capital of GGSPL representing 49% of its total paid up equity capital. The loan carries an interest rate of 13.15% p.a. to 13.20% p.a. and is repayable in a single bullet instalment on the date falling at the expiry of 13 months from the date of first disbursement of loan.

30 Secured Indian rupee term loans from banks and financial institutions of Rs. 2,022.35 crore (March 31, 2013: Rs. 741.58 crore) of GCHEPL are secured by first ranking charge by way of assignment / mortgage / hypothecation / security interest on pari passu basis on, all the borrower's immovable properties at Warora, Maharashtra & in the state of Chhattisgarh, all the movable properties including plant and machinery, machine spares, tools and accessories, furniture, fixtures, vehicle and other movable assets, intangible goodwill, uncalled capital, both present and future in relation to the project, all the book debts, operating cash flows, receivables, commission, revenues of whatsoever nature arising including Clean Development Mechanism ('CDM') revenue of GCHEPL both present and future and all insurance policies, performance bonds, contractors guarantees and any letter of credit provided by any party under the project documents, all the rights, titles, permits, clearances, licenses, permits, approvals, consents, all intellectual property, interests and demands of the GCHEPL in respect of the project documents and the escrow account, DSRA and any other bank accounts of the GCHEPL and pledge of shares held by the promoters / sponsors constituting 51% of the equity shares of GCHEPL, which shall be reduced to 26% of shares on repayment of half of the loans subject to the compliance of conditions put forth by the Consortium of Rupee Lenders and Foreign Currency Lender. The loans carry an interest rate of 13.50% p.a. (March 31, 2013: 13.25% p.a.) except for one lender which charges the rate prevailing at each rupee disbursement. GCHEPL shall repay 70% of the loans in 40 equal quarterly instalments commencing from March 2015 and the balance of 30% of by a single instalment on March 2025, except for one lender to whom the loan is to be repaid in 60 equal quarterly instalments commencing from April 2015.

31 Secured Indian rupee term loans from banks and financial institutions of Rs. 2,644.10 crore (March 31, 2013: Rs. 2,560.36 crore) of EMCO are secured by way of a first charge and registered mortgage of all the immovable properties and movables including plant and machinery, machinery spares, tools and accessories, stock of raw materials, semi finished goods and consumable goods and book debts, operating cash flows, receivables, revenues whatsoever in nature, present and future. Further secured by pledge of equity shares representing 51% of the total paid up equity share capital of EMCO. The beneficial interest in the security shall rank pari passu among all the rupee lenders and the lenders participating in the bank borrowings for the working capital requirements/bank guarantee facility to the extent as approved by the rupee lenders. The loans carry an interest rate of bank prime lending rate ('BPLR') of the lead lender less 3.75% p.a. As at March 31, 2013, EMCO had to repay 70.09% of the loan in 43 equal quarterly instalments commencing from September 2013 and the balance of 29.91% was to be paid by a single instalment in June 2024. Pursuant to the amendment to the agreements during the year ended March 31, 2014, 70.09% of the loan is repayable in 43 equal quarterly instalments commencing from August 2014 and the balance of 29.91% is repayable by a single instalment in May 2025.

32 Secured Indian rupee term loans from banks and financial institutions of Rs. Nil (March 31, 2013: 55.82 crore) of EDWPCPL were secured by way of hypothecation / mortgage of all movable assets, receivables, bank balances and intangible assets of EDWPCPL. The rate of interest was 11.00% p.a. As per the amended agreement with the lenders the loans were repayable in 40 equal quarterly instalments commencing from November 2014. Pursuant to the divestment, EDWPCPL ceased to be a subsidiary during the year ended March 31, 2014 and accordingly the Group has not consolidated its financial statements in these consolidated financial statements.

33 Secured Indian rupee term loans from banks and financial institution of Rs. 195.95 crore (March 31, 2013: Rs. 211.70 crore) of GGSPPL are secured by way of pledge of shares aggregating 51% of the total paid up capital of GGSPPL and first charge by way of mortgage of immovable properties of GGSPPL. The rate of interest in case of loans from banks is 12.50% p.a. and in case of loans from financial institution, the rate is 12.62% p.a. (March 31, 2013 : 12.60% p.a.). The loans from banks are repayable in 47 unequal quarterly instalments commencing from July 2012 and the loans from financial institution is repayable as bullet payment in January 2024.

34 Secured Indian rupee term loans from banks of Rs. 85.99 crore (March 31, 2013: Rs. 88.65 crore) of MTSCL are secured by way of a first ranking mortgage / hypothecation / assignment/ security interest/ pledge on immovable property comprising of land and building both present and future; movable current assets both present and future; pledge of shares representing 30% of the total equity shares of MTSCL and all rights, titles, permits, interests in respect of MTSCL in respect of all the assets, project documentation including all insurance contracts and clearances. The rate of interest is base rate plus spread of 2.75% p.a. The loans are repayable in 28 equated quarterly instalments commencing from March 2014.

35 Secured Indian rupee term loans from banks of Rs. 13.93 crore (March 31, 2013: Rs. 14.45 crore) of ATSCL are secured by way of a first ranking mortgage / hypothecation / assignment / security interest / pledge on the immovable property comprising of land and building both present and future acquired; movable current assets both present and future; pledge of shares representing 30% of the total equity share capital of ATSCL and all rights, titles, permits, and interests of ATSCL in respect of all the assets, project documentation including all insurance contracts and clearances. The rate of interest is base rate plus spread of 2.75% p.a. The loans are repayable in 28 equated quarterly instalments commencing from March 2014.

36 Secured Indian rupee term loans from banks of Rs. 23.10 crore (March 31, 2013: Rs. 26.40 crore) of DASPL are secured by first charge on DASPL's escrow accounts (i.e. after payment of statutory dues and payment of concession fee to DIAL). The interest rate is base rate of the lender minus 2.75% p.a. The loans are repayable in 32 quarterly instalments commencing from July 2011.

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37 Secured Indian rupee term loans from banks of Rs. 40.84 crore (March 31, 2013: Rs. 55.12 crore) of HASSL are secured by equitable mortgage of leasehold right and title in respect of leasehold land belonging to GHIAL and other immovable properties and first charge on all movables, including movable machinery, machinery spares, tools, accessories, furniture, fixtures, vehicles and other movable assets, book debts, operating cash flows, receivables, intangibles, uncalled capital, commissions, revenues, present and future and assignment of all claims and demands from insurance, TRA, DSRA of HASSL and further secured by pledge of 0.37 crore equity shares of HASSL held by GHIAL. The rate of interest is Prime Lending Rate ('PLR') plus 3.00% p.a. The loan is repayable in 21 equal quarterly instalments commencing from March 2012.

38 Secured Indian rupee term loans from banks of Rs. 56.44 crore (March 31, 2013: Rs. 55.00 crore) of GHASL are secured by mortgage of leasehold right, title, interest and benefit in respect of leasehold land and first pari passu charge on all movable and immovable assets, operating cash flows, book debts, receivables, commissions, revenue of whatsoever nature, both present and future, and an exclusive charge on all bank accounts of the project, including TRA, escrow accounts etc. The rate of interest is 12.00% p.a. with yearly reset. As at April 1, 2012, the loans were repayable in 120 unequal monthly instalments commencing from April 2013, however as per the negotiations with bank during the year ended March 31, 2013, the repayment has been rescheduled as 40 unequal monthly instalments commencing from November 2013.

39 Secured Indian rupee term loans from banks of Rs. 116.00 crore (March 31, 2013: Rs. 116.00 crore) of MGAECL are secured by first pari-passu charge of equitable mortgage by deposit of title deeds over immovable properties of MGAECL admeasuring 16.46 acres of leasehold lands on which MRO facility has been created including buildings, structures, etc. on such land, hypothecation of all the movable assets of the MGAECL and the subsidiary, MGATL, including, but not limited to plant and machinery, machinery spares, tools and accessories, current assets of the project, book debts, operating cash flows, receivables, commissions, revenue of whatsoever nature and wherever arising, present and future of MGAECL and the subsidiary, MGATL and further secured by pledge of 2.02 crore shares of the Company held by its joint venture partners GHIAL and Malaysian Aerospace Engineering Sdn. Bhd. The rate of interest is 12.00% p.a. to 13.00% p.a. (March 31, 2013: 12.50% p.a. to 13.00% p.a.). The loans were repayable in 40 unequal quarterly instalments commencing from February 2014 but MGAECL has made continuing default in payment of interest of Rs. 3.76 crore (March 31, 2013: Rs. Nil) and principal amount of Rs. 1.45 crore (March 31, 2013: Rs. Nil) on these loans taken. The period of default till March 31, 2014 in respect of interest is 92 days (March 31, 2013: Nil) and principal amount is 38 days (March 31, 2013: Nil).

40 Secured Indian rupee term loans from banks of Rs. 3.32 crore (March 31, 2013: Rs. 4.10 crore) of DFSPL are secured against exclusive charge on receivables of DFSPL through an escrow acconnt maintained by DFSPL, non-disposal undertaking from Devyani International Limited ('DIL') for 60% shareholding in DFSPL, escrow receivables of DFSPL, corporate guarantee of DIL. The rate of interest is base rate of the lender plus 2.25% p.a. The loans were taken in two tranches, the first tranche is repayable in 28 equal quarterly instalments commencing from September 2011 and the second tranche is repayable in 24 equal quarterly instalments commencing from September 2012 .

41 Secured Indian rupee term loans from banks of Rs. 2.40 crore (March 31, 2013: Rs. 3.00 crore) of DSSHPL are secured by way of charge on furniture and fixtures and equipment's of DSSHPL installed at various outlets and security deposit of Rs. 0.80 crore given by DSSHPL to DIAL. The rate of interest is base rate of the lender plus agreed premium minus 1.50% p.a. The loan is repayable in 25 unequal quarterly instalments commencing from March 2011 and ending on March 2017.

42 Secured Indian rupee term loans from banks of Rs. 38.05 crore (March 31, 2013: Rs. 42.45 crore) of DAFF are secured by charge on receivables / cash flows / revenue under escrow account, both present and future, after payment of statutory dues and license fees payable to DIAL. The rate of interest is base rate of the lender plus 0.05% to 0.25% (March 31, 2013: base rate of the lender). The loans were taken in two tranches, the first tranche is repayable in 48 quarterly instalments commencing from July 2011 and the second tranche is repayable in 20 quarterly instalments, calculated based on actual disbursements, after a moratorium period of 6 months from March 2014.

43 Secured Indian rupee term loans from banks of Rs. 74.31 crore (March 31, 2013: Rs. 81.61 crore) of DAPSL are secured by exclusive first charge on the receivables, cash flows and revenues as available under escrow account of DAPSL and by a pledge of 1.88 crore and 0.38 crore equity shares of DAPSL held by DIAL and Tenaga Parking Services (India) Private Limited, respectively. The rate of interest is 12.00% p.a to 12.25% p.a. (March 31, 2013: 12.25% p.a. to 12.50 % p.a.). The loans are repayable in 36 unequal quarterly instalments commencing from April 2011.

44 Secured Indian rupee term loans from banks of Rs. 43.26 crore (March 31, 2013: Rs. 43.64 crore) of DCSCPL are secured by first charge by way of hypothecation of all the current assets, all the movables and intangible assets, rights under concession agreement and pledge of 30% of the shares of DCSCPL held by one of its shareholders. The rate of interest is BPLR minus 2.50% on floating basis. The loans are repayable in 30 unequal quarterly instalments commencing from October 2012.

45 Secured Indian rupee term loans from banks of Rs. 4.86 crore (March 31, 2013: Rs. 6.00 crore) of TFS are secured by pledge of 30% of the shareholding in TFS and by way of lien on escrow account. The rate of interest is 11.25% p.a. to 13.00% p.a. The loans are repayable in 28 equal quarterly instalments commencing from July 2011.

46 Secured Indian rupee term loans from banks of Rs. 7.90 crore (March 31, 2013: Rs. 9.93 crore) of HDFRL are secured by current assets including stock, book debts, movable assets, software, whether installed or not and whether in possession or under the control of HDFRL or not, all bank accounts, a pledge of 30% of shares of total equity held by GHIAL. As on March 31, 2014, HDFRL has pledged 0.51 crore (March 31, 2013: 0.15 crore) equity shares as per the sanction terms. The rate of interest is base rate plus agreed spread, which is subject to reset at the end of agreed interval. The interest rate for the year ranges from 12.40% p.a. to 12.50% p.a. (March 31, 2013 : 12.40% p.a. to 12.75% p.a.). The loans are repayable in 22 unequal quarterly instalments commencing from March 2012.

47 Secured Indian rupee term loans from banks of Rs. 8.61 crore (March 31, 2013: Rs. 8.88 crore) of TIM are secured by a charge on entire book debts of TIM, bills whether documentary or clean, outstanding monies and receivables of TIM, both present and future, under escrow account. TIM has also given an undertaking to the bank for first right on security deposit of Rs. 35.00 crore (given to DIAL) so released by DIAL after appropriation towards dues of the lender, if any. The rate of interest is 11.50% p.a. to 12.50% p.a. The loans were taken in two tranches, the first tranche is repayable in 24 equal quarterly instalments commencing from December 2011 and the second tranche is repayable in 16 equal quarterly instalments commencing from May 2014.

48 Secured Indian rupee term loans from banks of Rs. 45.69 crore (March 31, 2013: Rs. Nil) of GBHHPL are secured by first charge on all movable, immovable properties including stock of raw material and consumables, all book debts, cash flows receivables, TRA, DSRA and other reserves and any other bank accounts of GBHHPL both present and future. Further secured by way of assignments / hypothecation of security interest of all the rights, title, interest, benefits, claims and demands of GBHHPL in the project documents. Further secured by way of pledge of 51% of its equity shares held by GEL. The loans are repayable in 54 unequal quarterly instalments starting from July 2019 and carry an interest rate of base rate of the lender bank plus 300 bbps.

49 Secured Indian rupee term loans from a bank of Rs. 21.61 crore (March 31, 2013: Rs. 26.51 crore) of GEL is secured by way of an equitable mortgage of immovable properties comprising of land and building acquired with the loan proceeds. The loan is repayable in 87 equated monthly instalments of Rs. 0.41 crore each. The rate of interest is BPLR minns 1.00% p.a.

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50 Secured Indian rupee term loan from a bank of Rs. 250.00 crore (March 31, 2013: Rs. Nil) of GPCL is secured by first ranking charge over all current assets including inventory, trade receivables, bank accounts and investments and exclusive charge over DSRA of GPCL. The beneficial interest in the security shall rank pari passu among rupee lender and lenders participating in the bank borrowings for the working capital requirements. The above term loan is repayable in 8 equal quarterly instalments commencing from the end of 15 months from the date of first disbursement i.e. July 2013 and carries an interest rate ranging from 13.35% p.a to 14.60% p.a.

51 Secured Indian rupee term loan from a bank of Rs. 260.00 crore (March 31, 2013 : Rs. Nil) of EMCO is secured by a second pari passu charge on all the assets of EMCO, a corporate guarantee provided by GEL and pledge of 26% equity shares of EMCO held by GEL. The beneficial interest in the security shall rank pari passu among all the rupee lenders and the lenders participating in the bank borrowings for the working capital requirements / bank guarantee facility to the extent as approved by the rupee lenders. The loan carries an interest rate of 13.25% p.a and is repayable at the end of three years from the date of drawdown through a single instalment. However, in case of refinancing of part /entire quantum of term loan, the loan is to be repaid immediately.

52 Unsecured Indian rupee loans from banks of Rs. 221.80 crore (March 31, 2013: Rs. 237.93 crore) of GHIAL are guaranteed by the Company. The rate of interest is base rate plus agreed spread, which is subject to reset at the end of agreed interval, which is presently 11.75% p.a. to 12.00% p.a. (March 31, 2013 : 11.75% p.a.). The loans are repayable in 43 unequal quarterly instalments commencing from October 2012.

53 Secured Indian rupee term loans from banks of Rs. 97.50 crore (March 31, 2013: Rs. Nil) of GADL are secured by first exclusive charge on GADL's loans and advances, current assets, cash flows and interest on inter corporate deposits/ sub debt including corporate guarantee from the Company and GAL. The loans are repayable in 28 quarterly instalments commencing from December 2013 and carry an interest rate of 12.25% p.a.

54 Secured Indian rupee term loan from a bank of Rs. 900.00 crore (March 31, 2013: Rs. Nil) of the Company is secured by: (a) subservient charge on the immovable properties and moveable assets of EMCO both present and future; (b) subservient charge on Non agricultural land in the state of Andhra Pradesh of KSPL; (c) pledge of 11.37% equity shares of the Company, held by GHPL; (d) pledge of 23% equity shares of EMCO held by GEL; (e) pledge of 30% equity shares of GCHEPL held by GEL; (f) pledge over 30% of equity shares of GEL held by GREEL and (g) subservient charge on immovable properties situated in the State of Gujarat (both present and future) and all moveable assets of GGSPPL. The loan carry base rate of lender plus spread of 4.75% p.a. and is repayable in 32 structured quarterly instalments commencing from April 2016 and ending in January 2024. There are certain mandatory prepayment events agreed with the bank including divestment of shareholding in ISG and hence Rs. 200.00 crore has been considered as current maturities of such loans.

55 Secured Indian rupee term loan from a bank of Rs. 500.00 crore (March 31, 2013: Rs. Nil) of the Company is secured by: (a) residual charge over all current assets and movable fixed assets both present and future; (b) first charge over loans and advances both present and future (excluding EPC division) to provide minimum cover of 1.25 times of the facility outstanding; (c) second charge over cash flows both present and future of GMRHL; (d) exclusive charge over rights and interest of the Group in IBCKP Property at Bangalore and (e) pledge of 30% equity shares held by the Company in GMRHL. The loan carries an interest at base rate of lender plus spread of 1.50% p.a. and is repayable in 8 equal quarterly instalments after a moratorium of 39 months from the date of first disbursement i.e., the first instalment is due on September 30, 2016. There are certain mandatory prepayment events agreed with the bank including divestment of shareholding in ISG and GUEPL and hence Rs. 150.00 crore has been considered as current maturities of such loans.

56 Secured Indian rupee term loan from a financial institution of Rs. 800.00 crore (March 31, 2013: Rs. 900.00 crore) of the Company is secured by an exclusive first charge on barge mounted plant of GEL and pledge of 13.32 crore (March 31, 2013: 11.51 crore) equity shares of Re. 1 each of the Company, held by GHPL. The loan carries an interest rate of 11.75% p.a. (March 31, 2013 : 11.75% p.a.) and are repayable in 10 equated annual instalments commencing from December 2012.

57 Secured Indian rupee term loans from financial institutions of Rs. 250.00 crore (March 31, 2013: Rs. 250.00 crore) of GMRHL are secured by way of a pledge of 26% equity shares of GMRHL held by the Company. The rate of interest is 13.00% p.a. The loans are repayable in lump sum within 37 months from March 2013.

58 Secured Indian rupee term loans from financial institutions of Rs. 25.59 crore (March 31, 2013: Rs. 30.47 crore) of GAPL are secured by way of hypothecation of aircrafts of GAPL and guarantee issued by the Company. The rate of interest ranges from 10.94% p.a. to 13.06% p.a. (March 31, 2013 : 11.10% p.a to 13.66% p.a.). The loan is repayable in quarterly instalments of Rs. 1.22 crore each with an option to preclose at the end of 1 year and there after on every interest reset date with 30 days written notice to lender without any prepayment premium.

59 Secured Indian rupee term loan from a financial institution of Rs. 700.00 crore (March 31, 2013: Rs. 700.00 crore) of GEL is secured by way of first pari-passu charge on the land of KSPL and corporate guarantee given by the Company. The loan carries an interest of 12.00% p.a. and is repayable in 6 equal instalments after fifth year from the date of first disbursement. The loan was taken during the year ended March 31, 2013.

60 Secured Indian rupee term loan from a financial institution of Rs. 150.00 crore (March 31, 2013: Rs. Nil) of the Company is secured by exclusive first charge on land held by GKSEZ. The loan carries interest of 12.00% p.a. (March 31, 2013: Nil) and is repayable in 7 equated annual instalments commencing from the end of four years from the date of first disbursement i.e. September 2013.

61 Secured Indian rupee term loan from a financial institution of Rs. 44.00 crore (March 31, 2013: Rs. Nil) of the Company is secured by a charge on assets of the Company. The loan carries interest of 14.75% p.a. linked with SBR on reducing balance and is repayable in 57 monthly instalments commencing from April 2014.

62 Secured Indian rupee term loan from a financial institution of Rs. 195.00 crore (March 31, 2013: Rs. Nil) of the Company is secured by way of: (a) first mortgage and charge on non agriculture lands of SJK; (b) pledge of 20,000,000 (March 31, 2013: Nil) equity shares of Re. 1 each of the Company, held by GHPL and (c) pledge of such number of equity shares of Rs. 10 each of GEL having book value of minimum of Rs. 400.00 Crore (March 31, 2013: Rs. Nil) and in case of default in repayment of loan, the lender has the right to convert the loan into equity. The loan carries an interest rate of 14.25% p.a. (March 31, 2013: Nil) and is repayable in 18 quarterly instalments commencing from October, 2016.

63 Secured loans from others of Rs. 0.27 crore (March 31, 2013: Rs. Nil) of the Company is secured by certain vehicles of the Company. The loans carry an interest rate of 10.34% p.a. (March 31, 2013 : Nil) and is repayable in 60 equal monthly instalments commencing from April 2014.

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64 Secured foreign currency loan from a financial institution of Rs. 483.92 crore (March 31, 2013: Rs. Nil) of GCHEPL is secured by first ranking charge/ assignment / mortgage / hypothecation / security interest on pari passu basis on all the GCHEPL's immovable and movable properties including plant and machinery, machine spares, tools and accessories, furniture, fixtures, vehicle and other movable assets, goodwill, uncalled capital, both present and future in relation to the project, all the book debts, operating cash flows, receivables, commission, revenues of whatsoever nature arising including CDM revenue of GCHEPL both present and future and all insurance policies, performance bonds, contractors guarantees and any letter of credit provided by any party under the project documents, all the rights, titles, permits, clearances, approvals, interests and demands of GCHEPL in respect of the project documents and the escrow account, DSRA and any other bank accounts of GCHEPL and pledge of shares held by promoters / sponsors constituting 51% of the share capital which shall be reduced to 26% on repayment of half of the loans subject to compliance of conditions put forth by the consortium of rupee term lenders and foreign currency lenders. The loans carry an interest rate of six months USD LIBOR plus margin of 215 bbps p.a. payable and are to be repaid in 68 unequal quarterly instalments from commencing from April 2015 and ending in January 2032.

65 Unsecured Indian rupee loan from a financial institution of Rs. 170.36 crore (March 31, 2013: Rs. 182.72 crore) of GHIAL is guaranteed by the Company. The rate of interest is base rate plus agreed spread, which is subject to reset at the end of agreed interval, which is presently 11.65% p.a. The loan is repayable in 41 quarterly instalments commencing from March 2013.

66 Secured foreign currency loans from banks of Rs. 335.36 crore (March 31, 2013: Rs. 306.89 crore) of GKEL are secured by first ranking charge/ assignment / mortgage / hypothecation / security interest on pari passu basis on all the immovable (including land) and movable properties (excluding mining equipment's) including plant and machinery, machine spares, tools and accessories, furniture, fixtures, vehicles and other movable assets of GKEL, both present and future in relation to the project, all the tangible and intangible assets including but not limited to its goodwill, undertaking and uncalled capital, both present and future in relation to the project, all insurance policies, performance bonds, contractors guarantees and any letter of credit provided by any person under the project documents, all the rights, titles, permits, clearances, approvals and interests of GKEL in, to and in respect of the project documents and all contracts relating to the project, all the book debts, operating cash flows, receivables, all other current assets, commission, revenues of GKEL, both present and future in relation to the project and all the accounts and all the bank accounts of GKEL in relation to the project and pledge of shares (in the demat form) held by GEL, constituting 51% of the shares which shall be reduced to 26% of shares on repayment of half the loans subject to the compliance of conditions put forth by the lenders. All the securities set out above shall rank pari passu amongst the lenders of the project for an aggregate rupee term loans including foreign currency loans and working capital lenders for an amount acceptable to the lenders. The rate of interest for each interest period is the rate p.a. which is aggregate of six months LIBOR and applicable margin calculated at two business days prior to the relevant interest period. GKEL has to repay 1% p.a. of the total foreign currency loans drawdown amount starting from 12 months from initial drawdown date for first four years and thereafter the balance amount is to be paid in 32 quarterly instalments from fifth year onwards.

67 Secured foreign currency loans from a bank of Rs. 311.63 crore (March 31, 2013: Rs. 386.98 crore) of GIML is secured by way of pledge of 6.91 crore (March 31, 2013 : 6.91 crore) shares of GISPL and further secured by way of corporate guarantee given by the Company. The rate of interest is LIBOR plus 3.50% to 6.45%. The loan is repayable in 3 equal annual instalments commencing from August 2013.

68 Unsecured foreign currency loan from a bank of Rs. 871.06 crore (March 31, 2013: Rs. 789.11 crore) of GIML is secured by way of corporate guarantee given by the Company. The rate of interest is LIBOR plus 200 bbps.(March 31, 2013: LIBOR plus 200 bbps.) The loan was repayable in April 2014 and the same has been extended by 3 months.

69 Secured foreign currency loan from a bank of Rs. 100.57 crore (March 31, 2013: Rs. Nil) of MTSCL is secured by way of first ranking mortgage / hypothecation / assignment / security interest / pledge on (a) the immovable property comprising of land and building both present and future, (b) movable current assets both present and future, (c) pledge of shares representing 30% of the total equity shares of MTSCL held by GEL, and (d) all rights, titles, permits and interests of MTSCL in respect of all the assets, project documentation including all insurance contracts and clearances. The loan carries an interest at LIBOR plus 4.50% p.a. MTSCL has entered into a contract to hedge the interest rate risk related to LIBOR and has entered into an IRS arrangement to convert floating rate of interest into fixed rate of interest. The effective rate of interest is 11.20% p.a. The entire foreign currency loan is repayable as a single instalment in May 2018.

70 Secured foreign currency loan from a bank of Rs. Nil (March 31, 2013: Rs. 30.38 crore) of LGM was secured by a corporate guarantee given by the Company and further secured by pledge of 100% shares of LGM held by its shareholders. The rate of interest was EURIBOR plus 550 bbps and was repayable in 14 equal half yearly instalments commencing from December 2010. Pursuant to the divestment, LGM ceased to be a jointly controlled entity and accordingly, the Group has not consolidated financial statements of LGM in these consolidated financial statements.

71 Secured foreign currency loans from banks and financial institutions of Rs. Nil (March 31, 2013: Rs. 1,055.42 crore) of ISG were secured against present and future receivables, rights, income, claims, interest, benefits and all kinds of receivables arising out of or in connection with other agreements. Further secured by pledge of 80% shares of ISG held by the Company. ISG has entered into IRS agreement with a bank for 10 years to hedge the floating interest rate on 80% of loan amount and is fixed at 5.10%. The rate of interest was EURIBOR plus spread i.e. 5.00% p.a. The loan was repayable in 18 unequal half yearly instalments commencing from June 2013. Pursuant to the divestment, ISG ceased to be a jointly controlled entity and accordingly, the Group has not consolidated financial statements of ISG in these consolidated financial statements.

72 Secured foreign currency loans from banks of Rs. Nil (March 31, 2013: Rs. 699.07 crore) of GISPL were secured by way of a charge over the DSRA to be created and a corporate guarantee provided by a shareholder. The interest rate ranged from 3.68% p.a. to 5.05% p.a. The loans were originally repayable in 8 equal quarterly instalments commencing from July 2014. GISPL has repaid these loans in full in April 2013.

73 Secured foreign currency loans from banks of Rs. Nil (March 31, 2013: Rs. 327.90 crore) of GISPL were secured by way of a charge over the DSRA to be created and a corporate guarantee provided by a shareholder. The interest rate ranged from 3.68% p.a. to 5.05% p.a. The loans were originally repayable after 48 months from the first drawdown date i.e. in November 2011. GISPL has fully repaid these loans in April 2013.

74 Secured foreign currency loans from a bank of Rs. 2,443.14 crore (March 31, 2013: Rs. 1,870.06 crore) of DIAL are secured by first rank pari-passu charge on all the future revenues, receivables, TRA, DSRA, major maintaince reserve, any other reserve, other bank accounts and insurance proceeds of DIAL and all the rights, titles, interests, permits in respect of the project documents as detailed in the lenders agreements, to the extent permissible under OMDA and further secured by the pledge of requisite shares held by consortium of GAL, MAMPL and FAG (shareholders of the company). The loans carry an interest at 6 months LIBOR plus agreed spread. However, DIAL had entered into IRS arrangement to convert floating rate of interest into fixed rate of interest, as per the terms of the loan agreement. The effective weighted average interest rate is 7.31% p.a. (March 31, 2013 : 7.76% p.a.) The loans are repayable in unequal half yearly instalments commencing from March 2013 and ending in March 2021.

75 Secured foreign currency loans from banks of Rs. Nil (March 31, 2013: Rs. 136.45 crore) of HEGL were secured by way of charge on all the assets of HEGL and further guaranteed by the Company. The interest was paid at LIBOR plus 400 to 450 bbps, with tenure of 6 years from first drawdown date i.e. July 2011 with repayment starting from third year onwards. Pursuant to the sale of certain mines held by certain subsidiaries and jointly controlled entities of HEGL during the year ended March 31, 2014, the entire loans were repaid.

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76 Secured foreign currency loans from banks of Rs. 80.67 crore (March 31, 2013: Rs. 146.14 crore) of GENBV are secured by pledge of shares of GENBV, pledge of 100% shares of PTDSU, PTDSI, and PT, non-disposal undertaking from PTDSI and PT for their entire shareholding in PTBSL, non-disposal undertaking from GEL for its shareholding in GEML and non disposal undertaking of 100% shareholding of GEML in GECL and undertaking by the Company to retain 51% direct ownership and control in GEL. Further secured by way of irrevocable and unconditional guarantee by the Company and charge over escrow of cash flows from PTDSU, PTDSI, PTBSL, and PTU including dividends and cash sweeps. The rate of interest is LIBOR plus 550 bbps. The loan is repayable in 3 equal annual instalments commencing from February 2013 and ending in February 2015.

77 Secured foreign currency loan from a bank of Rs. 100.35 crore (March 31, 2013: Rs. 90.91 crore) of ATSCL is secured by way of first ranking mortgage / hypothecation / assignment / security interest / pledge on: (a) the immovable property comprising of land and building, both present and future acquired; (b) movable current assets both present and future; (c) pledge of shares representing 30% of the total equity shares of ATSCL; and (d) all rights, titles, permits and interest of ATSCL in respect of all the assets, project documentation, including all insurance contracts and clearances. The loan carries an interest at LIBOR plus 4.50% p.a. ATSCL has entered into a contract to hedge the interest rate risk related to LIBOR and has entered into full currency swap arrangement to convert floating rate of interest into fixed rate of interest. The effective rate of interest is 10.71% p.a. The entire foreign currency loan is repayable as a single instalment in December 2017.

78 Secured foreign currency loans from banks of Rs. 2,697.74 crore (March 31, 2013: Rs. 2,574.43 crore) of GCRPL are secured by a charge over all tangible and intangible assets of GCRPL and charge over the shares of GCRPL held by GEL and the Company. Further, secured by way of guarantee by the Company and a non-disposable undertaking with respect to shares held in PTGEMS by GCRPL. The rate of interest is six month LIBOR plus 4.25% .The term loan is repayable in 4 instalments of 5% of the loans within 24 months from the first utilisation date i.e. in October 2011, 10% within 36 months from the first utilisation date, 10% within 48 months from the first utilization date and the final instalment of 75% on the maturity date i.e. in October 2016.

79 Secured foreign currency loans from banks amounting to Rs. 967.84 crore (March 31, 2013: Rs. 876.80 crore) of GMIAL are secured by first charge / assignment of all revenues and receivables of GMIAL from the project or otherwise, first charge of existing and future movable properties, all banks accounts including without limitation, the escrow accounts and each of the other accounts required to be created by GMIAL under any project document or contract, all intangible assets including but not limited to the goodwill, undertaking, uncalled capital and intellectual property rights, assignments of all the rights, titles, and interests of GMIAL from all contractors, insurances, licenses in, to, and under all assets of the project, all project documents, which GMIAL is a party to including contractor guarantees, liquidated damages and all other contracts relating to the project, a first charge or assignment of all the rights, titles, interests, benefits, claims and demands whatsoever of GMIAL in any letter of credit, guarantee, performance bonds, provided by EPC contractors, or any party to the project documents, lender's security package listed in the project documents, including substitution rights and termination payments due in respect of the project in specified circumstances and pledge of 51% of the equity share capital of GMIAL. As per the direct agreement signed between Maldives Airport Company Limited ('MACL'), Government of Maldives ('GoM'), lenders and GMIAL, GoM has guaranteed the loan of GMIAL to the lenders. All the securities created would be shared on pari passu basis amongst the lenders participating in the facility and the lenders providing the operations and maintenance bonds, works bonds, capex LCs, working capital facilities and interest and currency hedge providers. The rate of interest is six months LIBOR plus 375 bbps. The loan was originally repayable in half yearly instalments starting from June 2015. However, pursuant to the takeover of control of Ibrahim Nasir International Airport ('Male airport') by MACL/GoM, the bank has served a notice of events default on December 7, 2012 and has recalled the total loan outstanding. Accordingly, the loans have been classified as current maturities of long term borrowings. However, GMIAL is in the process of negotiating with the bank to defer the loan repayment till the process of arbitration is complete. As at March 31, 2014, the bank has extended the repayment of the loans till December 2014.

80 Secured foreign currency loan from a bank of Rs. 241.96 crore (March 31, 2013: Rs. Nil) of PTBSL is secured by a charge over insurance, inventory, plant and machinery, receivables of PTBSL and further secured by corporate guarantee from GIL. The loan carries an interest rate of LIBOR plus 6.07% p.a. and is repayable in 10 half yearly instalments commencing after 42 months from the first utilisation date.

81 Secured Indian rupee term loan from a bank of Rs. 250.00 crore (March 31, 2013 : Rs. 250.00 crore) of the Company is secured by exclusive first mortgage and charge on non-agricultural lands of BIPL, NREPL, Sri Varalakshmi Jute Twine Mills Private Limited ('SVJTMPL') and Neozone Properties Private Limited. The loan carries an interest rate of base rate of lender plus 1.50% p.a. and is repayable in 5 equated monthly instalments commencing from November 2014. The loan was unsecured in the previous year as the security offered was outside the Group. However, in the current year the loan has been considered as secured as NREPL has become a subsidiary .

82 Unsecured Indian rupee term loan from a bank of Rs. 100.00 crore (March 31, 2013 : Rs. 100.00 crore) of GEL carries an interest rate of base rate of the bank plus 1.75% p.a. and repayable in four equal quarterly instalments from the end of 15 months from the date of first disbursement i.e. March 2013.

83 Unsecured Indian rupee term loan from a financial institution of Rs. 183.33 crore (March 31, 2013 : Rs. 275.00 crore) of the Company is secured by way of corporate guarantee issued by GHPL and pledge of 26.92 crore equity shares of Re. 1 each of the Company, held by GHPL. The loan carries periodic rates of interest as agreed with the lenders. The loan is repayable in 3 equated annual instalments commencing from August 2013.

84 Unsecured Indian rupee loans from a financial institution of Rs. 0.36 crore (March 31, 2013 : Rs. 5.76 crore) of WAISL carry an interest rate of 10.50% p.a. (March 31, 2013 : 10.50% p.a.). The loan is repayable in 72 equal monthly instalments commencing from January 2012 to December 2017.

85 Unsecured rupee term loan from others of Rs. Nil (March 31, 2013: Rs. 5.10 crore) of DCSCPL was interest free. The loan was originally repayable after 48 months but during the year ended March 31, 2014, on request of Cargo Service Centre (India) Private Limited, the loan has been prepaid in full.

86 Unsecured rupee term loan from others of Rs. 0.91 crore (March 31, 2013: Rs. Nil) of DCSCPL is interest free. The loan is payable after 48 months from the date of disbursement.

87 Unsecured loan from others of Rs. Nil (March 31, 2013: Rs. 4.55 crore) of EDWPCPL carried an interest rate of 15.00% p.a. and was repayable in 40 equal quarterly instalments commencing from 9th quarter from the date of first disbursement i.e. April 2011. Pursuant to the divestment, EDWPCPL ceased to be a subsidiary during the year ended March 31, 2014 and accordingly the Group has not consolidated financial statements of EDWPCPL in these consolidated financial statements.

88 Unsecured loan from others of Rs. 14.51 crore (March 31, 2013: Rs. 14.51 crore) of Laqshya is interest free. The loan is repayable in 6 unequal annual instalments commencing from the year 2015 to 2021.

89 Unsecured loan from others of Rs. 1.00 crore (March 31, 2013: Rs. 1.10 crore) of HMACPL is interest free. The loan is repayable in 15 equal annual instalments of Rs. 0.10 crore each commencing from April 2009.

90 Unsecured loan from others of Rs. Nil (March 31, 2013: Rs. 5.40 crore) of DSPL carried an interest rate of 12.00% p.a and was repayable within 13 months or as mutually agreed between the parties. The loan has been repaid during the year ended March 31, 2014.

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91 Unsecured loan from others of Rs. 1.25 crore (March 31, 2013: Rs. 0.96 crore) of DSSHPL carries an interest rate of base rate plus 2.5% p.a. Loans of Rs. 0.56 crore is repayable in 45 equal monthly instalments commencing from November 2011 and loans of Rs. 0.69 crore is repayable in 8 equal quarterly instalments after completion of one year of moratorium period.

92 Unsecured foreign currency loans from others of Rs. 6.25 crore (March 31, 2013: Rs. 5.66 crore) of CDCTM carries an interest rate of six month LIBOR rate plus spread of 500 bbps and is repayable in a single instalment on maturity i.e. May 2018.

93 Secured suppliers' credit of Rs. 71.20 crore (March 31, 2013: Rs. 80.64 crore) of GAPL is secured by way of hypothecation of aircrafts and guarantee issued by the Company. The rate of interest is six months LIBOR plus spread of 115 bbps. The interest rate is hedged at 3.66% p.a. (March 31, 2013 : 3.66% p.a.). The loan is repayable in 16 equal half yearly instalments commencing from April 2010.

94 Unsecured suppliers' credit of Rs. 61.00 crore (March 31, 2013: Rs. 61.00 crore) of GVPGL is interest free and is repayable in a single instalment on December 31, 2018. The rights, benefits and obligations under this suppliers' credit were assigned to Grandhi Enterprises Private Limited ('GREPL'), on terms accepted by GVPGL. Further, GREPL has assigned the credit facilities to Prolific Finvest Private Limited ('assignee') ('PFPL'). The assignee on acceptance by GVPGL may convert the above facility in to fully convertible debentures at par to be issued by GVPGL.

95 Unsecured suppliers' credit of Rs. 48.00 crore of GGSPPL (March 31, 2013: Rs. 48.00 crore) represents interest free retention money repayable after 15 years.

96 Bills discounted of Rs. 134.70 crore (March 31, 2013: Rs. 134.70 crore) of GEL are secured by first charge over the current assets of GEL and second charge over the entire fixed assets of GEL. The securities are shared on a pari passu basis with existing charge holders. The amount was repayable in April 2014 and has been further renewed till April 2015.

97 Secured loans from banks of Rs. 0.64 crore (March 31, 2013: Rs. Nil) of the Company are secured on certain vehicles of the Company. The loans carry an interest rate of 10.00% p.a. The loan is repayable in 60 equal monthly instalments commencing from October 2013.

98 Finance lease obligations of Rs. 0.84 crore (March 31, 2013: Rs. 1.37 crore) are secured by underlying assets taken on finance lease arrangement. Lease term is around 4 to 5 years and carries an interest from 8.50% p.a. to 10.00% p.a .

99 Negative grant of Rs. Nil (March 31, 2013: Rs. 120.25 crore) was interest free. Negative grant was repayable in unequal yearly instalments over next 6 years. Pursuant to the divestment, GUEPL has ceased to be subsidiary during the year ended March 31, 2014 and accordingly the Group has not consolidated financial statements of GUEPL in these consolidated financial statements. Refer note 35 (b).

100 Negative grant of Rs. 66.41 crore (March 31, 2013: Rs. 66.41 crore) of GACEPL is interest free. Negative grant is repayable in unequal yearly instalments over next 5 years. As at March 31, 2014, an amount of Rs. 17.48 crore is due and GACEPL has obtained an interim stay order from the arbitration tribunal against the recovery of the negative grant till further orders. Refer note 35 (b).

101 Interest free loan from others of Rs. 315.05 crore (March 31, 2013: Rs. 315.05 crore) of GHIAL received from the State GoAP is repayable in 5 equal instalments commencing from 16th anniversary of the commercial operations date of GHIAL i.e. March 2008.

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6 Other long-term liabilities

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Trade payables	20.97	68.57
	20.97	**68.57**
Others		
Advance / deposits received from customers	290.33	355.52
Unearned revenue	22.14	70.50
Deposits / advances from concessionaires	3.21	179.89
Deposits / advances from commercial property developers	1,471.51	1,471.51
Concession fee payable	140.16	109.98
Non-trade payable (including retention money)	471.36	670.83
	2,398.71	**2,858.23**
	2,419.68	**2,926.80**

7 Provisions

	Long-term		Short-term	
	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Provision for employee benefits				
Provision for gratuity (refer note 37)	2.91	1.16	0.42	0.13
Provision for leave benefits	-	-	46.13	46.02
Provision for voluntary retirement compensation (refer note 40)	70.76	89.57	18.72	18.99
Provision for other employee benefits	-	4.61	51.09	55.42
	73.67	**95.34**	**116.36**	**120.56**
Other provisions				
Provision for taxation (net)	-	-	45.55	36.74
Provision for wealth tax	-	-	0.01	0.01
Provision for debenture redemption premium	-	-	9.52	8.53
Provision for preference shares redemption premium	-	-	11.62	12.23
Provision for operation and maintenance (net of advances) (refer note 40)	4.78	53.50	58.18	27.51
Proposed equity dividend	-	-	38.92	38.92
Provision for tax on proposed equity dividend	-	-	9.73	8.51
Proposed preference dividend	-	-	0.54	-
Provision for tax on proposed preference dividend	-	-	0.09	0.09
	4.78	**53.50**	**174.16**	**132.54**
	78.45	**148.84**	**290.52**	**253.10**

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8 Short-term borrowings	**March 31, 2014 Rs. in crore**	**March 31, 2013 Rs. in crore**
Secured:		
Cash credit and overdraft from banks	482.02	385.29
Letters of credit/ bills discounted	3,158.25	3,570.36
Indian rupee short term loans from banks	959.11	443.72
Foreign currency short term loans from banks	323.31	-
Indian rupee short term loans from financial institutions	160.56	152.72
Unsecured:		
Foreign currency short term loan from bank	414.36	-
Letters of credit / bills discounted	61.76	88.10
Indian rupee short term loans from banks	-	151.99
Indian rupee short term loans from others (refer note 45)	28.80	64.44
	5,588.17	**4,856.62**
The above amount includes		
Secured borrowings	5,083.25	4,552.09
Unsecured borrowings	504.92	304.53
	5,588.17	**4,856.62**

1 Cash credit from banks of Rs. 47.67 crore (March 31, 2013: Rs. 43.03 crore) of GHIAL is secured by way of first pari passu charge by way of hypothecation of the stocks, consumable stores and spares, other movables including book debts, bills, outstanding monies receivable, both present and future and whole of the movable properties including movable plant and machinery, machinery spares, tools and accessories, whether stored or not or in the course of transit or on high seas or on order of delivery, but not limited to documents of title to goods. The rate of interest is 12.50% p.a. (March 31, 2013: 12.50% to 12.75% p.a.).

2 Cash credit from banks of Rs. Nil (March 31, 2013: Rs. 0.87 crore) of HDFRL was secured by current assets including stock, book debts, movable assets, software, whether installed or not and whether in possession or under the control of HDFRL or not, all bank accounts, a pledge of 30% of shares of total equity share capital of HDFRL held by GHIAL. The rate of interest was 12.40% to 12.50% p.a. (March 31, 2013: 12.50% to 12.75% p.a.).

3 Cash credit from banks of Rs. Nil (March 31, 2013: Rs. 0.20 crore) of TIM was secured by charge on receivables and subservient charge on security deposit of Rs. 17.46 crore deposited with DIAL by TIM, after payment of statutory dues and license fees payable to DIAL. The rate of interest was 12.00% to 12.50% p.a. (March 31, 2013 : 11.25% to 12.50% p.a.).

4 Cash Credit of DIAL of Rs 125.19 crore (March 31, 2013 : Rs. Nil) is secured by first rank pari passu charge on all the future revenues / receivables (excluding dues to Airports Authority of India ('AAI')) and all insurance policies, contractors' guarantees and liquidated damages and all the rights, titles, interests, permits in respect of the project documents as permissible under the Project documents of DIAL, to the extent permissible under OMDA. The facility is further secured by the pledge of requisite shares held by consortium of GAL, MAMPL and FAG (shareholders of DIAL). The rate of interest is base rate plus 2.75% p.a. spread, which is subject to reset at the end of agreed interval.

5 Bank overdraft of Rs. 20.87 crore (March 31, 2013 : Rs. 20.89 crore) of GPCL is secured by way of first charge on current assets [inventories and book debts] and second charge on movable assets (other than current assets) of GPCL. The beneficial interest in the security shall rank pari passu among rupee lender and lenders participating in the bank borrowings for the working capital requirements. The rate of interest is 13.00% to 14.75% p.a. (March 31, 2013 : 13.50% to 15.00% p.a.).

6 Bank overdraft of Rs. Nil (March 31, 2013: Rs. 65.71 crore) of GETL was secured against bank deposits of GETL. The rate of interest was 10.22% p.a.

7 Cash credit from banks of Rs. 0.36 crore (March 31, 2013: Rs. 1.61 crore) of GAPL is secured by way of corporate guarantee from the Company and charge over current assets. The rate of interest is 14.35% p.a.

8 Cash credit from banks of Rs. 8.11 crore (March 31, 2013: Rs. 5.70 crore) of MGATL is secured by first charge on entire current assets and cash flows including stocks, receivables, bank balances etc., first pari passu charge by way of extension of equitable mortgage of leasehold rights of land to the extent of 16.46 acres standing in the name of MGAECL on which MRO facilities have been created along with all the buildings, structures, first pari passu charge by way of hypothecation of all the movable assets belonging to MGATL and MGAECL and including but not limited to plant and machinery, machinery spares, tools & accessories and corporate guarantee from MGAECL. The rate of interest is base rate of the bank plus 4.00% p.a. (March 31, 2013: base rate of the bank plus 3.25% p.a.)

9 Cash credit from banks of Rs. Nil (March 31, 2013: Rs. 23.65 crore) of GEL was secured by first pari-passu charge on entire current assets and second pari passu charge on the entire fixed assets of GEL. The rate of interest was bank's base rate plus 2.00% p.a.

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10 Cash credit from banks of Rs. 4.98 crore (March 31, 2013: Rs. 4.00 crore) of GHRL is secured by way of first pari passu charge on entire current assets and cash flows including stocks, receivables, bank balances etc. with existing term lenders and collateral first pari passu charge by way of extension of equitable mortgage of the immovable properties and assets pertaining to the hotel project (including assignment of leasehold rights in the case of leasehold land, if any) and assets of the project consisting of land admeasuring 5.37 acres together with all the buildings, structures etc. on such land. The rate of interest is base rate of the lender plus 2.50% p.a.

11 Bank overdraft of Rs. 136.64 crore (March 31, 2013: Rs. 201.20 crore) of the Company is secured by a first charge on current assets of the EPC division of the Company and carries an interest of 13.50% p.a.(March 31, 2013: 10.00% to 11.20% p.a.)

12 Cash credit from banks of Rs. 42.13 crore (March 31, 2013: Rs. Nil) of GKEL is secured by way of first charge and registered mortgage of all the immovable properties and movables including plant and machinery, machinery spares, tools and accessories, stock of raw materials, semi finished goods and consumable goods and by book debts, operating cash flows, receivables, revenues whatsoever in nature, present and future. Further, it is secured by pledge of shares representing 51% of the total paid up equity share capital of GKEL held by GEL. The beneficial interest in the security shall rank pari passu among all the rupee lenders and the lenders participating in the bank borrowings for the working capital requirements / bank guarantee facility to the extent as approved by the rupee lenders. The rate of interest is base rate of the lender plus 3.00% p.a.

13 Cash credit facilities of Rs. 96.07 crore (March 31, 2013: Rs. 18.43 crore) of EMCO are secured by way of a first charge and registered mortgage of all the immovable properties and movables including plant and machinery, machinery spares, tools and accessories, stock of raw materials, semi finished goods and consumable goods and by book debts, operating cash flows, receivables, revenues whatsoever in nature, present and future. Further, it is secured by pledge of shares representing 51% of the total paid up equity share capital of EMCO. The beneficial interest in the security shall rank pari passu among all the rupee lenders and the lenders participating in the bank borrowings for the working capital requirements/ bank guarantee facility to the extent as approved by the rupee lenders. The rate of interest is base rate of the lender plus 2.25% p.a.

14 Domestic letters of credit of Rs. 1,695.53 crore (March 31, 2013 : Rs. 1,452.01 crore) and foreign letters of credit of Rs. 1,462.72 crore (March 31, 2013 : Rs. 1,381.97 crore) of GCHEPL are sub limit to rupee term loans as per the facility agreement entered into by GCHEPL and are secured in the same manner and terms and conditions as that of rupee term loans of GCHEPL. The security details of the rupee term loans have been disclosed in note 5. These letters of credit have been discounted with banks. Rate of interest of domestic letters of credit is 9.65% to 11.75% p.a (March 31, 2013 : 9.75% to 11.75% p.a) and foreign letters of credit is 0.82% to 1.25% p.a. (March 31, 2013 : 0.99% to 4.05% p.a.)

15 Foreign letters of credit of Rs. Nil (March 31, 2013 : Rs. 239.24 crore) of GKEL were sub limit to rupee term loans as per the facility agreement entered into by GKEL and were secured in the same manner and terms and conditions as that of rupee term loans of GKEL. The security details of the rupee term loans have been disclosed in note 5. These letters of credit were discounted with banks. The rate of interest of foreign letters of credit was 1.27% to 1.32% p.a. (March 31, 2013: 2.13% to 4.43% p.a.).

16 Foreign letters of credit of Rs. Nil (March 31, 2013: Rs. 435.92 crore) of GREL were sub limit to rupee term loans as per the facility agreement entered by GREL and were secured in the same manner and terms and conditions as that of rupee term loans of GREL. The security details of the rupee term loans have been disclosed in note 5. These letters of credit were discounted with banks. The rate of interest of foreign letters of credit was 1.78% to 2.16% p.a.

17 Bills discounted of Rs. Nil (March 31, 2013 : Rs. 61.01 crore) of GEL were secured by second charge on the present and future current assets of GEL. These letters of credit were discounted with various banks for payment to the gas vendors for the supply of natural gas. The rate of interest was 11.75% to 13.00% p.a.

18 Domestic letters of credit of Rs. Nil (March 31, 2013: Rs. 0.21 crore) of Laqshya were secured by first pari passu charge on current and fixed assets of Laqshya and by corporate guarantee of holding company of Laqshya i.e. Laqshya Media Private Limited ('LMPL') . These letters of credit were discounted with banks. The rate of domestic letters of credit interest was 12.50% to 13.50% p.a. (March 31, 2013: 12.50% p.a.)

19 Secured Indian rupee short term loans from banks and financial institutions of Rs. 422.08 crore (March 31, 2013: Rs. 347.67 crore) of KSPL are secured by way of a charge on fixed deposits of the Company and other group companies. The rate of interest is interest rate on fixed deposit plus 1.00% p.a. or base rate whichever is higher (March 31, 2013 : interest rate on fixed deposit plus 1.00% p.a. or base rate whichever is higher). As at March 31, 2014, KSPL has defaulted the payment of interest of Rs. 1.38 crore (March 31, 2013: Rs. 2.49 crore) for the month of March 2014.

20 Secured Indian rupee short term loan from a bank of Rs. 280.00 crore (March 31, 2013 : Rs. Nil) of GEL is secured against fixed deposits of GEL. The rate of interest is base rate plus 1.25% p.a. and is repayable in eight equal quarterly instalments commencing from the end of 36th month from the date of disbursement. GEL has prepaid loan aggregating to Rs. 50.00 crore during the year ended March 31, 2014. Further, the bank has a put option for full or part of the facility amount at the end of 4.5 months from the date of first disbursement and every 3 months thereafter.

21 Secured Indian rupee short term loans from banks of Rs. 2.21 crore (March 31, 2013: Rs. 2.23 crore) of CDCTM are secured against trade receivables including unbilled revenue. The loans carry an interest rate of 11.50% to 12.00%. p.a. (March 31, 2013: 12.00% to 13.00%. p.a.)

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22 Secured Indian rupee short term loans from banks of Rs. 1.14 crore (March 31, 2013: Rs. 6.85 crore) of DAFF are secured by way of charge on receivables / cash flows / revenue under escrow account, both present and future, after payment of statutory dues and license fees payable to DIAL and carry an interest rate of 10.25% p.a. (March 31, 2013: 10.20% p.a.)

23 Secured Indian rupee short term loan from bank of Rs. Nil (March 31, 2013: Rs. 46.20 crore) of GETL were secured by way of a first ranking pari passu charge by way of hypothecation of the borrower's entire stock of materials, semi finished goods, finished goods, consumable goods and spares and such other movable including book debts, bills whether documentary or clean, outstanding monies , receivables both present and future in a form and manner satisfactory to the banks. The rate of interest was 12.75% p.a.

24 Secured Indian rupee short term loan form banks of Rs. 140.79 crore (March 31, 2013: Rs. Nil) of GETL is secured against GPCL bank deposits. The interest rate ranges from 10.25% p.a. to 10.65% p.a. and is payable on a monthly basis.

25 Secured Indian rupee short term loans from banks of Rs. 189.99 crore (March 31, 2013 : Rs. 190.00 crore) of GEL are secured by fixed deposits of GPCL and GVPGL and carry an interest rate ranging from 9.75% to 12.00% p.a. (March 31, 2013: 9.75% to 10.45% p.a.).

26 Secured Indian rupee short term loans from banks of Rs. Nil (March 31, 2013: Rs. 3.49 crore) of DASPL were secured by a first charge on DASPL's escrow account, after payment of statutory dues and license fees payable to DIAL. The rate of interest was 12.50% p.a.

27 Secured Indian rupee short term loans from banks of Rs. 8.19 crore (March 31, 2013: Rs. Nil) of DDFS are secured by first charge on DDFS's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank and first charge on movable fixed assets of the company, both present and future (except those financed by other financial institution), in a form and manner satisfactory to the bank and pledge of 30% of sponsors' shareholding in DDFS worth Rs. 24.00 crore in accordance with section 19(2), 19(3) of the Banking Regulation Act and escrow agreement between the bank and DDFS for first and exclusive charge on receivables. The loan carries an interest at 13.25% p.a.

28 Secured Indian rupee short term loans from banks of Rs. 75.27 crore (March 31, 2013: Rs. Nil) of DSPL are secured against fixed deposits of GPEPL. The rate of interest is 10.25% to 10.50% p.a.

29 Secured foreign currency short term loans from banks of Rs. 314.46 crore (March 31, 2013: Rs. Nil) of GREL are sub limit to rupee term loans as per the facility agreement entered into by GREL and are secured in the same manner and terms and conditions as that of rupee term loans of GREL. The security details of the rupee term loans have been disclosed in note 5. The loans carry an interest at 6 months LIBOR plus 350 bbps.

30 Secured foreign currency short term loan from a bank of Rs. 8.85 crore (March 31, 2013: Rs. Nil) of PTGEMS bears an interest rate of 5.50% p.a. and is secured against trade receivables / inventories and margin money deposits of PTGEMS.

31 Unsecured foreign currency short term loans from a bank of Rs. 414.36 crore (March 31, 2013: Rs. Nil) of GALM are secured by corporate guarantee from the Company. The rate of interest is 3 months LIBOR plus 375 bbps.

32 Domestic letters of credit of Rs. Nil (March 31, 2013: Rs. 69.99 crore) of GVPGL were secured by corporate guarantee given by the Company. The rate of interest was 10.25% to 12.00% p.a.

33 Bills of Rs. 61.76 crore (March 31, 2013: Rs. 18.11 crore) of PTGEMS carry an interest of 2.25% p.a (March 31, 2013: 2.85% p.a.) .

34 Unsecured Indian rupee short term loans from banks of Rs. Nil (March 31, 2013: Rs. 150.00 crore) of the Company carried an interest rate of 12.00% p.a. (March 31, 2013: 12.00% to 12.80% p.a.).

35 Unsecured Indian rupee short term loans from banks of Rs. Nil (March 31, 2013: Rs. 1.99 crore) of CDCTM carried an interest rate of 12.00% to 13.00% p.a.

36 Unsecured short term loans from others of Rs. Nil (March 31, 2013: Rs. 54.44 crore) of EDWPCPL was taken from ILFS Renw, a minority shareholder in EDWPCPL and carried an interest rate of 11.00% p.a. Pursuant to the divestment, EDWPCPL ceased to be a subsidiary during the year ended March 31, 2014 and accordingly the Group has not consolidated financial statements of EDWPCPL in these consolidated financial statements.

37 Unsecured short term loans from others of Rs. Nil (March 31, 2013: Rs. 10.00 crore) of DSPL carried an interest rate of 10.00% p.a.

38 Unsecured short term loans from others of Rs. 28.80 crore (March 31, 2013: Rs. Nil) of GETL carries an interest rate of 13.00 % p.a.

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9 Other Current Liabilities

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Trade payables (including acceptances)	1,759.31	1,481.59
	1,759.31	**1,481.59**
Other liabilities		
Current maturities of long-term borrowings (refer note 5)	5,853.28	5,859.52
Deposits / advances from concessionaires	15.10	12.08
Deposits / advances from commercial property developers	98.14	69.88
Interest accrued but not due on borrowings	299.86	320.73
Interest accrued and due on borrowings	5.14	2.49
Others		
Advances / deposits from customers	1,305.23	1,446.30
Unpaid share application money refund - not claimed *	-	0.05
Book overdraft	2.36	0.83
Non trade payables (including retention money)	2,618.70	3,325.96
Statutory dues payable	69.31	98.57
Unearned revenue	59.01	73.20
Development fee accrued (to the extent not utilised) (refer note 35 (f)(i))	150.04	185.60
Other liabilities	71.67	97.00
	10,547.84	**11,492.21**
	12,307.15	**12,973.80**

* During the year ended March 31, 2014, share application money pending refund of Rs. 0.01 crore was paid to the investors and Rs.0.04 crore due and outstanding for more than seven years has been credited to Investor education and protection fund.

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10 Tangible assets

(Rs. in crore)

	Freehold land	Leasehold land	Runways and others	Buildings	Plant and machinery	Leasehold improvements	Office equipments (including computers)	Furniture and fixtures	Vehicles and aircrafts	Leased assets - plant and machinery	Leased assets - office equipments	Leased assets - vehicles	Total
Gross block													
Cost or Valuation													
As at April 1, 2012	240.53	98.77	2,034.10	8,143.45	7,439.56	230.13	568.89	294.47	452.73	2.46	5.39	0.10	19,510.58
Additions	17.18	24.77	89.44	504.67	1,805.20	31.16	26.12	33.30	6.05	-	-	-	2,537.89
Disposals	(0.40)	-	-	(0.24)	(11.11)	(2.79)	(2.45)	(4.61)	(3.40)	-	-	(0.03)	(25.03)
Adjustments against development fund ('DF')	-	-	0.32	1.53	0.95	-	-	0.04	-	-	-	-	2.84
Other adjustments	-	-	537.70	(578.95)	(6.22)	-	0.17	19.31	-	-	-	-	(27.99)
Exchange differences	(0.24)	(0.01)	23.82	117.52	143.99	0.37	4.67	7.58	9.21	-	-	-	306.91
Borrowing costs	10.73	-	-	40.06	153.14	0.49	-	0.82	-	-	-	-	205.24
Transferred to claims recoverable	-	-	-	(3.82)	(7.20)	-	(9.44)	(7.43)	(3.68)	-	-	-	(31.57)
Transferred to assets held for sale	-	-	-	-	(103.29)	-	(0.32)	(0.04)	(126.24)	-	-	-	(229.89)
As at March 31, 2013	**267.80**	**123.53**	**2,685.38**	**8,224.22**	**9,415.02**	**259.36**	**587.64**	**343.44**	**334.67**	**2.46**	**5.39**	**0.07**	**22,248.98**
Additions	5.34	79.47	9.69	492.37	6,160.42	13.90	12.95	17.36	171.75	-	-	-	6,963.25
Additions on inclusion / additional stake in subsidiaries / jointly controlled entities	17.55	-	-	23.14	3.82	9.52	1.58	6.16	0.12	-	-	-	61.89
Disposals	-	-	-	(8.46)	(3.46)	(0.27)	(4.19)	(2.34)	(187.25)	-	-	-	(205.97)
Deletions on disposal / dilution of stake in subsidiaries / jointly controlled entities	-	-	-	(1,307.66)	(9.33)	(6.56)	(1.09)	(16.32)	(0.99)	-	-	-	(1,341.95)
Adjustments against DF	-	-	0.33	1.56	0.97	-	-	0.04	-	-	-	-	2.90
Other adjustments	-	4.76	6.82	43.54	(78.03)	-	(0.38)	14.17	4.12	-	(5.39)	-	(10.39)
Exchange differences	0.02	(4.50)	37.35	362.80	413.34	4.60	5.31	11.93	7.91	-	-	-	838.76
Borrowing costs	-	-	-	66.36	816.63	-	-	-	-	-	-	-	882.99
As at March 31, 2014	**290.71**	**203.26**	**2,739.57**	**7,897.87**	**16,719.38**	**280.55**	**601.82**	**374.44**	**330.33**	**2.46**	**-**	**0.07**	**29,440.46**
Accumulated depreciation													
As at April 1, 2012	-	-	226.71	738.94	2,066.89	17.57	205.44	70.85	87.43	1.49	5.39	0.09	3,420.80
Charge for the year	-	-	129.08	250.53	320.95	10.52	51.26	39.04	30.93	0.49	-	-	832.80
Disposals	-	-	-	(0.14)	(5.79)	(1.52)	(0.86)	(0.99)	(2.30)	-	-	(0.02)	(11.62)
Exchange differences	-	-	-	0.56	1.48	-	0.81	0.66	0.58	-	-	-	4.09
Transferred to claims recoverable	-	-	-	(0.08)	(0.36)	-	(1.06)	(0.54)	(0.33)	-	-	-	(2.37)
Transferred to assets held for sale	-	-	-	-	(20.88)	-	(0.22)	(0.03)	(40.10)	-	-	-	(61.23)
As at March 31, 2013	**-**	**-**	**355.79**	**989.81**	**2,362.29**	**26.57**	**255.37**	**108.99**	**76.21**	**1.98**	**5.39**	**0.07**	**4,182.47**
Charge for the year	-	5.24	101.35	329.23	636.59	10.88	53.45	39.09	25.78	0.48	-	-	1,202.09
Additions on inclusion / additional stake in subsidiaries / jointly controlled entities	-	-	-	1.05	1.80	2.20	0.81	3.31	0.08	-	-	-	9.25
Disposals	-	-	-	(2.06)	(0.29)	-	(3.13)	(1.28)	(9.35)	-	-	-	(16.11)
Deletions on disposal / dilution of stake in subsidiaries / jointly controlled entities	-	-	-	(300.50)	(4.09)	(1.53)	(0.45)	(11.38)	(0.50)	-	-	-	(318.45)
Other adjustments	-	6.34	0.58	4.22	(7.58)	-	(0.31)	2.42	0.78	-	(5.39)	-	1.06
Exchange differences	-	(0.98)	-	38.88	0.31	1.22	0.41	1.68	0.02	-	-	-	41.54
As at March 31, 2014	**-**	**10.60**	**457.72**	**1,060.63**	**2,989.03**	**39.34**	**306.15**	**142.83**	**93.02**	**2.46**	**-**	**0.07**	**5,101.85**
Net Block													
As at March 31, 2013	**267.80**	**123.53**	**2,329.59**	**7,234.41**	**7,052.73**	**232.79**	**332.27**	**234.45**	**258.46**	**0.48**	**-**	**-**	**18,066.51**
As at March 31, 2014	**290.71**	**192.66**	**2,281.85**	**6,837.24**	**13,730.35**	**241.21**	**295.67**	**231.61**	**237.31**	**-**	**-**	**-**	**24,338.61**

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Notes:

1 Buildings with a gross book value of Rs. 6,622.03 crore (March 31, 2013: Rs. 6,346.99 crore) and runways are on leasehold land.

2 Deletions on disposal / dilution of subsidiaries / jointly controlled entities includes gross block of Rs. 1,334.24 crore and accumulated depreciation of Rs. 314.86 crore pertaining to ISG.

3 Disposals from gross block includes Rs. 6.39 crore (March 31, 2013: Rs. 0.56 crore) on reversal of outstanding liabilities pertaining to project construction which are no longer payable in case of GHIAL and reversal of depreciation thereon amounting to Rs. 1.18 crore (March 31, 2013: Rs. 0.12 crore).

4 DF of Rs. 2.90 crore (March 31, 2013 : Rs. 2.84 crore) received towards development of aeronautical assets in DIAL is reduced from the gross block above. Refer note 35 (f).

5 Other adjustments in the Gross Block and accumulated depreciation during the year includes:

a. Reclassification of gross block Rs. 0.36 crore (March 31, 3013 : Rs. Nil) and accumulated depreciation of Rs 0.36 crore (March 31, 2013: Rs Nil) of GIL from tangible assets to intangible assets.

b. Reclassification of Rs. Nil (March 31, 2013 : Rs. 537.70 crore) from buildings to runways and others of DIAL pursuant to final settlements of vendors in respect of Terminal 3.

c. Gross block of Rs. 4.70 crore (March 31, 2013 : Rs. 21.73 crore) and accumulated depreciation of Rs. 0.55 crore (March 31, 2013: Rs. Nil) of DIAL towards reduction in liability in final settlement with vendors in respect of Terminal 3.

d. Rs. Nil crore (March 31, 2013 : Rs. 6.26 crore) of DAPSL on reversal of outstanding liabilities pertaining to project construction which are no longer payable.

e. Gross block of Rs. 4.70 crore (March 31, 2013 : Rs. Nil crore) and accumulated depreciation of Rs. 0.08 crore (March 31,2013: Rs. Nil) of GHASL on reversal of outstanding liabilities pertaining to project construction which are no longer payable.

f. Rs. 3.71 crore (March 31, 2013: Rs. Nil) of EMCO represents refund received from Maharashtra Industrial Development Corporation ('MIDC') in respect of lease hold land.

g. Other adjustments of Rs. 8.47 crore in gross block and Rs. 6.34 crore in accumulated depreciation of leasehold land during the period ended March 31, 2014 represents reclassification of leasehold land from prepaid expenses in a jointly controlled entity.

h. Other adjustments of Rs. 5.39 crore in gross block and Rs. 5.39 crore in accumulated depreciation of leased office equipments during the period ended March 31, 2014 represents represent deletion of leased office equipments pursuant to the completion of finance lease period in GEL.

6 Foreign exchange differences in gross block:

a. Foreign exchange gain of Rs. 230.53 crore (March 31, 2013: Rs. 38.66 crore) on account of the effect of translation of assets held by foreign entities which are consolidated as non integral foreign operations as per the requirements of AS - 11.

b. Foreign exchange loss of Rs. 608.23 crore (March 31, 2013 : Rs. 268.25 crore) in respect of exchange differences arising on foreign currency monetary items relating to the acquisition of depreciable assets.

7 Claim recoverable in gross block and accumulated depreciation of Rs. Nil and Rs. Nil (March 31, 2013: Rs. 31.57 crore and Rs. 2.37 crore) respectively pertains to assets transferred by GMIAL pursuant to the take over of the Male International Airport ('MIA'). Refer note 30 (b).

8 Assets held for sale as at March 31, 2013 included in gross block and accumulated depreciation respectively as follows-

a. Aircraft of Rs. Nil and Rs. Nil (March 31, 2013: Rs. 125.91 crore and Rs. 39.96 crore) of GAPL.

b. Rs. Nil and Rs. Nil (March 31, 2013: Rs. 102.52 crore and Rs. 20.73 crore) consequent to sale of mining rights in HEGL. Refer note 30 (c).

c. Rs. Nil and Rs. Nil (March 31, 2013: Rs. 1.46 crore and Rs. 0.54 crore) of GJEPL which were sold subsequent to the year ended March 31, 2013. Refer note 30 (d)

9 Depreciation for the year includes Rs. 3.88 crore (March 31, 2013 : Rs. 0.42 crore) relating to certain consolidated entities in the project stage, which are included in capital work-in-progress in note 32(a) and intangible assets under development in note 32 (b).

10 Foreign exchange differences in accumulated depreciation represents foreign exchange loss of Rs. 41.54 crore (March 31, 2013 : Rs. 4.09 crore) on account of the effect of translation of assets held by foreign entities which are consolidated as non integral foreign operations as per the requirements of AS - 11.

11 Disposals from vehicles and aircraft during the year ended March 31, 2014 include sale of two aircrafts with gross block of Rs. 182.71 crore and accumulated depreciation of Rs. 7.15 crore.

12 EMCO has declared commercial operations of first phase of project on March 19, 2013 and second phase of the project on September 01, 2013. Accordingly the tangible assets and intangible assets have been capitalised on these dates based on the completion certified by the Technical team of EMCO and are included in the additions during the year ended March 31, 2014. Claims / Counter claims arising out of the project related EPC contracts and non-EPC contracts on account of delays in commissioning of the project and other reasons is pending settlement/ negotiations with the respective vendors. The management believes that any adjustments on account of aforesaid claims/counter claims by the vendors would be adjusted to the cost of the fixed assets.

13 GKEL has declared commercial operation of Phase 1 of the project constituting Unit 1, 2 amd 3 of 350 MW each on April 29, 2013, November 11, 2013 and March 24, 2014 respectively. Accordingly the tangible assets and intangible assets have been capitalised on the dates based on the completion certified by the technical team of GKEL and are included in the additions during the year ended March 31, 2014. Certain common items of Phase 2, consisting of Unit 4, which is put to use along with Phase 1 have also been capitalised. Claims/ Counter claims arising out of the project related contracts including EPC contracts and other vendors on account of delays in commissioning of the project or any other reasons is pending settlement / negotiations with concerned vendors. GKEL has considered its best estimate of cost on the work completed based on the contract, work and purchase orders issued where the final bills are pending to be received /approved. Any adjustment on account of these contracts / bills would be adjusted to the cost of fixed asset in the year of settlement / crystallization.

14 During the year, MTSCL has completed all the works and requested Rajasthan Rajya Vidyut Prasaran Nigam Limited ('RRVPNL') for issue of Commercial Operations Date ('COD') for the project to commence operations. However, RRVPNL have accepted 70% completion w.e.f. December 16, 2013. Accordingly, MTSCL has capitalised 70% of the cost incurred in the respect of tangible assets.

15 Additions to plant and machinery include trial run costs of Rs. 217. 89 crore of GKEL and Rs.34.61 crore of EMCO (March 31, 2013: Rs. 107.76 crore of EMCO)

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11. Intangible assets

(Rs. in crore)

	Goodwill on consolidation	Airport concessionaire rights	Capitalised software	Carriageways	Mining properties (including deferred exploration and stripping costs)	Technical know-how	Total
Gross block							
Cost or Valuation							
As at April 1, 2012	3,174.50	934.30	92.37	3,518.17	196.12	17.03	7,932.49
Additions	-	1.96	14.12	2,897.16	129.25	-	3,042.49
Additions on inclusion / acquisition of additional stake in subsidiaries / jointly controlled entities	8.69	-	-	-	-	-	8.69
Disposals	(44.62)	(2.40)	(0.16)	-	-	-	(47.18)
Exchange differences	123.27	25.45	0.01	-	(6.50)	-	142.23
Borrowing costs	-	-	-	269.16	-	-	269.16
Transferred to claims recoverable	-	(450.83)	(2.42)	-	-	-	(453.25)
Transferred to assets held for sale	-	-	(0.46)	(539.36)	(90.67)	-	(630.49)
As at March 31, 2013	3,261.84	508.48	103.46	6,145.13	228.20	17.03	10,264.14
Additions	77.90	1.13	4.09	765.44	54.41	-	902.97
Additions on inclusion / acquisition of additional stake in subsidiaries / jointly controlled entities	-	-	1.08	-	-	-	1.08
Disposals	-	-	(0.51)	(0.26)	-	-	(0.77)
Disposals of the assets impaired in earlier years	-	-	-	-	(98.76)	-	(98.76)
Deletions on disposal / dilution of stake in subsidiaries / jointly controlled entities	-	(11.87)	-	(1,012.10)	-	-	(1,023.97)
Exchange differences	221.43	1.74	(0.39)	-	(11.01)	-	211.77
Borrowing costs	-	-	-	98.22	-	-	98.22
Other adjustments	-	-	0.36	(6.25)	-	-	(5.89)
As at March 31, 2014	3,561.17	499.48	108.09	5,990.18	172.84	17.03	10,348.79
Accumulated amortisation							
As at April 1, 2012	-	62.94	43.45	573.68	13.11	1.44	694.62
Charge for the year	-	23.05	15.56	146.62	20.18	3.46	208.87
Disposals	-	(0.41)	(0.15)	-	-	-	(0.56)
Exchange differences	-	1.97	-	-	0.99	-	2.96
Transferred to assets held for sale	-	-	(0.39)	(59.77)	(38.95)	-	(99.11)
Transferred to claims recoverable	-	(37.92)	(0.33)	-	-	-	(38.25)
Assets written off	-	-	-	-	29.43	-	29.43
As at March 31, 2013	-	49.63	58.14	660.53	24.76	4.90	797.96
Charge for the year	-	9.52	17.85	189.59	36.56	4.08	257.60
Additions on inclusion / acquisition of additional stake in subsidiaries / jointly controlled entities	-	-	0.94	-	-	-	0.94
Disposals	-	-	(0.43)	-	-	-	(0.43)
Deletions on disposal / dilution of stake in subsidiaries / jointly controlled entities	-	(6.69)	-	(100.91)	-	-	(107.60)
Exchange differences	-	0.94	(0.17)	-	(1.48)	-	(0.71)
Other adjustments	-	-	0.36	-	-	-	0.36
As at March 31, 2014	-	53.40	76.69	749.21	59.84	8.98	948.12
Accumulated impairment							
As at April 1, 2012	-	-	-	-	-	-	-
Charge for the year	98.71	-	-	-	98.76	-	197.47
As at March 31, 2013	98.71	-	-	-	98.76	-	197.47
Charge for the year	1.31	-	-	-	-	-	1.31
Disposals	-	-	-	-	(98.76)	-	(98.76)
As at March 31, 2014	100.02	-	-	-	-	-	100.02
Net Block							
As at March 31, 2013	3,163.13	458.85	45.32	5,484.60	104.68	12.13	9,268.71
As at March 31, 2014	3,461.15	446.08	31.40	5,240.97	113.00	8.05	9,300.65

Notes:

1 Additions on inclusion of subsidiaries /acquisition of additional stake in subsidiaries/ jointly controlled entities in goodwill during the year ended March 31, 2013 represents additional payment of Rs. 8.69 crore made to the minority shareholders of HHPL.

2 Additions on inclusion of subsidiaries /acquisition of additional stake in subsidiaries/ jointly controlled entities in goodwill during the year ended March 31, 2014 represents goodwill on acquisition of additional stake in DDFS Rs. 75.45 crore and acquisition of NREPL and HFEPL Rs. 2.45 crore.

3 Disposal in goodwill during the year ended March 31, 2013 is arising on account of disposal / dilution of Group's holding in GESPL. Refer note 30 (g).

4 Deletions on disposal / dilution of equity stake in subsidiaries / jointly controlled entities in carriageways during the year ended March 31, 2014 represents divestment of shareholding in GUEPL. For details, refer note 30 (e).

5 Deletions on disposal / dilution of equity stake in subsidiaries / jointly controlled entities in Airport concessionaire rights during the year ended March 31, 2014 represents divestment of shareholding in ISG and LGM. For details, refer note 30 (a).

7 Impairment of goodwill of Rs. Nil (March 31, 2013 : Rs. 98.71 crore) represents impairment of goodwill on consolidation of HEGL. For details, refer note 30 (c).

8 Impairment of goodwill of Rs. 1.31 crore (March 31, 2013 : Rs. Nil) represents impairment of goodwill on consolidation of MTSCL and ATSCL. For details, refer note 35 (g)(xii).

9 Exchange difference in goodwill on consolidation represents foreign exchange gain of Rs. 221.43 crore (March 31, 2013: Rs. 123.27 crore) on account of effect of translation of goodwill arising out of consolidation of foreign subsidiaries / jointly controlled entities which are consolidated as non integral foreign operations as per the requirements of AS - 11.

10 Foreign exchange differences in gross block includes foreign exchange loss of Rs. 9.66 crore (March 31, 2013: foreign exchange gain of Rs. 18.96 crore) on account of the effect of translation of intangible assets held by foreign entities which are consolidated as non integral foreign operations as per the requirements of AS - 11.

11 Claim recoverable in gross block and accumulated amortisation of Rs. 453.25 crore and Rs. 38.25 crore respectively for the year ended March 31, 2013 pertains to assets transferred by GMIAL pursuant to the take over of MIA by MACL. Refer note 30 (b).

12 Impairment loss during the year ended March 31, 2013 includes Rs. 98.76 crore pertaining to impairment of mining properties held by HEGL. Refer note 30 (c)

13 Amortisation for the year includes Rs. 0.82 crore (March 31, 2013: Rs.1.47 crore) relating to certain consolidated entities in the project stage, which are included in capital work-in-progress in note 32(a) and intangible assets under development in note 32(b).

14 Foreign exchange differences in accumulated amortisation represents foreign exchange gain of Rs. 0.71 crore (March 31, 2013 : exchange loss of Rs. 2.96 crore) on account of the effect of translation of intangible assets held by foreign entities which are consolidated as non integral foreign operations as per the requirements of AS - 11.

15 Assets held for sale as at March 31, 2013 includes gross block and accumulated amortisation of-
a. Gross block of Rs. 539.82 crore and accumulated amortisation of Rs. 59.77 crore of carriageways due to sale of GJEPL subsequent to year ended March 31, 2013.
b. Gross block of Rs. 90.67 crore and accumulated amortisation of Rs. 39.34 crore of mining properties due to sale of certain mines by the Group subsequent to the year ended March 31, 2013.

16 Other adjustments in the Gross Block and accumulated depreciation during the year includes:
a. Reclassification of gross block Rs. 0.36 crore (March 31, 3013: Rs. Nil) and accumulated depreciation Rs. 0.36 crore (March 31, 3013: Rs. Nil) of GIL from tangible assets to intangible assets.
b. Rs. 6.25 crore (March 31, 2013: Rs. Nil) of GACEPL on account of consideration from NHAI towards settlement of dues incurred for additional works undertaken by GACEPL during construction of carriageways.

17 During the year ended March 31, 2014, GHVEPL and GPEPL have capitalised carriageways of Rs. 16.24 crore and Rs. 2.07 crore respectively on account of further construction activities.

18 Additions in carriageways during the year ended March 31, 2014 includes Rs. 845.35 crore (including borrowing costs) in gross block and Rs. 38.25 crore in accumulated amortisation from GCORRPL.

19 During the year ended March 31, 2014, the sale transaction towards divestment of the key coal mines in HEGL have been completed pursuant to which the Group have disposed mines of Rs. 98.76 crore which were impaired during the year ended March 31, 2013.

20 Also refer note 10 (12), 10 (13) and 10 (14) of tangible assets.

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12 Non-current investments		March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Long term - at cost, unquoted			
A. In Equity shares of companies - Trade			
Vemagiri Power Services Limited			
[5000 (March 31, 2013 : 5,000) equity shares of Rs. 10 each, fully paid up]		0.01	0.01
Power Exchange India Limited			
[4,000,000 (March 31, 2013 : 4,000,000) equity shares of Rs. 10 each, fully paid up]		4.00	4.00
B. In Equity shares of body corporates - Trade			
GMR Holding (Malta) Limited ('GHML')			
[58 (March 31, 2013: 58) equity shares of EURO 1 each] (Rs. 3,924 (March 31, 2013: Rs. 3,924))		0.00	0.00
PT DSSP Power Sumsel			
[2 (March 31, 2013: 2) equity shares with nominal value of Indonesia Rupiah 1,000,000 each]		0.01	0.01
PT Margaala Alam Lestari ('MAL')			
[12,939 (March 31, 2013: 12,939) equity shares with nominal value of Indonesia Rupiah 1,000,000 each]		0.03	0.03
C. In Equity share of associates - Trade			
EDWPCPL *			
[7,839 (March 31, 2013 : Nil) equity shares of Rs. 10 each, fully paid up]	0.07		
Less: Share of loss till date	(0.01)	0.06	-
D. In Debentures of companies - Trade			
Kakinada Infrastructure Holdings Private Limited ('KIHPL') **			
[100 (March 31, 2013 : 100) 0.10% cumulative optionally convertible Debentures of Rs. 10,000,000 each]		100.00	100.00
E. In Equity shares of companies - Other than trade			
Business India Publications Limited			
[5,000 (March 31, 2013: 5,000) equity shares of Rs. 10 each, fully paid up]		0.06	0.06
Ujjivan Financial Services Private Limited			
[50,000 (March 31, 2013: 50,000) equity shares of Re. 1 each, fully paid up]		0.05	0.05
Total (A+B+C+D+E)		104.22	104.16

* - Pursuant to the divestment of its investment in EDWPCPL during the year ended March 31, 2014, EDWPCPL ceased to be a subsidiary and is an associate as at March 31, 2014.

** - During the year ended March 31, 2011, GSPHPL had invested Rs. 100 crore in KIHPL, a shareholder in KSPL, through cumulative optionally convertible debentures with coupon rate of 0.10% p.a.

GSPHPL is entitled to exercise the option of conversion of the aforesaid debentures into equity shares of KIHPL at a mutually agreed valuation at any time not exceeding 36 months from the date of execution of the debenture agreement (March 18, 2011). This period has been extended by 18 months with effect from March 18, 2014. In the event GSPHPL does not exercise the option to convert the debentures into shares within the said period, the debentures shall be compulsorily converted by KIHPL into equity shares on expiry of the aforementioned period.

Notes:

1. Aggregate amount of non-current unquoted investments - Rs. 104.22 crore (March 31, 2013 : Rs. 104.16 crore)

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Notes to the consolidated financial statements for the year ended March 31, 2014

13 Loans and advances

		Non-current		Current	
		March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Capital advances					
Unsecured, considered good		1,159.89	2,114.65	-	-
	(A)	**1,159.89**	**2,114.65**	-	-
Security deposit					
Unsecured, considered good		216.39	237.76	38.07	5.75
Unsecured, considered doubtful		0.31	-	-	-
		216.70	**237.76**	**38.07**	**5.75**
Provision for doubtful deposits		(0.31)	-	-	-
	(B)	**216.39**	**237.76**	**38.07**	**5.75**
Advances recoverable in cash or kind					
Unsecured, considered good		216.31	187.61	281.85	219.17
Unsecured, considered doubtful		3.18	4.12	0.43	0.97
		219.49	**191.73**	**282.28**	**220.14**
Provision for doubtful advances		(3.18)	(4.12)	(0.43)	(0.97)
	(C)	**216.31**	**187.61**	**281.85**	**219.17**
Other loans and advances					
Unsecured, considered good					
Advance income-tax (net), including paid under protest		225.43	211.66	-	-
MAT credit entitlement		145.44	62.37	0.65	0.45
Prepaid expenses		6.21	11.55	76.23	307.62
Loan to others		361.64	266.78	43.84	285.53
Loans to employees		5.59	3.61	11.16	12.53
Deposits / balances with statutory / government authorities		104.18	381.83	41.35	48.74
		848.49	**937.80**	**173.23**	**654.87**
Unsecured, considered doubtful					
Loans to others		49.32	49.32	-	-
Balances with statutory / government authorities		6.23	6.23	-	-
		55.55	**55.55**	-	-
Provision for doubtful advances		(55.55)	(55.55)	-	-
	(D)	**848.49**	**937.80**	**173.23**	**654.87**
Total (A+B+C+D)		**2,441.08**	**3,477.82**	**493.15**	**879.79**
Capital advances includes advances to related parties:					
IL&FS Environmental Infrastructure & Services Limited ('IEISL')		-	27.94	-	-
GMR Projects Private Limited ('GPPL')		590.00	590.00	-	-
Security deposit includes deposits with related parties:					
GMR Family Fund Trust ('GFFT')		13.00	32.44	19.08	-
GMR Bannerghatta Properties Private Limited ('GBPPL')		1.12	1.12	-	-
GHTPL		135.00	135.00	-	-
Corporate Infrastructure Services Limited ('CISL')		8.59	8.59	-	-
Raxa Security Services Limited ('RSSL')		6.87	4.49	0.48	-
APFT		-	-	0.08	0.08
Advances recoverable in cash or kind includes advances to related parties:					
Airport Authority of India ('AAI')		-	-	0.94	0.76
Celebi Ground Handling Delhi Private Limited ('CELBI GHDPL')		-	-	0.33	0.57
Cambata Aviation Private Limited ('CAPL')		-	-	2.17	3.60
Limak Insaat San.Ve Ticaret A.S. ('LISVT')		-	-	-	3.13
Times Innovative Media Limited ('TIML')		-	-	-	0.07
Asia Pacific Flight Training Sdn Bhd ('APFTSB')		-	-	0.26	0.61
GHPL		-	-	0.41	-
Bird World Wide Flight Services India Private Limited ('BWWFSIPL')		-	-	1.41	1.21
Laqshya		-	-	0.06	-
Loan to others includes loans to related parties:					
GWT		115.00	115.00	-	-
GPPL		110.00	100.00	-	10.00
GHML		-	-	-	127.07
GMR Holdings Mauritius Limited ('GHLM')		-	-	6.43	-
Crossridge Investments Limited ('CIL')		2.45	14.64	-	-
GUEPL		74.43	-	-	-
GMR Varalakshmi Foundation ('GVF')		-	-	20.34	28.51
AAI		-	-	7.80	7.09
DASPL		-	-	0.05	0.76
DSSHPL		-	-	0.02	0.05
DAPSL		-	-	1.33	1.16
TFS		-	-	0.12	0.41
WAISL		-	-	2.09	5.47
DAFF		-	-	0.11	0.02
CDCTM		-	-	0.06	0.09
DDFS		-	-	-	0.09
MGAECL		10.20	-	-	0.36
Laqshya		5.10	5.10	-	-

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14 Trade receivables

		Non-current		Current	
		March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Outstanding for a period exceeding six months from the date they are due for payment					
Unsecured, considered good		69.13	62.03	586.78	404.49
Unsecured, considered doubtful		3.96	4.83	32.45	33.77
		73.09	**66.86**	**619.23**	**438.26**
Provision for doubtful trade receivables		(3.96)	(4.83)	(32.45)	(33.77)
	(A)	**69.13**	**62.03**	**586.78**	**404.49**
Other receivables					
Unsecured, considered good		102.63	111.38	1,013.36	1,291.14
Unsecured, considered doubtful		-	-	0.03	1.75
		102.63	**111.38**	**1,013.39**	**1,292.89**
Provision for doubtful trade receivables		-	-	(0.03)	(1.75)
	(B)	**102.63**	**111.38**	**1,013.36**	**1,291.14**
Total (A+B)		**171.76**	**173.41**	**1,600.14**	**1,695.63**

15 Other assets

		Non-current		Current	
		March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Unsecured, considered good unless stated otherwise					
Non-current bank balances (refer note 18)		1,894.24	1,795.76	-	-
	(A)	**1,894.24**	**1,795.76**	-	-
Unamortised expenditure					
Ancillary cost of arranging the borrowings		397.70	332.13	84.76	41.52
	(B)	**397.70**	**332.13**	**84.76**	**41.52**
Others					
Insurance claim recoverable		-	-	-	11.94
Assets held for sale		-	-	-	715.41
Interest accrued on fixed deposits		9.74	2.72	59.38	23.63
Interest accrued on current investments		-	-	2.30	6.27
Development fund receivable (refer note 35(f))		511.18	864.22	435.76	345.16
Non trade receivables		985.20	843.27	1,756.39	58.06
Non trade receivables, considered doubtful		-	-	27.27	27.27
Grant receivable from authorities		-	-	0.04	0.04
Unbilled revenue		4.87	7.71	316.81	282.79
		1,510.99	**1,717.92**	**2,597.95**	**1,470.57**
Less: Provision for doubtful non trade receivables		-	-	(27.27)	(27.27)
	(C)	**1,510.99**	**1,717.92**	**2,570.68**	**1,443.30**
Total (A+B+C)		**3,802.93**	**3,845.81**	**2,655.44**	**1,484.82**

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16 **Current investments**

		March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Other than trade, quoted (valued at lower of cost and fair value)			
A. Investment in equity shares of companies			
Karur Vysya Bank Limited			
[27,126 (March 31, 2013: 41,000) equity shares of Rs. 10 each, fully paid up]		1.03	1.60
Aviva Corporation Limited			
[4,000,000 (March 31, 2013: 4,000,000) common shares without par value]		3.09	2.04
Caracara Silver Inc.			
[2,116,451 (March 31, 2013: 2,116,451) unlimited common shares without par value]		0.25	0.81
	(i)	4.37	4.45
Trade, unquoted			
A. Investment in equity shares of associates #			
GJEPL* (net off share of losses amounting to Rs. 7.29 crore till the date on which GJEPL ceased to be a subsidiary and became an associate)			
[49,117,388 (March 31, 2013: Nil) equity shares of Rs. 10 each, fully paid up]		41.83	-
GUEPL (net off share of losses amounting to Rs. 11.53 crore till the date on which GUEPL ceased to be a subsidiary and became an associate)			
[68,783,615 (March 31, 2013: Nil) equity shares of Rs. 10 each, fully paid up]		77.28	-
	(ii)	119.11	-
Other than trade, unquoted			
A. Investment in mutual funds			
ICICI Prudential - Super Institutional Plan - Growth Option			
[30,507 (March 31, 2013 : 565,361) units of Rs. 100 each]		0.58	9.78
Birla Sunlife Infrastructure Fund - Plan - Dividend - Payout			
[4,720,000 (March 31, 2013 : 4,720,000) units of Rs. 10 each]		5.54	4.60
Birla Sun Life Cash Plus - Institutional Premium Growth			
3,908,327 (March 31, 2013 : 5,393,513) units of Rs. 100 each]		80.32	101.11
IDFC Cash Fund Super Institutional Plan C - Growth			
[7,722 (March 31, 2013 : 88,362) units of Rs. 1,000 each]		1.20	12.58
IDBI Liquid Fund - Regular Plan - Growth			
[137,495 (March 31, 2013 : 20,805) units of Rs. 1,000 each]		18.86	2.61
SBI Premier Liquid Fund - Regular Plan - Growth			
[92,502 (March 31, 2013 : 8,173) units of Rs. 1,000 each]		18.61	1.50
Axis Liquid Institutional - Growth Option			
[70,511 (March 31, 2013: Nil) units of Rs. 1,000 each]		10.00	-
Birla Sunlife Cash Plus - Growth - Regular Plan			
[776,693 (March 31, 2013: Nil) units of Rs. 100 each]		15.94	
IDFC Cash Fund - Growth - Regular Plan			
[1,093 (March 31, 2013 : Nil) units of Rs. 1,000 each]		0.17	
Reliance Liquidity Fund Growth Plan			
[163,297 (March 31, 2013 : Nil) units of Rs. 1,000 each]		30.86	-
Sundaram Money Fund - Regular Growth			
[1,853,722 (March 31, 2013: Nil) units of Rs. 10 each]		5.01	-
TATA Liquid Super High Investment Fund - Appreciation			
[65,871 (March 31, 2013: Nil) units of Rs. 1,000 each]		15.57	-
UTI Liquid Fund - Cash Plan - Institutional Growth			
[143,654 (March 2013 : Nil) units of Rs. 1,000 each]		30.13	-
Baroda Pioneer Liquid Fund Growth Plan			
[Nil (March 31, 2013 : 31,829) units of Rs. 1,000 each]		-	4.27
Birla Sunlife Cash Plus Institutional - Daily Dividend			
[Nil (March 31, 2013 : 85,208) units of Rs. 100 each]		-	1.60
LIC Nomura - Liquid Fund - Growth Plan			
[Nil (March 31, 2013 : 134,639) units of Rs. 1,000 each]		-	28.62
B. Investment in non-convertible debentures			
9% Shriram Transport Company Limited			
[Nil (March 31, 2013 : 42,284) units of Rs. 1,000 each]		-	4.23
C. Investments in venture capital funds:			
Faering Capital India Evolving Fund			
[56,855 (March 31, 2013 : 38,450) units of Rs. 1,000 each]		4.84	3.28
D. Investment in hedge funds:			
Haussmann Holdings			
[36 (March 31, 2013 : Nil) units of USD 2,555 each]		0.57	-
E. Investment in other funds:			
CNC Global Opportunities Fund SPC			
[63,500 (March 2013 : Nil) Units of USD 1,000 each]		384.11	-
Harrington Master			
[4,898 (March 31, 2013 : Nil) units of USD 1,000 each]		29.56	-
	(iii)	651.87	174.18
Total - (iv) = (i)+(ii)+(iii)		775.35	178.63

Pursuant to the divestments of its investments in GJEPL and GUEPL by the Group during the year ended March 31, 2014, these entities ceased to be subsidiaries and have become associates as at March 31, 2014.

* Refer note 30 (d) for details of definitive sale agreements entered by the Group for divestment of stake in GJEPL.

Notes:

1. Aggregate market value of current quoted investments - Rs. 4.37 crore (March 31, 2013: Rs. 4.70 crore)
2. Aggregate amount of current unquoted investments - Rs. 770.98 crore (March 31, 2013: Rs. 174.18 crore)
3. Aggregate provision for diminution in the value of current investments - Rs. 16.75 crore (March 31, 2013: Rs. 17.18 crore)

17 Inventories (valued at lower of cost and net realisable value)

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Raw materials	114.02	68.95
Work-in-progress	82.11	71.16
Traded goods / finished goods	107.70	73.18
Stores, spares and components	55.09	57.14
	358.92	**270.43**

18 Cash and bank balances

	Non-current		Current	
	March 31, 2014 Rs. in crore	**March 31, 2013 Rs. in crore**	**March 31, 2014 Rs. in crore**	**March 31, 2013 Rs. in crore**
Cash and cash equivalents				
Cheques / drafts on hand	-	-	14.13	10.08
Cash on hand	-	-	11.11	10.85
Balances with banks:				
– On current accounts* ^^	11.31	-	822.12	3,399.83
– Deposits with less than three months maturity	-	-	646.95	362.35
	11.31	**-**	**1,494.31**	**3,783.11**
Other bank balances				
– Deposits with maturity for more than 12 months	15.33	30.35	24.88	26.99
– Deposits with maturity for more than 3 months but less than 12 months	15.18	105.85	279.31	160.57
– Restricted deposits ** ^	1,852.42	1,659.56	1,522.69	1,164.17
	1,882.93	**1,795.76**	**1,826.88**	**1,351.73**
Amount disclosed under non-current assets (refer note 15)	1,894.24	1,795.76	-	-
	-	**-**	**3,321.19**	**5,134.84**

* Includes share application money pending refund Rs. Nil (March 31, 2013: Rs. 0.05 crore)

** Includes fixed deposits in GICL of Rs. 832.78 crore (March 31, 2013: Rs. 747.20 crore) with Eurobank, Cyprus. The Republic of Cyprus is presently facing economic difficulties. The management is of the view that in spite of such economic difficulties the amount held as fixed deposit with Eurobank is good for recovery though withdrawal of the amount from the Republic of Cyprus would be subject to restriction as may be imposed by the Central Bank of Cyprus. Accordingly, the amount of deposit has been considered as non current.

*^^ Consists of unclaimed dividend of Rs. 0.14 crore (March 31, 2013: Rs. Nil) and Rs.11.17 crore (March 31, 2013: Rs. Nil) towards DSRA maintained by the Company with ICICI.

^ Restricted deposits includes margin money deposit and deposits with banks that are pledged by the Group with the Government and other authorities and with lenders against long-term and short-term borrowings availed by the Group.

Refer note 5 and note 8 as regards restriction on balances with banks arising in connections with the borrowings made by the Group.

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19 Sales / income from operations	**March 31, 2014 Rs. in crore**	**March 31, 2013 Rs. in crore**
Sale of products		
Power segment:		
Income from sale of electrical energy	2,287.77	1,374.91
Income from mining activities	327.99	456.71
	2,615.76	**1,831.62**
Traded goods		
Power segment:		
Income from sale of electrical energy	353.77	266.11
Income from coal trading	364.86	323.03
	718.63	**589.14**
Airport segment:		
Non-aeronautical		
Fuel trading	203.44	980.14
Duty free items	706.56	431.12
	910.00	**1,411.26**
Sale of services / others		
Power segment:		
Electrical energy transmission charges	8.22	-
	8.22	**-**
Airport segment:		
Aeronautical	3,331.45	2,748.15
Non-aeronautical	1,364.92	1,565.85
Cargo operations	287.37	277.02
Income from commercial property development	102.38	96.79
	5,086.12	**4,687.81**
Roads segment:		
Annuity income from expressways	342.33	248.53
Toll income from expressways	395.55	268.84
	737.88	**517.37**
EPC segment:		
Construction revenue	239.75	655.16
	239.75	**655.16**
Others segment:		
Income from hospitality services	106.34	94.95
Income from management and other services	144.27	84.56
	250.61	**179.51**
Sales / income from operations	**10,566.97**	**9,871.87**

20 Other operating income	**March 31, 2014 Rs. in crore**	**March 31, 2013 Rs. in crore**
Interest income on		
Bank deposits	73.04	54.03
Current investments	6.51	2.58
Dividend income on current investments	0.06	0.04
Sale of certified emission reductions	-	4.37
Net gain on sale of current investments	6.64	41.97
	86.25	**102.99**

21 Other income	**March 31, 2014 Rs. in crore**	**March 31, 2013 Rs. in crore**
Interest income on		
Bank deposits	124.73	90.27
Current investments	0.03	0.36
Others	25.32	52.96
Provisions no longer required, written back	14.67	23.58
Net gain on sale of current investments	37.33	42.32
Exchange differences (net)	29.12	0.17
Profit on sale of fixed assets (net)	13.83	3.82
Lease income	3.77	2.94
Income from management fees	39.86	30.42
Miscellaneous income [net of expenses directly attributable to such income are of Rs. Nil (March 31, 2013: Rs. Nil)]	27.21	30.35
	315.87	**277.19**

22 Cost of materials consumed

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Inventory at the beginning of the year	68.95	60.63
Add: Purchases	105.72	210.22
	174.67	**270.85**
Less: Inventory at the end of the year	114.02	68.95
	60.65	**201.90**

23 Purchase of traded goods

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Purchase of electrical energy	306.12	235.35
Purchase of fuel	177.11	751.74
Purchase of coal for trading	274.22	241.34
Purchase of duty free items	287.61	243.71
	1,045.06	**1,472.14**

24 (Increase) / decrease in stock in trade

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Stock as at April 1,	73.18	142.10
Add: Stock on acquisition of subsidiary during the year	35.21	-
Less: Transferred at cost *	7.83	49.51
Less: Stock on disposal of a jointly controlled entity during the year	7.28	-
Less: Stock as at March 31,	107.70	73.18
	(14.42)	**19.41**

* Transfer at cost on account of takeover of MIA by MACL. Refer note 30 (b).

25 Employee benefits expenses

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Salaries, wages and bonus	506.08	543.62
Contribution to provident and other funds	27.89	27.34
Gratuity expenses	3.01	4.42
Other employment benefits	4.84	3.28
Staff welfare expenses	32.40	33.27
	574.22	**611.93**

26 Other expenses

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Consumption of stores and spares	42.50	34.44
Electricity and water charges	212.29	184.73
Prompt payment rebate	20.33	14.92
Open access charges paid	51.01	25.54
Airport service charges / operator fees	107.68	60.04
Cargo handling charges	12.81	12.49
Freight	18.56	11.32
Rent [includes land lease rentals of Rs. 6.95 crore (March 31, 2013: Rs. 8.23 crore)]	111.80	124.95
Rates and taxes	143.97	56.58
Insurance	37.04	38.01
Repairs and maintenance		
Plant and machinery	117.68	95.66
Buildings	51.37	29.48
Others	132.18	144.53
Manpower charges	13.75	15.81
Advertising and sales promotion	44.02	74.71
Transmission and distribution charges	127.65	0.99
Travelling and conveyance	50.10	41.91
Communication costs	10.18	10.97
Printing and stationery	6.69	7.10
Legal and professional fees	372.56	201.08
Directors' sitting fees	1.60	1.77
Adjustments to the carrying amount of current investments	5.29	2.91
Provision / write off of doubtful advances and trade receivables	34.81	125.22
Inventories written off	-	8.09
Donation	22.26	14.76
Fixed assets written off / loss on sale of fixed assets	38.11	38.57
Office maintenance	88.10	85.82
Security expenses	54.76	48.81
Logo fees	9.91	14.76
Miscellaneous expenses	76.08	78.96
	2,015.09	**1,604.93**

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27 Depreciation and amortisation expenses

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Depreciation of tangible assets	1,198.21	832.38
Amortisation of intangible assets	256.78	207.40
	1,454.99	**1,039.78**

28 Finance costs

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Interest	2,828.54	2,005.43
Bank charges	81.64	45.94
Amortisation of ancillary borrowing costs	61.52	73.18
Mark to market loss on derivative instruments	0.18	-
Exchange difference to the extent considered as an adjustment to borrowing costs (net) [refer note 35(a)(iii)]	-	(25.55)
	2,971.88	**2,099.00**

29 Exceptional items - gains / (losses)

	March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Profit on dilution in subsidiaries [refer note 30 (d) and 30 (e)]	69.73	-
Profit on sale of assets (consists of exchange differences amounting to Rs. 63.52 crore) [refer note 30 (c)]	100.54	-
Profit on sale of jointly controlled entities / subsidiary (net of expenses directly attributable to such income of Rs. 164.98 crore) [refer note 30 (a) and 30 (g)]	1,658.93	1,231.25
Loss on impairment of assets in subsidiaries [refer note 30 (c) and 35 (g)(xii)]	(8.95)	(251.37)
Assets write off in a subsidiary [refer note 30 (b)]	-	(202.61)
	1,820.25	**777.27**

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30. Discontinuing operations

a) During the year ended March 31, 2014, the Company along with its subsidiaries GIGL and GIOL has entered into a definitive agreement with Malaysia Airports MSC Sdn Bhd ('buyer') for sale of their 40% equity stake in jointly controlled entities ISG and LGM for a consideration of Euro 20.90 crore (net of equity gap adjustment of Euro 1.60 crore and subject to debt and other working capital adjustments, which are currently under finalisation). The management based on its internal assessment and a legal opinion is of the view that all 'Conditions Precedent' were either fulfilled or waived or agreed to be not applicable as at March 31, 2014 except for the buyer to obtain approval from Bank Negara Malaysia which was obtained on April 3, 2014. Subsequently after receipt of the sale consideration, the shares were transferred to the buyer on April 30, 2014, in view of which, the Group has recognized the profit on the sale of its investment in ISG (net of cost of Rs. 164.98 crore incurred towards sale of such equity stake) of Rs. 1,658.93 crore, which has been disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2014.

Further, pursuant to definitive agreement entered with the buyer, the Group has provided a guarantee of Euro 4.50 crore towards claims, as specified in the definitive agreement for a period till December 2015 and in respect of tax claims, if any, the guarantee period is upto May 2019.

The statement disclosed in note 30(h) of these consolidated financial statements includes the revenue and expenses, the carrying amounts of the total assets and liabilities and cash flows of discontinuing operations with regard to ISG, LGM and SGH.

b) GMIAL entered into an agreement on June 28, 2010 with MACL and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of MIA for a period of 25 years ('the Concession Agreement'). On November 27, 2012, MACL and MoFT issued notices to GMIAL stating that the Concession agreement was void ab initio and that neither MoFT nor MACL had authority under the laws of Maldives to enter into the agreement. It was also stated that MACL would take over the possession and control of MIA within 7 days of the said letter.

Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the MIA and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL's principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. On March 15, 2014, GoM and MACL have served a case summary which sets out a new case that the claimants wish to advance at trial and amended pleadings have been received on March 24, 2014. Subsequent to March 31, 2014, the hearings of liability issues have taken place from April 10, 2014 to April 16, 2014 and the tribunal has not specified any timescales to produce any award. GMIAL is in the process of seeking remedies under the aforesaid Concession agreement and the outcome of the arbitration is uncertain as at March 31, 2014. In view of the aforesaid matter, GMIAL continues to reflect assets amounting to Rs. 1,431.50 crore (USD 23.66 crore) including claim recoverable Rs. 1,062.90 crore (USD 17.57 crore) at their carrying values as at March 31, 2014, net of assets written off of Rs. 202.61 crore during the year ended March 31, 2013. Such assets written off were disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2013. GMIAL's ability to continue its future business operations and consequential impact on net assets / guarantees given by the Company and GIML is solely dependent on the outcome of arbitration and / or a negotiated settlement. However financial statements of GMIAL as at and for the year ended March 31, 2014 have been prepared and accordingly consolidated on a going concern basis.

Further, GMIAL has executed work construction contracts with GADLIL and other service providers for rehabilitation, expansion, modernization of MIA. Pursuant to aforesaid takeover of airport, GMIAL has terminated the contracts with GADLIL and these service providers. As per the terms of contracts, in the event of discontinuation of construction, GMIAL is required to pay termination payment to the service providers. GMIAL has received claims of around USD 8.00 crore as at March 31, 2014 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognised in these consolidated financial statements as at March 31, 2014 since the amounts payable are not certain.

Based on an internal assessment and a legal opinion obtained by GMIAL, the management of the Group is confident of proving that the Concession agreement was not void ab initio and that GMIAL would be entitled for compensation under the Concession agreement atleast to the extent of the carrying value of the assets taken over by the GoM / MACL and

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the subsequent expenditure incurred by GMIAL and accordingly these consolidated financial statements of the Group do not include any adjustments that might result from the outcome of this uncertainty.

The statement disclosed in note 30(h) of these consolidated financial statements includes the revenue and expenses, the carrying amounts of the total assets and liabilities and cash flows of discontinuing operations with regard to GMIAL.

c) The Group has an investment of Rs. 167.94 crore and has given a loan of Rs. 222.15 crore to HEGL. During the year ended March 31, 2013, the Group had entered into agreements for divestment of the key coal mines held by certain subsidiaries and jointly controlled entities of HEGL, subject to obtaining necessary approvals. Based on the realisable value of these mines, pursuant to the proposed divestment, during the year ended March 31, 2013, the Group had made an impairment provision of Rs. 251.37 crore towards the carrying value of the net assets of HEGL (including goodwill on consolidation of Rs. 98.71 crore), which was disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2013.

During the year ended March 31, 2014, the sale transaction has been completed for the coal mines of HEGL after obtaining the requisite approvals and the Group has realised a profit of Rs. 37.02 crore on sale of one of such mines, which has been disclosed as an 'exceptional item' in these consolidated financial statements of the Group for the year ended March 31, 2014 On account of the disposal of the shares in the entities having the abovementioned mining rights, the Group has recognised foreign exchange gain (inclusive of Foreign Currency Translation Reserve) of Rs. 63.52 crore for the year ended March 31, 2014, which has been disclosed as an 'exceptional item' in these consolidated financial statements of the Group for the year ended March 31, 2014.

The management of the Group is confident that the carrying value of balance net assets of Rs. 19.87 crore as at March 31, 2014 in HEGL is appropriate.

The statement disclosed in note 30(h) of these consolidated financial statements includes the revenue and expenses, the carrying amounts of the total assets and liabilities and cash flows of discontinuing operations with regard to HEGL and its subsidiaries and jointly controlled entities.

d) During the year ended March 31, 2013, the Group had entered into definitive sale agreements for divestment of 74% stake in GJEPL to Macquarie SBI Infrastructure Investments Pte Limited ('MSIF') and SBI Macquarie Infrastructure Trustee Limited. During the year ended March 31, 2014, the sale transaction has been completed and the Group has realised a profit of Rs. 55.08 crore on such sale of shares, which has been disclosed as 'exceptional item' in these consolidated financial statements of the Group for the year ended March 31, 2014.

The Group has also entered into a definitive sale agreement for the balance 26% stake in GJEPL subject to obtaining regulatory approvals. As such, the Group has accounted for investment in such associate in accordance with AS – 13 'Accounting for Investments'.

The statement disclosed in note 30(h) of these consolidated financial statements includes the revenue and expenses, the carrying amounts of the total assets and liabilities and cash flows of discontinuing operations with regard to GJEPL.

e) During the year ended March 31, 2014, the Group has divested 74% of its stake in GUEPL to India Infrastructure Fund ('IIF') and realised a profit of Rs. 14.65 crore on such divestment, which has been disclosed as 'exceptional item' in these consolidated financial statements of the Group for the year ended March 31, 2014. Further, as at March 31, 2014, the Group has provided a loan of Rs.74.43 crore to GUEPL carrying an interest rate of 0.01% p.a. The loan is repayable by January 22, 2027.

The statement disclosed in note 30(h) of these consolidated financial statements includes the revenue and expenses, the carrying amounts of the total assets and liabilities and cash flows of discontinuing operations with regard to GUEPL.

f) During the year ended March 31, 2014, the Group has sold its entire stake of 49% in TVS GMR to the joint venture partner, TVS Logistics Services Limited ('TVSLSL') for Rs. 0.00 crore (Rs. 10,000) and has terminated the joint venture agreement entered into with TVSLSL.

The statement disclosed in note 30(h) of these consolidated financial statements includes the revenue and expenses, the carrying amounts of the total assets and liabilities and cash flows of discontinuing operations with regard to TVS GMR.

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g) During the year ended March 31, 2013, the Group has divested its 70% stake in GESPL to FPM Power Holding Limited and had realised a profit of Rs. 1,231.25 crore arising on such sale of shares, which was disclosed as an 'exceptional item' in these consolidated financial statements. GESPL was developing an 800MW combined cycle gas turbine power plant in Jurong Island, Singapore. Further, the Company has provided a guarantee of Singapore Dollar ('SGD') 38.00 crore towards warranties as specified in the Share Purchase Agreement ('SPA') and other SPA transaction documents for a period till September 30, 2014 and in respect of tax claims, if any, the guarantee period is upto March 31, 2018.

The statement disclosed in note 30(h) of these consolidated financial statements includes the revenue and expenses, the carrying amounts of the total assets and liabilities and cash flows of discontinuing operations with regard to GESPL.

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Notes to the consolidated financial statements for the year ended March 31, 2014

h. i) Profit / (loss) from discontinuing operations

(Rs. in crore)

Particulars	HEGL		TVS GMR		GMIAL		ISG		SGH		LGM		GUEPL		GJEPL		GESPL		Consolidation adjustments		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Income																						
Revenue from operations:																						
Sales / income from operations	-	103.05	-	3.37	0.77	973.65	646.75	741.66	-	3.28	63.12	53.42	82.14	87.99	-	64.23	-	-	-	-	792.78	2,030.65
Other income	0.54	0.53	-	0.15	0.74	4.71	2.95	0.70	5.97	3.76	2.94	0.60	1.23	0.76	-	2.50	-	7.24	-	-	14.37	20.95
Total	**0.54**	**103.58**	**-**	**3.52**	**1.51**	**978.36**	**649.70**	**742.36**	**5.97**	**7.04**	**66.06**	**54.02**	**83.37**	**88.75**	**-**	**66.73**	**-**	**7.24**	**-**	**-**	**807.15**	**2,051.60**
Expenses																						
Revenue share paid / payable to concessionaire grantors	-	-	-	-	-	85.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85.74
Cost of materials consumed	-	-	-	-	-	-	-	-	-	-	7.40	(0.61)	-	-	-	-	-	-	-	-	7.40	(0.61)
Purchase of traded goods	-	-	-	-	-	453.00	170.58	401.09	-	-	-	-	-	-	-	-	-	-	-	-	170.58	854.09
(Increase) / decrease in stock in trade	-	-	-	-	-	14.92	(1.05)	14.08	-	-	-	-	-	-	-	-	-	-	-	-	(1.05)	29.00
Sub-contracting expenses	-	94.36	-	2.09	-	-	-	-	-	-	-	-	1.81	1.75	-	1.16	-	-	-	-	1.81	99.36
Employee benefits expenses	4.19	15.06	-	0.01	8.67	94.02	33.11	27.97	0.17	15.51	4.47	5.64	1.33	1.30	-	1.15	-	-	-	-	51.94	160.66
Other expenses	29.90	100.51	0.07	2.69	39.36	135.39	160.95	128.20	0.06	5.16	29.15	26.98	8.80	6.93	-	4.71	-	0.50	-	-	268.29	411.07
Utilisation fees	-	-	-	-	-	-	186.18	130.87	-	-	-	-	-	-	-	-	-	-	-	-	186.18	130.87
Depreciation and amortisation expenses	0.20	7.33	0.01	0.02	0.08	15.65	70.31	59.86	0.10	1.13	0.50	0.47	23.09	25.76	-	17.50	-	-	-	-	94.29	127.72
Finance costs	2.68	5.97	-	-	0.07	14.58	118.25	112.87	2.10	0.26	4.33	2.50	46.54	54.72	-	36.86	-	-	-	-	173.97	227.76
Total	**36.97**	**223.23**	**0.08**	**4.81**	**48.18**	**813.30**	**738.33**	**874.94**	**2.43**	**22.06**	**45.85**	**34.98**	**81.57**	**90.46**	**-**	**61.38**	**-**	**0.50**	**-**	**-**	**953.41**	**2,125.66**
Profit/ (loss) before exceptional items, tax expenses and minority interest	**(36.43)**	**(119.65)**	**(0.08)**	**(1.29)**	**(46.67)**	**165.06**	**(88.63)**	**(132.58)**	**3.54**	**(15.02)**	**20.21**	**19.04**	**1.80**	**(1.71)**	**-**	**5.35**	**-**	**6.74**	**-**	**-**	**(146.26)**	**(74.06)**
Exceptional items - gains / (losses)																				-		
Profit on dilution in subsidiaries [refer note 30 (d) and 30 (e)]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69.73	-	69.73	-
Profit on sale of assets (consists of exchange differences amounting to Rs. 63.52 crore) [refer note 30 (c)]	100.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.54	-
Profit on sale of jointly controlled entities / subsidiary (net of expenses directly attributable to such income of Rs. 164.98 crore) [refer note 30 (a) and 30 (g)]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,658.93	1,231.25	1,658.93	1,231.25
Loss on impairment of assets in subsidiaries [refer note 35 (g)(xii) and 30 (c)]	-	(251.37)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(251.37)
Assets write off in a subsidiary [refer note 30 (b)]	-	-	-	-	-	(202.61)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(202.61)
Profit/ (loss) before tax expenses and minority interest	**64.11**	**(371.02)**	**(0.08)**	**(1.29)**	**(46.67)**	**(37.55)**	**(88.63)**	**(132.58)**	**3.54**	**(15.02)**	**20.21**	**19.04**	**1.80**	**(1.71)**	**-**	**5.35**	**-**	**6.74**	**1,728.66**	**1,231.25**	**1,682.94**	**703.21**
Tax expenses																						
Current taxes	-	-	-	-	-	-	-	-	-	-	-	0.08	-	-	-	0.52	-	-	51.18	14.10	51.18	14.70
Tax adjustments for prior years	-	-	-	-	(0.46)	-	-	-	-	-	(0.59)	-	-	-	-	-	-	1.08	-	-	(1.05)	1.08
Less: MAT credit entitlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45.20)	-	(45.20)	-
Deferred tax expenses/ (credit)	-	-	-	-	(0.01)	(0.20)	-	-	-	-	-	0.24	-	-	-	-	-	-	-	-	(0.01)	0.04
Profit/ (loss) after tax expenses and before minority interest	**64.11**	**(371.02)**	**(0.08)**	**(1.29)**	**(46.20)**	**(37.35)**	**(88.63)**	**(132.58)**	**3.54**	**(15.02)**	**20.80**	**18.72**	**1.80**	**(1.71)**	**-**	**4.83**	**-**	**5.66**	**1,722.68**	**1,217.15**	**1,678.02**	**687.39**
Minority interest - share of (profit) / loss	-	23.05	-	0.53	19.26	17.23	-	-	-	-	-	-	-	-	-	-	-	(1.70)	-	-	19.26	39.11
Net Loss / (Profit) after minority interest	**64.11**	**(347.97)**	**(0.08)**	**(0.76)**	**(26.94)**	**(20.12)**	**(88.63)**	**(132.58)**	**3.54**	**(15.02)**	**20.80**	**18.72**	**1.80**	**(1.71)**	**-**	**4.83**	**-**	**3.96**	**1,722.68**	**1,217.15**	**1,697.28**	**726.50**

ii) The carrying amount of the total assets and liabilities attributable to the discontuning operations are as follows:

Particulars	HEGL		TVS GMR		GMIAL		ISG		SGH		LGM		GUEPL		GJEPL		GESPL		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Total Assets	19.87	199.15	-	0.46	1,043.22	962.66	-	1,293.15	-	0.34	-	19.11	-	958.52	-	498.76	-	-	1,063.09	3,932.15
Total Liabilities	8.05	180.37	-	0.22	1,009.10	951.95	-	1,317.58	-	18.32	-	42.70	-	597.09	-	330.03	-	-	1,017.15	3,438.26
Net Assets	**11.82**	**18.78**	**-**	**0.24**	**34.12**	**10.71**	**-**	**(24.43)**	**-**	**(17.98)**	**-**	**(23.59)**	**-**	**361.43**	**-**	**168.73**	**-**	**-**	**45.94**	**493.89**

iii) Net cash flows attributable to the discontinuing operations are as tabulated below

Particulars	HEGL		TVS GMR		GMIAL		ISG		SGH		LGM		GUEPL		GJEPL		GESPL		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Cash flow from / (used in) operating activities	(57.56)	(83.88)	(1.82)	(0.40)	(50.67)	10.34	51.59	(1.76)	(0.77)	(0.93)	6.10	5.00	60.68	83.48	-	75.22	-	-	7.55	87.07
Cash flow from / (used in) investing activities	176.34	(37.21)	-	0.02	0.72	(217.10)	(20.43)	(4.15)	(0.03)	5.73	3.63	2.99	5.93	(0.79)	-	(39.31)	-	(122.72)	166.16	(412.54)
Cash flow from / (used in) financing activities	(126.72)	89.81	1.47	-	(0.07)	236.31	(1.12)	(22.39)	0.89	(11.50)	(7.77)	(8.53)	(72.98)	(76.20)	-	(46.72)	-	808.86	(206.30)	969.64
Net cash inflows/ (outflows)	**(7.94)**	**(31.28)**	**(0.35)**	**(0.38)**	**(50.02)**	**29.55**	**30.04**	**(28.30)**	**0.09**	**(6.70)**	**1.96**	**(0.54)**	**(6.37)**	**6.49**	**-**	**(10.81)**	**-**	**686.14**	**(32.59)**	**644.17**

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31 Earnings per share ('EPS')	March 31, 2014	March 31, 2013
Nominal value of equity shares (Re. per share)	1.00	1.00
Weighted average number of equity shares used in computing earnings per share	3,892,432,532	3,892,432,532
Profit / (loss) after minority interest from continuing and discontinuing operations (Rs. in crore)	10.01	88.12
EPS - Basic and diluted (Re. per share)	0.03	0.23
Profit / (loss) after minority interest from continuing operations (Rs. in crore)	(1,687.27)	(638.38)
EPS - Basic and diluted (Re. per share)	(4.33)	(1.64)
Profit / (loss) after minority interest from discontinuing operations (Rs. in crore)	1,697.28	726.50
EPS - Basic and diluted (Re. per share)	4.36	1.87

Notes:

1. As at March 31, 2014, Rs. 0.00 crore (Rs. 2,250) (March 31, 2013: Rs. 0.00 crore (Rs. 2,250)) was receivable towards equity shares and for the computation of weighted average number of equity shares outstanding at the end of the year, these have been considered as partly paid-up shares.

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32(a) Capital work in progress

		March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Capital expenditure incurred on tangible assets		16,384.09	18,990.32
Salaries, allowances and benefits to employees		466.25	531.59
Contribution to provident and other funds		28.72	27.38
Staff welfare expenses		25.14	26.86
Rent [includes land lease rentals of Rs. 1.64 crore (March 31, 2013: Rs. 21.46 crore)]		120.77	152.29
Repairs and maintenance			
Buildings		7.56	3.86
Others		68.34	71.36
Rates and taxes		51.76	45.14
Insurance		64.62	82.84
Legal and professional fees		560.94	863.35
Travelling and conveyance		187.18	205.06
Communication costs		12.74	14.56
Depreciation of tangible assets		17.03	17.24
Amortisation of intangible assets		4.37	6.07
Interest costs		3,703.73	2,869.31
Amortisation of ancillary borrowing costs		56.34	40.92
Bank charges		408.31	326.09
Printing and stationery		4.72	2.38
Exchange differences (net)		500.61	413.39
Trial run costs		294.62	165.84
Power and Fuel		21.29	35.89
Brokerage and Commission		7.31	13.99
Miscellaneous expenses		146.82	170.59
	(i)	**23,143.26**	**25,076.32**
Less: Other income			
Interest income on bank deposits		123.61	74.97
Net gain on sale of current investments		53.04	35.86
Revenue from sale of infirm power		42.11	3.13
Miscellaneous income [net of expenses directly attributable to such income Rs. Nil (March 31, 2013: Rs. Nil)]		10.08	14.40
	(ii)	**228.84**	**128.36**
	Total - (iii) = (i) - (ii)	**22,914.42**	**24,947.96**
Less: Apportioned over the cost of tangible assets		7,816.67	2,772.70
Less: Provision for impairment during the year [refer note 35 (g)(xii)]		7.64	-
Less: Sale of subsidiary during the year [refer note 30 (g)]		-	3,861.31
Less: Transferred to claims recoverable		-	528.67
Less: Dilution in a subsidiary, consequent to which the subsidiary became an associate as at the balance sheet date		181.26	-
	(iv)	**8,005.57**	**7,162.68**
	Total - (v) = (iii) - (iv)	**14,908.85**	**17,785.28**

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32(b) Intangible assets under development

		March 31, 2014 Rs. in crore	March 31, 2013 Rs. in crore
Capital expenditure incurred on intangible assets		1,576.13	4,231.13
Salaries, allowances and benefits to employees		114.61	114.67
Contribution to provident and other funds		6.32	6.78
Staff welfare expenses		5.20	6.54
Rent		7.51	10.79
Repairs and maintenance			
Others		7.36	12.25
Rates and taxes		3.31	3.00
Insurance		4.97	9.10
Legal and professional fees		124.63	140.42
Travelling and conveyance		18.64	27.35
Communication costs		2.87	2.52
Depreciation of tangible assets		0.27	0.14
Amortisation of intangible assets		0.36	0.45
Interest costs		165.67	360.96
Amortisation of ancillary borrowing costs		9.92	6.59
Bank charges		18.58	21.80
Printing and stationery		0.22	0.37
Miscellaneous expenses		54.83	60.12
	(i)	2,121.40	5,014.98
Less: Other income			
Interest income on bank deposits		0.34	2.91
Exchange differences (net)		-	1.21
Net gain on sale of current investments		2.34	3.55
Miscellaneous income [net of expenses directly attributable to such income Rs. Nil (March 31, 2013: Rs. Nil)]		0.04	0.04
	(ii)	2.72	7.71
	Total - (iii) = (i) - (ii)	2,118.68	5,007.27
Less: Government grant received [refer note 32(b)(i) and 32(b)(ii) below]		420.99	453.39
Less: Apportioned over the cost of intangible assets (net of grant adjusted)		872.70	3,132.06
Less: Transferred to statement of Profit and Loss		-	13.41
Less: Transferred to assets held for sale		-	15.37
	(iv)	1,293.69	3,614.23
	Total - (v) = (iii) - (iv)	824.99	1,393.04

Note 32(b)(i) - GOSEHHHPL is entitled to a grant of Rs. 340.92 crore as cash support by way of an outright grant for meeting the project cost from NHAI subject to the satisfaction of the conditions as per Article 25 of the Concession Agreement. The grant is to be deposited in escrow account and is to be utilised towards the project cost. As at March 31, 2014, GOSEHHHPL has received a grant of Rs. 319.01 crore (March 31, 2013: Rs. 241.80 crore) against the aforesaid sanction and the same has been deducted from the cost of intangible assets under development. Out of the grant amount of Rs. 319.01 crore received as at March 31, 2014, Rs. 174.03 crore has been deducted from Carriageways under intangible assets and Rs. 144.98 crore has been deducted from the cost of intangible assets under development.

Note 32(b)(ii) - GCORRPL is entitled to a grant of Rs. 300.00 crore as project support fund by way of a grant, which is to be disbursed on a quarterly basis based on the progress of the project and the expenditure incurred by the concessionaire on the civil works as per the disbursement methodology of the project fund as specified in clause 30.2.1 of the concession agreement entered into by GCORRPL with the Government of Tamil Nadu ('GoTN'). As at March 31, 2014, GCORRPL has received a grant of Rs. 276.01 crore (March 31, 2013: Rs. 211.59 crore) against the aforesaid sanction. Out of the grant amount of Rs. 276.01 crore received as at March 31, 2014, Rs. 270.72 crore has been deducted from carriageways under intangible assets and Rs. 5.29 crore has been deducted from the cost of intangible assets under development.

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33. a) Contingent liabilities

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Corporate guarantees	3,324.64	3,430.49
Bank guarantees outstanding	1,853.39	1,332.27
Bonds outstanding	112.00	112.00
Fixed deposits pledged against loans taken by enterprises where key management personnel and their relatives exercise significant influence	15.00	70.00
Fixed deposits pledged against loans taken by Welfare trust for GMR Group Employees ('WTGGE')	125.50	108.00
Claims against the Group not acknowledged as debts	656.71	530.46
Matters relating to income tax under dispute	85.29	77.94
Matters relating to indirect taxes duty under dispute	783.65	757.13
Arrears of cumulative dividends on preference share capital issued by subsidiary	33.85	16.05

b) Others in addition to 33(a) above:

i. During the year ended March 31, 2010, GVPGL was granted a refund of customs duty of Rs. 69.09 crore which was paid earlier towards the import of plant and machinery. Considering that the cost of plant and machinery included the customs duty, the refund was adjusted to the cost of the asset and related depreciation expense of Rs. 11.19 crore, charged from the date of capitalisation till the date of grant of such refund, was credited to the statement of profit and loss during the year ended March 31, 2010. GVPGL received a refund of Rs. 59.11 crore.

a. During the year ended March 31, 2011, GVPGL had received an intimation from the Office of the Joint Director General of Foreign Trade ('DGFT') for cancellation of duty drawback refund Order received in 2009-10 to the extent of Rs 9.99 crore, in view of which, GVPGL had restored the capitalisation of customs duty and adjusted the cost of the asset and the related depreciation expense of Rs. 2.39 crore, chargeable from the date of capitalisation till the date of cancellation of such refund, was adjusted with the depreciation for the year ended March 31, 2011.

b. During the year ended March 31, 2012, GVPGL had received a further intimation from DGFT for cancellation of duty drawback refund Order of Rs. 59.11 crore received in 2009-10, thereby seeking refund of the amount GVPGL received earlier. Based on an expert's opinion, the management of the Group is confident that the duty drawback refund granted earlier was appropriate and that the cancellation of the duty drawback refund is not tenable as the intimation cannot be applied retrospectively. Accordingly, no adjustment has been made with regard to the refund of Rs. 59.11 crore already received by GVPGL in these consolidated financial statements of the Group.

c. GVPGL has filed a writ petition with the Hon'ble High Court of Delhi in November 2011 as regards the aforesaid matter and the dispute is pending settlement as at March 31, 2014.

ii. During the year ended March 31, 2011, GPCL had received a refund of customs duty of Rs. 29.57 crore which was paid earlier towards the import of the plant and machinery and which was passed on to Tamilnadu Generation and Distribution Corporation Limited ('TANGEDCO') (formerly known as Tamilnadu Electricity Board 'TNEB') as a pass through as per the terms of PPA. During the year ended March 31, 2012, GPCL had received an intimation for cancellation of the duty draw back refund received earlier. The Group does not foresee any liability in respect of the same demand as a liability, if any, is to be recovered from TANGEDCO, the ultimate beneficiary of the refund received earlier. However pending settlement of the matter, the same has been considered as a contingent liability in these consolidated financial statements of the Group.

iii. During the year ended March 31, 2012, GVPGL had received a demand of Rs. 48.21 crore for the period September 2006 to November 2011 from the Chief Electrical Inspectorate, GoAP, whereby GoAP had imposed electricity duty on generation and sale of electrical energy calculated at the rate of six paise for each electricity unit generated by GVPGL since commencement of commercial operations. Based on an internal assessment and an expert opinion, the management of the Group is confident that the provisions of Electricity Duty Act and Rules, 1939 ('Electricity

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Rules') in respect of payment of electricity duty are not applicable to GVPGL. Accordingly electricity duty liability of Rs. 58.30 crore (March 31, 2013: Rs. 57.27 crore) for the period September 2006 to March 2014 has been considered as a contingent liability in these consolidated financial statements of the Group.

iv. During the year ended March 31, 2012, GEL received an intimation from the Chief Electrical Inspectorate, GoAP, whereby GoAP had demanded electricity duty on generation and sale of electrical energy amounting to Rs. 11.06 crore calculated at the rate of six paise for each electricity unit generated by GEL for the period from June 2010 to December 2011. GEL filed a writ petition with the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad against the intimation by GoAP and it was granted a stay order on deposit of 1/3rd of the duty demanded within a stipulated time. GEL had not made the requisite deposit and accordingly the interim stay was automatically vacated.

However, based on an internal assessment and a legal opinion obtained by GEL, the management is confident that the provisions of Electricity Rules in respect of payment of electricity duty are not applicable to GEL and accordingly electricity duty liability of Rs. 14.61 crore for the period from June 2010 to March 31, 2014 (March 31, 2013: Rs. 14.61 crore) has been considered as a contingent liability and accordingly no adjustments have been made in these consolidated financial statements of the Group.

v. As at March 31, 2014, the South Delhi Municipal Corporation ('SDMC') (earlier known as Municipal Corporation of Delhi ('MCD')) had demanded property tax of Rs. 105.18 crore on the land and properties at Indira Gandhi International Airport, New Delhi ('Delhi Airport'). DIAL had filed a writ petition in the Hon'ble High Court of Delhi challenging the applicability of the Delhi Municipal Corporation (Amendment) Act, 1957 on the land and properties at the Delhi Airport and had deposited an amount of Rs 13.68 crore under protest. SDMC has brought the 'Airports & Airports properties' within the purview of property tax for the financial year 2013-14. Accordingly, an amount of Rs. 6.94 crore paid by DIAL towards property tax for the year 2013-14 as per self-assessment has been charged to the statement of profit and loss on time proportion basis during the year ended March 31, 2014.

The Hon'ble High Court of Delhi vide its order dated September 13, 2013, directed DIAL to make a proposal to the SDMC for settlement of property tax dues. Based on the self-assessment tax paid for the financial year 2013-14 and a legal opinion, DIAL has made a further provision amounting to Rs. 53.65 crore, towards the estimated property tax dues as against Rs. 105.18 crore demand raised by the SDMC and believes that the provision is adequate. The matter is pending settlement as at March 31, 2014 with the Hon'ble High Court of Delhi and hence the balance demand has been considered as a contingent liability and accordingly no adjustments have been made to these consolidated financial statements of the Group.

vi. GEL had entered into a PPA with Karnataka Power Transmission Corporation Limited for supply of energy during the period December 15, 1997 to July 7, 2008. GEL had a Fuel Supply Agreement ('FSA') with a fuel supplier towards purchase of naphtha for generation of electricity during the aforementioned period. The FSA provided for payment of liquidated damages to the fuel supplier in the event there was a shortfall in the purchase of the annual guaranteed quantity.

During the year ended March 31, 2013, GEL received a notice for good faith negotiation under erstwhile FSA entered into between GEL and the fuel supplier with respect to dispute regarding liquidated damages amounting to Rs 296.16 crore along with an interest of Rs. 5.55 crore towards failure of GEL to purchase the annual guaranteed quantity for the period from November 21, 2001 to June 6, 2008. GEL vide its letter dated October 31, 2012 had disputed the demand from the fuel supplier towards the aforementioned damages. Further, GEL received a notice of arbitration from the fuel supplier's legal representative requesting the appointment of arbitrator for the dispute resolution which was disputed by GEL in its reply dated February 15, 2013.

During the year ended March 31, 2014, the fuel supplier has filed a petition in the Hon'ble High Court of Karnataka seeking appointment of a sole arbitrator for the resolution of the dispute. GEL has filed its reply on January 8, 2014 and the final outcome of the arbitration is pending conclusion. However based on its internal assessment and a legal opinion, the management of the Group is confident that the claim of the fuel supplier towards such liquidated damages is not tenable and accordingly no adjustments have been made in these consolidated financial statements of the Group and the claim from the fuel supplier has been considered as a contingent liability as at March 31, 2014.

vii. In case of DIAL, w.e.f. June 1, 2007, the AAI has claimed service tax on the annual fee payable to them considering the same as rental from immovable property. The Company has disputed the grounds of the levy under provisions of

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the OMDA. As the matter is under dispute and pending with the Honorable High Court of Delhi, no adjustment has been made in these consolidated financial statements of the Group.

viii. Certain entities in the power sector had entered into Gas Transportation / Transmission Agreements ('GTA') whereby these entities have agreed to pay a minimum ship or pay charges at a specified rate. However, pursuant to the Order number TO/08/2013 dated May 10, 2013 by Petroleum and Natural Gas Board ('PNGRB') the fuel transporters are levying and accordingly these entities are recording ship or pay charges at lower rate as compared to agreed rate. The fuel transporters have filed a writ petition before Appellate Tribunal for Electricity ('APTEL'), New Delhi against the said order. Further, the fuel transporters have issued a letter dated March 28, 2014 to these entities, whereby the fuel transporters have reduced the Minimum Daily Quantity ('MDQ') for levying the ship or pay charges to zero with effect from May 3, 2013, subject to the outcome of the petition filed by the fuel transporters with Hon'ble High Court of Delhi. Pending the final outcome of the writ petitions filed by the fuel transporters, an amount of Rs. 32.77 crore (March 31, 2013: Rs. Nil) has been considered as a contingent liability in these consolidated financial statements of the Group, being the product of the ship or pay charges at rate and units agreed as per the GTA.

ix. DIAL and GHIAL have been utilizing Passenger Service Fees (Security Component) ('PSF (SC)') towards capital expenditure and cost of maintenance of such capital asset as per the provisions of Standard Operating Procedure ('SOP'), guidelines and clarifications issued by Ministry of Civil Aviation ('MoCA') from time to time. MoCA has issued the order vide order no. AV 13024 /03/2011-AS (Pt. I) dated February 18, 2014 requiring the airport operators to reverse the capital expenditure on assets and cost of maintenance of such capital assets incurred from PSF (SC) fund from inception till date, together with interest thereon.

DIAL has challenged the said order before the Hon'ble High Court of Delhi and the Hon'ble Court vide its order dated March 14, 2014, has restrained MoCA from taking any coercive measures in the form of initiation of criminal proceedings against DIAL and now the matter is listed for hearing on August 7, 2014. Further, GHIAL has obtained a stay order from the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad on March 3, 2014 and the stay order stated not to incur the capital expenditure from PSF (SC) escrow account hereafter.

As at March 31, 2014, DIAL and GHIAL have incurred Rs. 297.76 crore and Rs. 90.95 crore respectively (excluding related maintenance expenses and interest thereon) towards capital expenditure out of the PSF (SC) escrow account as per SOPs, guidelines and clarification issued by MoCA from time to time on the subject of utilisation of PSF (SC) funds. Based on internal assessment, the management of the Group is of the view that no adjustments are required to be made to the consolidated financial statements for the year ended March 31, 2014.

x. MoCA issued a Circular No.AV 13028/001/2009-AS dated January 8, 2010, giving fresh guidelines regarding the expenditure which could be met out of the PSF(SC) and was subsequently clarified by MoCA vide order dated April 16, 2010. Based on the said circular, DIAL is not debiting aforesaid security expenditure to PSF (SC) escrow account. Further, vide circular No.AV 13024/43/2003-SS (AD) dated May 17, 2012, it was further directed that any such expenditure already debited was required to be credited back to PSF (SC) account. However, security expenditure amounting to Rs. 24.48 crore was already incurred prior to April 16, 2010 and debited to PSF (SC) account.

DIAL has filed a writ petition with the Hon'ble High Court of Delhi challenging the applicability of the said circulars/letter issued by MoCA. The Hon'ble High Court of Delhi vide its order dated December 21, 2012 has restrained MoCA from taking any coercive measures in the form of initiation of criminal proceedings against DIAL and the matter is pending settlement as at March 31, 2014. In a similar case the aforesaid MoCA circulars/ letters were challenged before the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad and the Court has passed an interim order dated July 13, 2012, holding that the MoCA circular dated April 16, 2010 was prospective in nature and therefore reversal of payment of any amount prior to the issuance of the circular did not arise. Based on an internal assessment and the aforesaid order of the Hon'ble High Courts, the management is confident that no liability in this regard would be payable and as such no provision has been made in these consolidated financial statements of the Group.

xi. HMACPL has accrued customs officers' salaries stationed at air cargo terminal based on debit notes raised by the customs department on GHIAL as the ultimate cost has to be borne by the custodian i.e. HMACPL. GHIAL had filed a writ petition under Article 226 of the Constitution of India in the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad against the demand raised by customs department. During the year ended March 31, 2013,

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GHIAL had received an order from the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad (Single Judge), stating that the grounds on which the levy was made by customs department were wholly unsustainable and accordingly, HMACPL had reversed the accrued customs duty amounting to Rs. 14.02 crore for the period from March 23, 2008 to March 31, 2012 as provision no longer required and included the same in other income in the consolidated financial statement for the year ended March 31, 2013.

Subsequent to the above order, the customs department preferred an appeal against the same and on November 2, 2012, a bench of two judges of the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad passed an order for interim suspension of the said order passed by the Hon'ble Single Judge. Management, based on internal assessment/legal opinion, is confident that there is no financial impact of this interim suspension order and accordingly, no further adjustment has been made in these consolidated financial statements of the Group.

xii. In respect of ongoing land acquisition process of KSPL, there are claims of different types pending before various judicial forums. These claims are subject to judicial verdicts as at March 31, 2014. The Group based on its internal assessment is of the view that there would not be any claims against the Group and accordingly, no adjustments have been made to these consolidated financial statements of the Group for the year ended March 31, 2014.

xiii. The Deputy Commissioner of Commercial Taxes, Bhuvaneshwar demanded Rs. 152.83 crore (March 31, 2013: Rs. 150.23 crore) for non-payment of entry tax on imported plant and machinery from outside India as per Orissa Entry Tax Act, 1999. GKEL has deposited Rs. 23.17 crore (March 31, 2013: Rs. 13.42 crore) under protest and has filed an appeal before Appellate authorities and Special Leave Petition ('SLP') before Hon'ble Supreme Court of India. However, based on an internal assessment, the management of the Group is of the view that the demand of entry tax is not tenable and accordingly, no further adjustments have been made in these consolidated financial statements of the Group and the same has been considered as a contingent liability as at March 31, 2014.

xiv. GKEL has entered into a PPA with PTC India Limited ('PTC') and PTC has entered in turn with Uttar Haryana Bijili Vitran Nigam Limited ('UHBVNL') and Dakshin Haryana Bijli Vitran Nigam Limited. ('DHBVNL'). There has been a delay in supply of power by GKEL, which the management believes is due to force majeure events and change in law. The matter is currently under sub-judice with the CERC and APTEL.

xv. BIB has received a Court notice on September 20, 2013, which is in the nature of civil case registered in the Batulicin District court vide case no. 018/Pdt.G/2013/PN.Btl dated September 16, 2013 and named BIB as the Defendant in the suit. The suit was filed by H. Riduansyah ('Plaintiff I') and H.Mahfud Hadirat Dawiya ('Plaintiff II'), relating to the claim of 70 hectares of land located inside BIB's mining area. The Plaintiffs have claimed compensation of Rs. 39.97 crore (IDR 7,875.00 crore). Further, the lawsuit is also addressed to the Ministry of Energy and Mineral Resources of the Republic of Indonesia ('Co-defendant I') and Ministry of Forestry Republic of Indonesia ('Co-defendant II'). BIB holds the Borrow-Use permits granted by Minister of Forest under decree number SK. 288/Menhut-II/2010 dated April 27, 2010 on the disputed land area and accordingly management believes that BIB has the relevant permit based on the prevailing regulations relating to the use of 70 Hectares of forestry which are claimed by Plaintiffs in the suit. However, pending outcome of the suit no further adjustments have been made in these consolidated financial statements and as such the amount of Rs. 11.99 crore is considered as a contingent liability as at March 31, 2014.

xvi. As at March 31, 2014, the Group has an investment of Rs. 2.44 crore in the equity shares of RCMEPL and has provided bank guarantees of Rs. 22.18 crore on behalf of RCMEPL to the Ministry of Coal ('MoC'). MoC vide its letter dated January 15, 2014 asked the allocatees of 61 coal blocks including RCMEPL to obtain certain necessary approvals within the stipulated time specified in the letter and indicated that the absence of obtaining such approvals would result in de-allocation of these coal blocks. RCMEPL has filed a writ petition in the Hon'ble High Court of Delhi, New Delhi against Union of India whereby RCMEPL has requested the Hon'ble High Court to quash the letter by MoC dated January 15, 2014 and directed the State Government of Orissa to expedite the grant of requisite approvals. The Hon'ble High Court has passed an interim order maintaining status quo of the block. MoC vide their letter dated February 17, 2014 to the joint venture partners of RCMEPL has indicated that the Inter Ministerial Group has recommended de-allocation of the said blocks which have been accepted by MoC, but further action is put on hold in view of the interim order of the Hon'ble High Court. The management of the Group based on the filed writ petition and its internal assessment is of the view that the reasons for delay in obtaining the said approvals were beyond the control of RCMEPL, that it would obtain the necessary approvals in the foreseeable future and the aforesaid de-allocation of coal blocks by MoC is not tenable. Accordingly, no adjustments have been made in these consolidated financial statements of the Group in this regard.

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xvii. Also refer note 30(a) as regards guarantees provided to the buyer of ISG & LGM as per the terms of SPA.

xviii. Refer note 30(g) as regards guarantee provided by the Company towards warranties and tax claims as specified in the SPA and other SPA transaction documents with respect to sale of GESPL.

xix. Refer note 35(e)(ii) for details of contingent liabilities on issue of non-cumulative compulsorily convertible non-participatory preference shares by GAL to Investor I and Investors II.

xx. Refer note 35(e)(i) for details of contingent liabilities on issue of fully paid up compulsorily convertible cumulative preference shares ('CCCPS') by GEL.

34. a) Capital commitments

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Estimated value of contracts remaining to be executed on capital account, not provided for (net of advances)	7,771.46	10,871.59

b) Other commitments

i. Entities in roads sectors have entered into various Concession agreements with concessionaires for periods ranging from 17.5 years to 26 years from achievement of date of COD / Appointed Date as defined in the respective Concession agreements, whereby these entities have committed to comply with certain key terms and conditions pertaining to construction of roads / highways in accordance with the timelines and milestones as defined in the respective Concession agreements, COD as per the respective Concession agreements, construction, management, operation and maintenance of roads / highways in accordance with the respective Concession agreements, performance of the obligations under the respective financing agreements, non-transfer or change in ownership without the prior approval of the concessionaire and transfer of the roads / highways projects on termination of relevant agreements or in case of defaults as defined in the respective Concession agreements and utilisation of grants received as per the requirements of the respective concession agreements.

ii. Entities in airports sector have entered into various agreements with Concessionaires for periods ranging from 25 years to 30 years extendable by another 30 years in certain cases on satisfaction of certain terms and conditions of respective Concession agreements from dates as defined in the respective agreements for development, rehabilitation, expansion, modernisation, operation and maintenance of various airports in and outside India. Pursuant to these agreements, these entities have committed to comply with various terms of the respective agreements which pertains to payment of fees, development / expansion of Airports in accordance with the timelines and milestones as defined in the respective agreements, achievement of COD as per the respective agreements, development, management, operation and maintenance of airports in accordance with the respective agreements, performance of various obligations under the respective financing agreements, non-transfer or change in ownership without the prior approval of respective airport concessionaires, compliance with the applicable laws and permits as defined in the respective agreements, transfer of airports on termination of agreements or in case of defaults as defined in the respective agreements.

iii. Certain entities in power sector have entered into PPAs with customers, pursuant to which these entities have committed to sell power of contracted capacity as defined in the respective PPAs, make available minimum Plant Load Factor ('PLF') over the period of tariff year as defined in the respective PPAs. The PPAs contain provision for disincentives and penalties in case of certain defaults.

iv. Certain entities in power sector have entered into fuel supply agreements with suppliers whereby these entities have committed to purchase and suppliers have committed to sell contracted quantity of fuel for defined period as defined in the respective fuel supply agreements, including the fuel obtained through the suppliers outside India.

v. One of the overseas entities in power sector and the Government of Indonesia (Government) have entered into Coal Sale agreement for a defined period pursuant to which the entity is required to pay to the Government, amount equivalent to a specified percentage of proceeds from sale of the coal by the entity. Further, based on a regulation of the Government, all Companies holding mining rights have an obligation to pay an exploitation fee equivalent to certain percentage, ranging from 3% - 5% of sales, net of selling expenses.

vi. One of the overseas entities in power sector (as the buyer) and its jointly controlled entity (as the seller) in power sector have entered into a Coal Sales Agreement for Sale and Purchase of Coal, whereby the buyer entity and seller entity have committed to, respectively, take delivery and to deliver, minimum specified percentage of the Annual Tonnage as specified in the Agreement for each Delivery Year, based on the agreed pricing mechanism. The buyer entity is also committed to use the coal for the Agreed Use, provided that it shall not sell any Coal to any person domiciled or incorporated in the country in which the seller entity operates.

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vii. Certain entities in the power sector have entered into Long Term Assured Parts Supply and Maintenance Agreements with sub-contractors whereby these entities have committed to pay fixed charges in addition to variable charges based on operating performance as defined in the agreements. The entities have also committed to pay incentives on attainment of certain parameters by the sub-contractors.

viii. One of the entities in airports sector is committed to pay every year a specified percent of previous year's gross revenue as operator fee to the airport operator for the period specified in the Airport operator agreement.

ix. One of the entities in airport sector has entered into a tripartite Master Service Agreement ('MSA') with the service provider and the holding company of the service provider, whereby this entity is committed to pay annually to the service provider if the receivable of the service provider falls short of subsistence level (as defined in the said MSA). Also in case of delay in payment of dues from customers to the service provider, this entity would fund the deficit on a temporary basis till the time the service provider collects the dues from aforementioned customers.

As at March 31, 2014, this entity has funded Rs. 8.58 crore (March 31, 2013: Rs. 12.30 crore) towards shortfall in collection from the customers.

x. The Group has entered into agreements with the lenders of certain subsidiaries wherein it has committed to hold at all times at least 51% of the equity share capital of these subsidiaries and not to sell, transfer, assign, dispose, pledge or create any security interest except pledge of shares to the respective lenders as covered in the respective agreements with the lenders.

xi. The Group has provided commitment to fund the cost overruns over and above the estimated project cost or cash deficiency, if any, to the lenders of its project stage subsidiaries, to the extent as defined in the agreements executed with the respective lenders.

xii. Certain entities in power sector have made a commitment towards expenditure on corporate social responsibilty activities amounting to Rs. 72.79 crore (March 31, 2013: Rs. 73.41 crore) and towards land lease rentals as per the long term land lease agreements entered into by the entities amounting to Rs. 10.30 crore (March 31. 2013: Rs. 10.77 crore).

xiii. In respect of Group's investments in certain jointly controlled entities, other joint venture partners have the first right of refusal in case any of the joint venture partners intend to sell its stake subject to other terms and conditions of respective joint venture agreements.

xiv. In respect of Group's investments in jointly controlled entities, the Group cannot transfer / dispose its holding for a period as specified in the respective joint venture agreements.

xv. Refer note 38 for commitments relating to lease arrangements.

xvi. Refer note 35(b) as regards negative grant payable to concessionaries of road entities.

xvii. Refer note 35(e) for commitments arising out of convertible preference shares.

xviii. Refer note 35(g)(ix) as regards deferred consideration payable to the erstwhile shareholders of PTDSU.

xix. Shares of the certain subsidiaries / jointly controlled entities have been pledged as security towards loan facilities sanctioned to the Group.

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35. Others:

a) Foreign currency transactions

The MCA, Government of India ('GoI') vide its Notification No GSR 225 (E) dated March 31, 2009 prescribed certain changes to AS - 11 on 'The Effects of Changes in Foreign Exchange Rates'.

The Group has, pursuant to adoption of such prescribed changes to the said Standard, exercised the option of recognizing the exchange differences arising in reporting of foreign currency monetary items at rates different from those at which they were recorded earlier, in the original cost of such depreciable assets in so far such exchange differences arose on foreign currency monetary items relating to the acquisition of depreciable assets. Accordingly,

i. Exchange loss amounting to Rs. 608.23 crore (March 31, 2013: Rs. 268.25 crore (net off exchange difference of Rs. 25.55 crore accounted as detailed under note 35(a)(iii)) have been adjusted to the cost of depreciable asset in these consolidated financial statements of the Group.

ii. Exchange gain of Rs. 4.88 crore (March 31, 2013: exchange loss of Rs. 0.01 crore), net of amortisation, on long term monetary asset has been accumulated in the 'Foreign currency monetary item translation difference account' and is being amortised in the statement of profit and loss over the balance period of such long term monetary asset. The unamortised balance as at March 31, 2014 amounts to exchange gain of Rs. 2.37 crore (March 31, 2013: exchange loss of Rs. 2.51 crore).

iii. In view of the clarification issued by MCA through General Circular No. 25/2012 dated August 09, 2012 with regard to paragraph 46A of Notification No. GSR. 914(E) dated December 29, 2011 on AS - 11, the Group had capitalized the exchange difference of Rs. 25.55 crore which was charged off to the statement of profit and loss during the year ended March 31, 2012 and the finance costs for the year ended March 31, 2013 were shown net off such adjustments.

b) Negative grant

In accordance with the terms of the Concession agreements entered into with NHAI by GACEPL, GJEPL and GUEPL dated November 16, 2005, February 20, 2006 and April 19, 2006 respectively, the companies had an obligation to pay an amount of Rs. 507.96 crore by way of Negative Grant to NHAI. GJEPL has entirely paid the negative grant as at March 31, 2013. Pursuant to the divestment the Group's holding in GUEPL during the year ended March 31, 2014, GUEPL ceased to be a subsidiary of the Group and became an associate of the Group as at March 31, 2014 and accordingly, the negative grant pertaining to GUEPL is not consolidated. GACEPL has paid an amount of Rs. 108.34 crore (March 31, 2013: Rs. 108.34 crore) and the balance amount of Rs. 66.41 crore (March 31, 2013: Rs. 66.41 crore) has been disclosed as negative grant under 'Long term borrowings' in these consolidated financial statements of the Group. Refer note 35(g)(vii) regarding the details of arbitration pursuant to which the arbitration tribunal has stayed the payment of negative grant of GACEPL during the year ended March 31, 2014.

(Rs. in crore)

Name of the subsidiary	Date of Concession Agreement	Total negative grant	Repayment details	Payable as at March 31, 2014	Payable as at March 31, 2013
GACEPL	November 16, 2005	174.75	Unequal yearly installments over next 4 years	66.41	66.41
GUEPL	April 19, 2006	250.51	Not applicable (also refer note 30(e))	-	120.25
Total		**507.96**		**66.41**	**186.66**

c) Utilisation fees

Pursuant to the implementation agreement between Under secretariat for Defense Industries (Administration) and consortium consisting of LISVT, the Company and MAHB, utilisation fee of Euro 193.20 crore was payable in annual installments over the final 17 years of the 20 year concession period, starting from 2011. The concession period was extended by a total of 665 days through February 2030 for an additional concession fee totaling approximately Euro 24.40 crore. The utilisation fees was accounted as below:

i. Utilisation fees is charged as per units of usage method, based on revenue projections with a corresponding credit to utilisation fees liability.

ii. Prepaid utilisation fees amounting to Rs. 225.79 crore as at March 31, 2013 had been disclosed as prepaid expenses under 'Loans and advances'. During the year ended March 31, 2014, the Group has entered into a SPA for sale of their entire equity stake in ISG and accordingly, the utlisation fees have not been consolidated as at March 31, 2014 (also refer note 30(a)).

d) Trade receivables

i. The Government of Karnataka vide its Order No. EN 540 NCE 2008 dated January 1, 2009 ('the Order') invoked Section 11 of the Electricity Act, 2003 ('the Electricity Act') and directed GEL to supply power to the State Grid during the period January 1, 2009 to May 31, 2009 at a specified rate. The period was subsequently extended up to June 5, 2009 vide Order No. EN 325 NCE 2009 dated September 22, 2009. GEL had a contract with a buyer till January 31, 2009 at a selling rate higher than such specified rate and, as such, filed a petition before the Hon'ble High Court of Karnataka challenging the Order. Revenue recognition in respect of power supplied during January 2009 has been recognised in the books as per the original contracted rate, based on a legal opinion. The differential revenue, so recognised in the books, amounts to Rs. 44.76 crore.

Based on the interim directions of the Hon'ble High Court of Karnataka in the month of March 2009, Karnataka Electricity Regulatory Commission ('KERC') has recommended a higher band of tariff than the specified rate in the Order. However, revenue for the four months period ended June 05, 2009 has been recognised, on a prudent basis, as per the rate specified in the Order.

The Hon'ble High Court of Karnataka, in its order dated March 26, 2010, dismissed the petition of GEL challenging the Order by invoking section 11(1) of the Electricity Act with a direction that if the Order had any adverse financial impact on GEL, then a remedy is provided to GEL to approach the appropriate commission under the Electricity Act empowered to offset the adverse financial impact in such manner as it considers appropriate. GEL had filed a SLP before the Hon'ble Supreme Court of India to appeal against the said Order of the Hon'ble High Court of Karnataka, and had sought ex-parte ad-interim order staying the operation of the said Order and to direct ESCOMs to pay minimum rate prescribed by KERC. Additionally, GEL filed a petition before KERC to decide on the adverse financial impact suffered by GEL because of invoking of powers u/s 11(1), in reply to which the Government of Karnataka undertakings ('respondents') filed their reply on April 26, 2012 contesting GEL's claim of Rs. 166.75 crore and have made a counter claim of Rs. 223.53 crore against GEL on account of adverse impact suffered by the respondents. In response to counter claim made by the respondent, GEL filed an updated petition with KERC on September 6, 2012.

In reply to the petition filed by GEL, KERC, vide their order dated November 30, 2012 through majority judgment directed for a tariff of Rs. 6.90 per Kwh for the entire period for which the order was in force to offset the adverse financial impact suffered by GEL. GEL has filed an appeal before the APTEL, New Delhi challenging the KERC's order to the limited extent that KERC has failed to fully offset the adverse financial impact suffered by GEL. Further, during the year ended March 31, 2013, GEL has withdrawn its SLP filed before the Hon'ble Supreme Court of India. During the year ended March 31, 2014, respondents filed a review petition before KERC against the majority judgment passed by it, which was rejected by KERC.

In view of the order received from KERC, appeal filed with APTEL and legal opinion obtained, the management of the Group is confident that there will not be any adverse financial impact on the Group with regard to these transactions and accordingly no adjustment has been made in these consolidated financial statements pending final resolution of the matter.

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ii. As at March 31, 2014, the power segment companies have receivables (including unbilled revenue) from TANGEDCO aggregating to Rs. 336.43 crore (March 31, 2013: Rs.722.56 crore). Based on an internal assessment, collections by the Group from TANGEDCO during the year ended March 31, 2014 and various discussions that the Group had with TANGEDCO, the management of the Group is confident of recovery of such receivables and accordingly, no adjustment has been made in these consolidated financial statements of the Group.

iii. As at March 31, 2014, GVPGL has total receivables of Rs. 10.98 crore (March 31, 2013: Rs 10.98 crore) towards MAT reimbursement claim recognised by GVPGL. MAT reimbursement claim has not been acknowledged by the customer of GVPGL. During the year ended March 31, 2013, Andhra Pradesh Electricity Regulatory Commission ('APERC') has issued an order whereby APERC has directed the customer to pay the MAT reimbursement claim along with interest after validation of payment of MAT by GVPGL. Pursuant to the said order, GVPGL had submitted the copies of bank challans. Further, during the year ended March 31, 2014, GVPGL has filed an application in APERC for early enforcement of the aforesaid order passed by APERC.

The customer has filed an appeal in APTEL against the said order of APERC along with an application for condonation of delay in filing the appeal. However, the said condonation of delay and the appeal have been dismissed by APTEL. Based on an internal assessment, the management of the Group is confident of recovery of such receivables and accordingly, no provision towards such receivables has been made in these consolidated financial statements of the Group.

iv. The PPA entered into by GPCL with TANGEDCO on September 12, 1996 has expired on February 14, 2014 and the same was extended for a period of one year from February 15, 2014 with revised commercial terms and conditions. However, TANGEDCO has filed petition before TNERC for approval of Tariff. GPCL is recognizing the income on provisional basis from February 15, 2014 based on the revised commercial terms pending approval of TNERC.

v. GKEL has recognised Rs. 96.07 crore as revenue which has been billed on a provisional tariff basis in view of 'Tariff Determination Petition' and 'Tariff Review Petition' filed by GKEL which are pending before CERC and APTEL.

e) Preference shares issued by subsidiaries

Preference shares issued by subsidiaries include the following:

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
CCCPS issued by GEL	588.07	1395.00
0.0001% non-cumulative redeemable preference shares issued to ICICI by GEL	162.90	171.47
Non-cumulative compulsorily convertible non-participatory preference shares issued by GAL	404.63	404.63
Total	**1,155.60**	**1,971.10**

i. During the year ended March 31, 2011, GEL had issued 13,950,000 CCCPS of Rs. 1,000 each. These preference shares were held by Claymore Investments (Mauritius) Pte Limited, IDFC Private Equity Fund III, Infrastructure Development Finance Company Limited, IDFC Investment Advisors Limited, Ascent Capital Advisors India Private Limited and Argonaut Ventures (collectively called as Investors). These preference shares were convertible upon the occurrence of Qualifying Initial Public Offering ('QIPO') of equity shares of GEL. In case of non-occurrence of QIPO within 3 years of the closing date, as defined in the terms of share subscription and shareholders agreement between the parties, investors had the right to require GIL to purchase the preference shares or if converted, the equity shares in GEL at an agreed upon internal rate of return ('IRR'). In case GIL failed to purchase the preference shares within 180 days from the date of notice by the Investors, the CCCPS holder had the sole discretion to exercise the various rights under clause 11.18 of the share subscription and shareholders agreement including the conversion of CCCPS into equity shares of GEL / buyback of the converted shares by GEL.

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During the year ended March 31, 2014, GEL has entered into an amended and restated share subscription and shareholders agreement ('Amended SSA') with the investors, GIL and other GMR group companies. The Investors continue to hold 6,900,000 CCCPS in GEL and a new investor GKFF Capital has subscribed to additional 325,000 CCCPS of Rs. 1,000 each (collectively referred to as 'Portion B securities').

As per the Amended SSA and Share Purchase Agreement between the investors, GEL and other Group Companies, 7,050,000 CCCPS with a face value of Rs. 705.00 crore ('Portion A securities') have been bought by GREEL and GEPML for a consideration of Rs. 1,169.17 crore and accordingly an amount of Rs 464.17 crore representing consideration paid in excess of face value of Portion A securities has been adjusted against accumulated deficit in the statement of profit and loss in the consolidated financial statements for the year ended March 31, 2014. Portion A securities shall be converted into equity shares of GEL as per the terms prescribed in clause 5 of the SPA not later than the date of conversion of Portion B securities. As defined in the terms of Amended SSA, GEL has to provide an exit to the Portion B Securities investors within 30 months from last return date (November 29, 2013) at the agreed price of Rs. 1,278.67 crore ('Investor exit amount'). In case of non-occurrence of QIPO within 24 months from the last return date, GMR Group may give an exit to Portion B securities investors at investor exit amount by notifying them the intention to purchase the preference shares within 30 days from the expiry of the 24th month. In case of non-occurrence of QIPO or no notification from GMR group companies as stated aforesaid, the Portion B securities investors have the sole discretion to exercise the various rights under clause 10 of the Amended SSA.

Further on March 27, 2014, GEL has converted 1,344,347 Portion B securities into 110,554,848 equity shares of Rs. 10 each at a premium of Rs. 2.16 per share as per the terms of clause 4.2 of the Amended SSA so as to enable the Portion B securities investors to participate in proposed QIPO by way of an offer for sale whenever such QIPO is made.

ii. During the year ended March 31, 2011, GAL has issued 2,298,940 non-cumulative compulsory convertible non-participatory preference shares ('CCPS 1') bearing 0.0001% dividend on the face value of Rs. 1,000 each fully paid up amounting to Rs. 229.89 crore at a premium of Rs. 2,885.27 each totaling to Rs. 663.31 crore to Macquaire SBI Infrastructure Investments 1 Limited, ('Investor I') for funding and consolidation of airport related investments by the Group. Further, during the year ended March 31, 2012 GAL issued 1,432,528 non-cumulative compulsory convertible non-participatory preference shares ('CCPS 2') bearing 0.0001% dividend on the face value of Rs. 1,000 each fully paid up amounting to Rs. 143.25 crore at a premium of Rs. 3,080.90 each totaling to Rs. 441.35 crore to Standard Chartered Private Equity (Mauritius) III Limited, JM Financial - Old Lane India Corporate Opportunities Fund I Limited, JM Financial Trustee Company Private Limited, JM Financial Products Limited and Build India Capital Advisors LLP ('Investors II'). The Company and GAL have provided Investor I and Investors II various conversion and exit options at an agreed internal rate of return as per the terms of the Restructuring Options Agreements and Investment agreements executed between the Company, GAL, Investor1 and Investors II.

iii. During the year ended March 31, 2010, GEL issued 0.0001% 200,000,000 non-cumulative redeemable preference shares of Rs. 10 each fully paid up amounting to Rs. 200.00 crore along with a securities premium of Rs. 100.00 crore to ICICI. GEL shall redeem 5% of the subscription amount outstanding under each tranche on the completion of 13th, 24th, 36th and 48th month from the date on which the subscription money was remitted and remaining outstanding amount shall be redeemed on December 31, 2014. The applicable yield shall be 14.00% p.a. for tranches subscribed prior to December 31, 2010 and for tranches subscribed on or after January 1, 2011 onwards, the applicable yield shall be 14.00% p.a. or ICICI Bank benchmark advance rate plus the applicable liquidity premia plus 0.25% p.a., whichever is higher. The 5% of the subscription amount outstanding has been redeemed on the completion of 13th month, 24th month, 36th month and 48th month during the year ended March 31, 2011, March 31, 2012, March 31, 2013 and March 31, 2014, respectively. The holders would be entitled to dividend, if dividend is paid to other class of preference shareholders. The preference shareholders have a right to attend General Meetings of GEL and vote on resolutions directly affecting their interest. In the event of winding up, GEL would repay the preference share capital in priority to the equity shares of GEL but it does not confer any further right to participate either in profits or assets of GEL.

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f) Development Fund ('DF') Order

Airport Economic Regulatory Authority ('AERA') DF Order No. 28/2011-12, 30/ 2012-13 and AERA tariff order No. 03/2012-13 on determination of Aeronautical Tariff; issued on November 14, 2011, April 24, 2012 and December 28, 2012 respectively

i. DIAL has accrued DF amounting to Rs. 350.00 crore during the year ended March 31, 2013 earmarked for construction of Air Traffic Control ('ATC') tower, which is under progress as at March 31, 2014. DF amounting to Rs. 199.96 crore (March 31, 2013: Rs. 164.40 crore) has been adjusted against the expenditure incurred towards construction of ATC tower till March 31, 2014 and balance DF amounting to Rs. 150.04 crore (March 31, 2013: Rs.185.60 crore), pending utilisation, has been disclosed under 'other current liabilities'.

ii. While calculating such additional DF amount:

a) In accordance with the earlier Standard Operating Procedure ('SOP') approved and issued by the AAI dated February 19, 2009 read with the MoCA order dated February 9, 2009, DIAL was adjusting collection charges against DF receipts. However, AERA vide its subsequent order no. 28/2011-12 issued on November 14, 2011 has observed that in terms of Section 22A of the AAI Act, 1994 (amended from time to time) as well as Section 13(1)(b) of the AERA Act, 2008, the function of AERA is limited only to determining the rate/amount of DF and manner of collection and administration cost incurred thereupon is prescribed by way of rules by the Central Government. In view of the fact that DF rules notified by the MoCA dated August 2, 2011 do not prescribe adjustment of collection charges from the DF receipts; DIAL has reduced DF collection charges aggregating to Rs. 2.90 crore during the year ended March 31, 2014 (March 31, 2013 : Rs. 2.84 crore) from the DF grant.

b) AERA has passed an order vide Order No 30/2012-13 dated December 28, 2012 in respect of levy of Development fee at Delhi Airport. As per the said order, the rate of Airport Development Fee ('ADF') has been reduced from Rs. 200 to Rs. 100 and from Rs. 1,300 to Rs. 600 per embarking domestic and international passenger respectively. Further, as per the said order, such revised rates have come into force with effect from January 1, 2013 and estimated DF collection period has been extended up to April 2016.

g) Others

i. DIAL received advance development costs of Rs. 653.13 crore (March 31, 2013: Rs. 653.13 crore) from various developers at commercial Property District towards facilitating the development of common infrastructure there in. As per the terms of the agreement, DIAL will facilitate the development of common infrastructure upon receipt of advance towards development cost in accordance with the instructions and specifications in the agreements. Further, DIAL has no right to escalate the development cost and in case any portion of the advance development cost is not utilized by DIAL towards development of any infrastructure facility, the same shall be returned to the developers upon earlier of the expiry of the initial term of agreement or upon termination of the development agreement. As at March 31, 2014, DIAL has incurred development expenditure of Rs. 318.50 crore (March 31, 2013: Rs. 276.67 crore) which has been adjusted against the aforesaid advance and balance amount is disclosed under long term and current liabilities.

ii. During the year ended March 31, 2013, DIAL had started collecting 'Marketing Fund' at a specified percentage from various concessionaires as per respective concessionaire agreements, to be utilised towards sales promotional activities as defined in such agreements. Till March 31, 2014, DIAL had billed Rs. 36.97 crore (March 31, 2013: Rs. 23.91 crore) towards such Marketing Fund and has incurred expenditure amounting to Rs. 7.22 crore (March 31, 2013: Rs. 2.20 crore) towards agency fees to various external advertising and marketing service providers from the amount so collected. The balance amount of Rs. 29.75 crore as at March 31, 2014 (March 31, 2013: Rs. 21.71 crore) pending utilisation, against such sales promotion activities is included under 'Other Liabilities' as a specific fund to be used for the purposes for which the amounts are collected.

iii. As at March 31, 2014, DIAL has an accumulated losses of Rs. 969.86 crore (March 31, 2013: Rs. 1,380.69 crore) thus resulting in substantial erosion of its net worth as at the year end. DIAL has earned a net profit of Rs. 410.83 crore (March 31, 2013: Rs. 72.52 crore) and has met all its obligations as at March 31, 2014. AERA vide its powers conferred by section 13(1)(a) of AERA Act, 2008 passed an Aeronautical tariff hike order No.03/2012-13 issued on April 24, 2012 which determined the Aeronautical tariffs to be levied at Delhi Airport for the fourth and fifth tariff periods of first five year control period. The first five year control period referred to in the above order ended on

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March 31, 2014. Pending determination of the final Aeronautical tariff (s) for the second control period i.e. from 2014 to 2019, AERA vide its order 04/2014-15 dated May 2, 2014 stated that the Aeronautical tariff (s) approved by AERA vide its order 03/2012-13 shall continue to upto October 31, 2014 or until the final determination of the tariff for the second control period, whichever is earlier. Further, the revenue so collected by DIAL during the interim period shall be adjusted from the aggregate revenue requirement for the second control period w.e.f. April 1, 2014.

Based on the order received from AERA, profit earned over the last financial years and DIAL's business plan, the management of the Group is confident that DIAL will be able to generate sufficient profits in future years and would continue to meet its financial obligations as they arise, in view of which the financial statements of DIAL has been prepared on a going concern basis.

iv. In case of GHIAL, the AERA, vide its powers conferred by section 13(1) (a) of AERA Act, 2008, passed an Aeronautical tariff order No.38 issued on February 24, 2014, in respect of control period from April 1, 2011 to March 31, 2016. As per the aforesaid order, there will be no PSF (FC) for embarking passengers and the same will be considered as part of User Development Fee (UDF). Further, the UDF for the period from April 1, 2014 to March 31, 2016 has been determined to be Rs. Nil. This will significantly impact the profitability and cash flows of GHIAL for the said period between April 01, 2014 to March 31, 2016.

GHIAL has initiated legal recourse challenging the aforesaid AERA order and has also initiated certain steps towards strategic cash management. Further, with the expected UDF commencing in the next tariff cycle, the financial position is expected to improve thereafter. Moreover, the Company has agreed to provide the necessary financial support to GHIAL, should the necessity arise.

v. During the year ended March 31, 2014, GHRL has incurred net loss of Rs. 20.73 crore (March 31, 2013: Rs. 23.85 crore) and has accumulated losses of Rs. 105.76 crore (March 31, 2013: Rs. 85.03 crore) as at March 31, 2014, which has resulted in substantial erosion of GHRL's net worth. Further, GHRL has incurred cash losses during the years ended March 31, 2014 and March 31, 2013. The management of the Group expects that there will be significant increase in the operations of GHRL that will lead to improved cash flows and long term sustainability. The Group has undertaken to provide such financial support as necessary, to enable GHRL to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these consolidated financial statements of the Group do not include any adjustments relating to the recoverability and classification of carrying amounts of assets or the amounts and classification of liabilities that may be necessary if GHRL were unable to continue as a going concern.

vi. During the year ended March 31, 2014, MGATL, a 50% jointly controlled entity of the Group (effective ownership interest of the Group is 30.60%) has incurred net loss of Rs. 75.49 crore (March 31, 2013: Rs. 90.70 crore) and has accumulated losses of Rs. 226.46 crore (March 31, 2013: Rs. 150.97 crore) as at March 31, 2014, which has resulted in erosion of entire net worth of MGATL. Further, MGATL has incurred cash losses during the years ended March 31, 2014 and March 31, 2013. The management of the Group expects that there will be a significant increase in the operations of MGATL that will lead to improved cash flows and long term sustainability. The Group has undertaken to provide such financial support as necessary, to enable MGATL to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these consolidated financial statements of the Group do not include any adjustments relating to the recoverability and classification of carrying amounts of assets or the amounts and classification of liabilities that may be necessary if MGATL were unable to continue as a going concern.

vii. The Group has an investment of Rs. 357.35 crore (including loans of Rs. 117.76 crore and investment in equity/ preference shares of Rs. 239.59 crore) made by the Company and its subsidiaries (March 31, 2013: Rs. 341.56 crore (including loans of Rs. 104.97 crore, share application money pending allotment of Rs. 20.00 crore and investments in equity and preference shares of Rs. 216.59 crore)) in GACEPL as at March 31, 2014. GACEPL has been incurring losses since the commencement of commercial operations. The management of the Group believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the year ended March 31, 2014. Based on an internal assessment and a legal opinion, the management of the Group is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly the carrying value of net assets of Rs. 224.45 crore (after providing for losses till date of Rs. 132.90 crore) [March 31, 2013: Rs.

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238.35 crore (after providing for losses till date of Rs. 103.21 crore)] as regards investment in GACEPL as at March 31, 2014 is appropriate.

viii. GCORPPL has completed construction of project highway between KM 0+150 and KM 28+550 in the land area handed over by Tamil Nadu Road Development Company Limited (TNRDC), the Managing Associate of GoTN and completed the tests as on June 15, 2013 and also applied for issuance of provisional completion certificate for the project for the completed portion vide letter GMR/CORRPL/IE/13-14/0315 effective from June 15, 2013.

Subsequently in April 2014, GoTN has approved the issue of provisional completion certificate and declared provisional COD effective from June 15, 2013 vide its letter dated April 8, 2014. Accordingly, GCORRPL has capitalised the expenditure incurred upto June 15, 2013 on completed portion by transferring from 'intangible assets under development' to carriageways and has recognised the annuity proportionately from June 15, 2013 onwards.

ix. The Group has an investment of Rs. 292.56 crore (USD 4.84 crore) including loan of Rs. 11.42 crore (USD 0.19 crore) in PTDSU (March 31, 2013: Rs. 239.48 crore (USD: 4.37 crore)). The Group acquired PTDSU for a consideration of USD 4.00 crore and a deferred consideration to be determined and paid on achievement of certain conditions as specified in the share purchase agreement. PTDSI, a step down subsidiary of PTDSU has pledged 60% shares of PTBSL with the sellers of PTDSU. The achievement of aforementioned conditions for settlement of deferred consideration has been under dispute and the matter is under arbitration and PTDSI has initiated a civil suit seeking direction to the sellers of PTDSU not to act on the pledge agreement provided as security earlier. Pending finalisation of the aforesaid arbitration proceedings and determination of the deferred consideration, PTDSU has not made any adjustments in the financial statements in respect of such consideration. Further, the consolidated financial statements of PTDSU and its subsidiaries PTBSL and PTDSI as at March 31, 2014 have accumulated deficit of Rs. 23.55 crore (USD 0.47 crore) (March 31, 2013: Rs. 21.92 crore (USD 0.40 crore)). PTBSL, a coal property Company remains in the exploration phase and is consistently in need of capital injection for its exploration costs. The management of PTDSU has committed to provide financial support until PTBSL commences commercial operations and generates income on its own. The management of PTDSU is not aware of any material uncertainties that may cast significant doubt upon these entities ability to continue as a going concern and accordingly, the management of the Group believes that the carrying value of the net assets in PTDSU and its subsidiaries as at March 31, 2014 is appropriate.

x. a) The Group is engaged in the business of generation and sale of electrical energy from its two gas based power plants of 220MW and 387.63MW situated at Kakinada and Vemagiri respectively. Further, the Group has investments in a subsidiary, GREL which is constructing a gas based power plant. In view of lower supplies / availability of natural gas to the power generating companies in India, the Group is facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL and GVPGL have not generated and sold electricity since April 2013 and May 2013 respectively and have been incurring losses on account of the aforesaid shortage of natural gas supply, thereby resulting in erosion of networth and usage of short term funds for long term purposes. The Gas Sales and Purchase Agreements ('GSPA') for supply of natural gas in GEL and GVPGL expired on March 31, 2014 and the Group is in the process of renewal of the same. GREL has not yet commenced commercial operations pending linkages of natural gas supply. The Group is actively pursuing / making representations with various government authorities to secure the natural gas linkage / supply as the natural gas supplies from KG D6 basin have dropped significantly from September 2011 onwards. The Group, for its 768 MW gas based power plant, which is under construction at Rajahmundry, has applied for allocation of gas and Ministry of Petroleum and Natural Gas ('MoPNG') is yet to allocate the gas linkage. The consortium of lenders have approved the reschedulement of COD of the plant under construction to April 1, 2014 and repayment of project loans. GREL has sought further extension of COD and repayment of project loans with the consortium of lenders in the absence of gas linkage. The Group and the Association of Power Producers are closely monitoring the macro situation and are evaluating various approaches / alternatives to deal with the situation and the management of the Group is confident that the GoI would take necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. Despite the aforementioned reasons, based on business plan and valuation assessment, the management of the Group is confident that GEL and GVPGL will be able to renew the GSPA and generate sufficient profits in future years, GREL will get an extension of the COD as stated aforesaid and these gas based power generating companies would meet their financial obligations as they arise. The management of the Group considers that the going concern assumption and the carrying value of the net assets of the aforesaid entities as at March 31, 2014 is appropriate and these consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. In the meantime, the Company has

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committed to provide necessary financial support to these companies as they may require for continuance of their normal business operations.

b) In respect of plant under construction at Rajahmundry, pending securing supply of requisite natural gas, the Group has put on hold the active construction work of the plant. The management of the Group believes that the indirect expenditure attributable to the construction of the project and borrowing costs incurred during the period of uncertainty around securing gas supplies qualifies for capitalisation under paragraphs 9.3 and 9.4 of AS -10 and paragraphs 18 and 19 of AS -16. The subsidiary setting up the plant has approached the MCA seeking clarification / relaxation on applicability of the aforementioned paragraphs to the gas availability situation referred in 35(g)(x)(a) above. The management of the Group is confident of obtaining necessary clarification / relaxation allowing such capitalisation. Pending receipt of requisite clarification / relaxation, the Group has capitalised aforesaid expenses amounting to Rs. 397.56 crore and Rs. 679.95 crore (March 31, 2013: Rs. 282.39 crore) for the year ended March 31, 2014 and cumulatively upto March 31, 2014 towards cost of the plant under construction.

xi. During the year ended March 31, 2014, EMCO has incurred a net loss of Rs. 532.57 crore and has accumulated losses of Rs. 555.50 crore as at March 31, 2014, which has resulted in erosion of EMCO's entire net worth. EMCO has achieved the COD of Unit I in March 2013 and of Unit II in September 2013 and hence is in the stabilization phase of its operations. The management of the Group expects that the plant will generate sufficient profits in the future years in view of which the financial statements of EMCO have been prepared and accordingly consolidated on a going concern basis.

xii. During the year ended March 31, 2014, based on a valuation assessment of its investments (including unsecured loans) in ATSCL and MTSCL, the Group has made an impairment provision of Rs. 8.95 crore towards the carrying value of the net assets of ATSCL and MTSCL which has been disclosed as an exceptional item in the consolidated financial statements for the year ended March 31, 2014.

xiii. GPCL approached Tamil Nadu Electricity Regulatory Commission ('TNERC') to resolve the claims / counterclaims arising out of the PPA and Land Lease Agreement ('LLA') in respect of the dues recoverable from TANGEDCO on account of sale of energy including reimbursement towards interest on working capital, MAT, rebate, start/ stop charges and payment of land lease rentals to TANGEDCO. GPCL had received a favorable Order from TNERC on April 16, 2010 and in pursuance of the Order, GPCL filed its claim on April 30, 2010 amounting to Rs. 481.68 crore and recognised Rs. 79.55 crore as income in the books of account.

TANGEDCO filed a petition against TNERC Order in APTEL. In terms of an interim Order on November 19, 2010 from APTEL, TANGEDCO deposited Rs. 537.00 crore including interest on delayed payment of the claim amount. APTEL vide its Order dated February 28, 2012, upheld the claim of GPCL and further directed GPCL to verify and pay counter claims of TANGEDCO in respect of the benefits earned if any, by GPCL with regard to the delayed payment towards fuel supply that are not as per the terms of the FSA. GPCL has appealed to the Hon'ble Supreme Court in Civil Appeals seeking certain interim relief with respect to the benefits pointed out by APTEL on credit period of Fuel Supplies in terms of the FSA. The legal counsel handling the matter has confirmed that on April 24, 2014, the Hon'ble Supreme Court has disposed off the appeal of TANGEDCO and directed GPCL and TANGEDCO to file their respective claim / account statement before TNERC within one month for adjudication. GPCL is yet to receive the certified copy of the Order dated April 24, 2014, on the subject matter for its perusal and further action. The management does not expect any cash outflow in this regard.

GPCL is availing tax holiday under Section 80IA of the IT Act in respect of its income from power generation. Considering that the substantial amount, though under protest, has been received by GPCL, based on an expert opinion, GPCL has offered the claims upto March 31, 2013 as income in its tax returns and has claimed the deduction as available under Section 80IA of the IT Act.

However, in accordance with the Group's accounting policy, pending acceptance of claims by TANGEDCO and pending adjudication of petition before the Hon'ble Supreme Court, the Group has not recognised such balance claim in the books of account.

In accordance with the above, the amount received towards the above mentioned claims after the date of Order is being disclosed as advance from the customer and is included in 'other current liabilities' in these consolidated financial statements of the Group. Further, GPCL has been legally advised that in view of the appeal filed by

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TANGEDCO against the Order of APTEL in Hon'ble Supreme Court, the entire matter is now subjudice and has not attained the finality.

xiv. The Group has an investment of Rs. 2,117.74 crore (including subordinate loan of Rs. 414.60 crore, interest accrued thereon Rs. 125.94 crore and investment of Rs. 1,577.20 crore) in GCHEPL as at March 31, 2014 and has also provided corporate / bank guarantee towards loan taken by GCHEPL from the project lenders. GCHEPL is in the advanced stage of construction of 1,370 MW coal based thermal power plant at Raipur district, Chhattisgarh and is expected to commence operations in the ensuing financial year. GCHEPL has obtained provisional Mega Power status certificate from the Ministry of Power, GoI vide letter dated September 8, 2011 and accordingly has availed exemptions of customs and excise duty against bank guarantees and pledge of deposits. The management of the Group is certain of obtaining Mega Power status, pending which cost of customs and excise has not been considered as cost of the project.

The Group expects certain delays in the completion of construction and costs overruns including additional claims from the EPC contractor which are pending settlement as at March 31, 2014. As per the management of the GCHEPL, the additional claims are not expected to be material and the cost overruns are expected to be financed by the lenders and the management of GCHEPL has commenced discussion with the lenders for funding the costs overruns. Further GCHEPL had entered into a PPA with Chhattisgarh State Power Trading Company Limited ('CSPTA') for supply of 35% of the plant capacity. On September 25, 2013, CSPTA has intimated GCHEPL that under the PPA, CSPTA has a right rather than an obligation to purchase 30% of the plant capacity, which has been disputed by GCHEPL. In view of the recent directives, the management of the Group is confident of obtaining the linkage of domestic coal prior to the completion of construction of the plant and is also confident of executing the PPA for its entire capacity and hence is of the view that the carrying value of net assets of GCHEPL as at March 31, 2014 is appropriate.

xv. GADLIL is re-registered in the Republic of Maldives for upgrading of existing terminal and construction of new terminal at MIA. As per the work construction contract dated October 25, 2010 entered into with GMIAL, the expected substantial completion date of the construction was July 1, 2014, and GADLIL's registration in the Republic of Maldives is valid till December 31, 2016. However, pursuant to the takeover of MIA by MACL, GMIAL has terminated the work construction contract with GADLIL on December 10, 2012. These conditions indicate the existence of a material uncertainty about the going concern of GADLIL, which is fully dependent on the outcome of the arbitration process between GMIAL and GoM and MACL. However, the financial statements of GADLIL as at and for the year ended March 31, 2014 have been prepared and accordingly consolidated on a going concern basis.

xvi. a) The consolidated financial statements of the Group do not include Accounts for PSF (SC) of DIAL and GHIAL as the same are maintained separately in the fiduciary capacity by these entities on behalf of GoI and are governed by SOP issued vide letter number AV/13024/047/2003-SS/AD dated January 19, 2009 issued by MoCA, GoI.

b) The consolidated financial statements of the Group do not include billing to Airlines for DF by DIAL, as the management of the Group believes that DIAL's responsibility is restricted only to the billing on behalf of AAI in accordance with the provisions of AAI (Major Airports) Development Fee Rules, 2011 and DF SOP.

xvii. GKUAEL had entered into a Concession Agreement with NHAI on November 30, 2011 for six laning of Kishangarh-Udaipur-Ahmedabad section of National Highways 79A, 79, 76 and 8. Pursuant to non-fulfillment of mandatory 'conditions precedent' specified under the Concession Agreement within the due date, GKUAEL has issued a notice to NHAI dated December 21, 2012 of its intention to terminate the Concession Agreement. In response, NHAI vide their letter dated January 1, 2013 termed the notice not maintainable both in law and in facts. Further, NHAI in their letter dated January 17, 2013 to GKUAEL had also indicated of making good the alleged defaults of NHAI within the cure period of 90 days. Further, the management of the Group has submitted the proposal for the continuance of the project subject to certain modifications in the financial and other terms in the Concession Agreement and is confident of obtaining approval of these modifications by NHAI.

The Company along with its subsidiary has made an investment of Rs. 724.43 crore (including loans of Rs. 24.43 crore and investment in equity shares of Rs. 700.00 crore) (March 31, 2013: investments in equity shares of Rs. 700.00 crore) in GKUAEL, which is primarily utilized towards payment of capital advances of Rs 590.00 crore (March 31, 2013: Rs. 590.00 crore) to its EPC contractors and Rs. 124.42 crore (March 31, 2013: Rs. 107.75 crore) towards indirect expenditure attributable to the project and borrowing costs ('project expenses'). The management of the Group is confident of recovering the aforesaid capital advance and does not anticipate any compensation payable to NHAI in view of the aforesaid dispute and continue to carry such project expenses as intangible assets under development pending satisfactory resolution of the matter.

xviii. The Company has given an interest free loan of Rs. 115.00 crore to GWT during the year ended March 31, 2011 for the purpose of an employee benefit scheme. GWT has utilised the proceeds of the loan received from the Company in the following manner and the position as at March 31, 2014 and March 31, 2013 is:

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Equity shares of GIL	101.55	101.55
Equity shares of GAL	11.28	11.28
Others	2.17	2.17
Total	**115.00**	**115.00**

SEBI had issued Circular No. CIR/CFD/DIL/3-2013 dated January 17, 2013 prohibiting listed entities from framing any employee benefit scheme involving acquisition of own securities from the secondary market. SEBI had issued Circular No. CIR/CFD/POLICYCELL/14/2013 dated November 29, 2013 extending the date of compliance to June 30, 2014. The management of the Company had submitted the details of the GWT to the stock exchanges and is in the process of complying with the requirements of the circular within the prescribed timelines. As per the Trust deed, GWT is undertaking employee benefit schemes and hence the Company has not consolidated financial statements of GWT in the financial statements of the Company.

xix. As at March 31, 2014, GICL has fixed deposits of Rs. 832.78 crore (March 31, 2013: Rs. 747.20 crore) with Eurobank, Cyprus. The Republic of Cyprus is presently facing economic difficulties. The management is of the view that inspite of such economic difficulties the amount held as fixed deposit with Eurobank is good for recovery though withdrawal of the amount from the Republic of Cyprus would be subject to restriction as may be imposed by the Central Bank of Cyprus. Accordingly, the amount of deposit has been considered as restrictive bank balance and disclosed under 'Other non-current assets' in these consolidated financial statements of the Group.

xx. a) KSPL is in the process of acquiring land for implementing a Multi-Product Special Economic Zone within the meaning of Special Economic Zone Act, 2005 and had obtained an initial Notification from the Ministry of Commerce, GoI vide Notification No. 635(E) dated April 23, 2007 to an extent of 1,035.67 hectares with an approval for 3 years from June 2006. The said approval was extended till June 2012 and is further extended till February 26, 2015. KSPL has obtained further notification from GoI vide Notification No. 342(E) dated February 6, 2013 to an extent of 1,013.63 hectares. Further, upon acquisition of the notified land, KSPL will seek for further notification for additional land. Pending the same the entire land is acquired till date by the KSPL is treated as land acquired for the purpose of implementation of Special Economic Zone awaiting notification.

b) KSPL, has acquired land for development of Special Economic Zone and initiated various rehabilitation and resettlement initiatives thereafter for relocating the inhabitants residing on the land acquired. The amount of expenditure incurred by KSPL towards rehabilitation and resettlement initiatives amounting to Rs. 63.69 crore (March 31, 2013: Rs. 60.63 crore) has been treated as part of the land acquisition cost and is classified under capital work-in-progress. Considering that the negotiations with the beneficiaries towards obtaining possession of land necessitating the rehabilitation is in progress, no provision has been made towards the potential cost that is likely to be incurred by KSPL towards rehabilitation and settlement.

c) Land acquisition for SEZ project comprises direct purchases, land acquired from Andhra Pradesh Industrial Infrastructure Corporation Ltd and land awarded by GoAP through notification. The land acquired through awards by GoAP includes, payment towards structures, standing crops, solatium and interest from the date of notification till the date of award. All the above costs are treated as part of land acquisition cost.

d) The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 ('LARR Act') was published in the Gazette of India by the Government of India on September 27, 2013. The Act came into force on January1, 2014, as per internal assessment and legal opinion obtained by KSPL, the management of the Group is of the view that there is no further financial impact of the said act and accordingly no adjustments have been made in the consolidated financial statements of the Group.

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xxi. A search under Section 132 of the IT Act was carried out at the premises of the Company and certain entities of the Group by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates during the year ended March 31, 2013, to check the compliance with the provisions of the IT Act. The Income Tax Department has subsequently sought certain information / clarifications. The Group has not received any demand from the Income Tax Authorities. The management of the Group believes that it has complied with all the applicable provisions of the IT Act with respect to its operations.

xxii. During the year ended March 31, 2014, with a view to restructure shareholdings in airport sector, the Company and GEL have transferred 489,999,800 equity shares of Rs. 10 each held in DIAL to GAL, a 97.15% subsidiary of the Company, at cost.

xxiii. The Comptroller and Auditor General of India ('CAG') had conducted the performance audit of Public Private Partnership ('PPP') project of AAI at Delhi Airport for the period 2006 to 2012. CAG has presented its report before the Rajya Sabha on August 17, 2012 wherein they have made certain observations on DIAL. The Public Accounts Committee ('PAC'), constituted by the Parliament of India, has examined the CAG report and submitted its observations and recommendations to Lok Sabha vide its Ninety fourth report in February 2014.

The management of the Group is of the opinion that the observations in the CAG report and the PAC report do not have any financial impact on these consolidated financial statements of the Group.

36. Derivative Instruments

a. IRS outstanding as at the balance sheet date:

i. In case of DIAL, as per the conditions precedent to disbursement of External Commercial Borrowing ('ECB') loan. DIAL has entered into an IRS agreement from floating rate of interest to fixed rate of interest against its foreign currency loan of USD 31.06 crore (March 31, 2013: USD 34.13 crore). Since the critical terms of the IRS and the principal terms of the loan are same, based on the internal assessment carried out by the management of the Group, the net impact of the mark to market valuation of the IRS, net of gain / loss on the underlying loan is not expected to be material and accordingly no adjustment has been made in these consolidated financial statements of the Group.

<table>
<tr><th>Particulars of Derivatives</th><th>Purpose</th></tr>
<tr><td>IRS outstanding as at balance sheet date: USD 31.06 crore (March 2013: USD 34.13 crore)</td><td>Hedge of variable interest outflow on ECB. Swap to pay fixed rate of interest as mentioned below tranche wise and receive a variable rate equal to 6 months' LIBOR:
<table>
<tr><th>March 31, 2014</th><th>March 31, 2013</th><th>March 31, 2014</th><th>March 31, 2013</th></tr>
<tr><th>ECB amount (USD in crore)</th><th>ECB amount (USD in crore)</th><th>Interest Rate</th><th>Interest rate</th></tr>
<tr><td>8.88</td><td>9.75</td><td>4.99%</td><td>4.99%</td></tr>
<tr><td>6.65</td><td>7.31</td><td>2.76%</td><td>2.76%</td></tr>
<tr><td>8.88</td><td>9.75</td><td>0.87%</td><td>0.87%</td></tr>
<tr><td>6.65</td><td>7.32</td><td>0.86%</td><td>0.86%</td></tr>
</table></td></tr>
</table>

ii. GAPL has entered into an IRS contract with Axis Bank Limited from floating rate of interest to fixed rate of interest against its foreign currency loan amounting to USD 1.18 crore (March 31, 2013: USD 1.47 crore) covering the period from October 12, 2010 to October 06, 2017. Based on the internal assessment carried out by the management of the Group, the net impact of the mark to market valuation of the IRS, net of gain / loss on the underlying loan is not expected to be material and accordingly no adjustment has been made in these consolidated financial statements of the Group.

iii. In case of GHIAL, as per the conditions precedent to disbursement of foreign currency loan of USD 12.50 crore (March 31, 2013: USD 12.50 crore), GHIAL has entered into swap agreement from floating rate of interest to fixed rate of interest covering the period of the foreign currency loan from September 10, 2007 to April 01, 2024. Since

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the critical terms of the IRS and the underlying foreign currency loan are the same, based on the internal assessment carried out by the management of the Group, the impact of the mark to market valuation of the IRS, net of gain / loss on the underlying loan, is considered to be immaterial and accordingly no adjustment has been made in these consolidated financial statements of the Group.

iv. ISG had entered into an IRS agreement with Royal Bank of Scotland for swapping floating rate of interest to fixed rate of interest for its loan of Euro 33.60 crore covering the period June 30, 2008 to June 29, 2018. Based on the internal assessment carried out by the management of the Group, the impact of the mark to market valuation of the IRS, net of gain / loss on the underlying loan, was considered to be immaterial and accordingly no adjustment had been made in these consolidated financial statements of the Group in this regard. Pursuant to the divestment, ISG ceased to be a jointly controlled entity and accordingly, the Group has not consolidated the loans against which the IRS have been taken by the Group.

v. During the year ended March 31, 2013, ATSCL has entered into an IRS contract with ICICI from floating rate of interest to fixed rate of interest against its foreign currency loan amounting to USD 1.66 crore covering the period from December 7, 2012 to December 7, 2017. Based on an internal assessment carried out by the management of the Group, the net impact of the mark to market valuation of the IRS, net gain/loss on the underlying loan is not expected to be material and accordingly no adjustment has been made in these consolidated financial statements of the Group.

vi. During the year ended March 31, 2014, MTSCL has entered into an IRS contract with ICICI from floating rate of interest to fixed rate of interest against its foreign currency loan amounting to USD 1.66 crore covering the period from May 8, 2013 to May 8, 2018. Based on an internal assessment carried out by the management of the Group, the net impact of the mark to market valuation of the IRS, net gain/loss on the underlying loan is not expected to be material and accordingly no adjustment has been made in these consolidated financial statements of the Group.

vii. During the year ended March 31, 2014, GKEL has entered into an IRS from floating rate of interest to fixed rate of interest and a cross currency swap contract with ICICI against its foreign currency loan amounting to USD 5.54 crore covering the period from October 1, 2014 to December 1, 2017. Based on an internal assessment carried out by the management of the Group, the net impact of the mark to market valuation of the IRS, net gain/loss on the underlying loan is not expected to be material and accordingly no adjustment has been made in these consolidated financial statements of the Group.

viii. GMIAL has entered into IRS agreement with Axis Bank Limited for swapping floating rate of interest to fixed rate of interest against the loan of USD 14.50 crore (March 31, 2013: USD 14.50 crore) covering the period December 31, 2011 to December 31, 2015.

Since the critical terms of the IRS and the underlying foreign currency loan are the same, based on the internal assessment carried out by the management of the Group, the impact of the mark to market valuation of the IRS, net of gain / loss on the underlying loan, is considered to be immaterial and accordingly no adjustment has been made in these consolidated financial statements of the Group.

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b. Un-hedged foreign currency exposure for monetary items is as follows:

(Foreign currencies and Indian Rs. in crore)

Currency	Cash and bank balances	Fixed assets, non-current investments and current investments	Trade receivables, inventories, long-term and short-term advances and other non-current and current assets	Trade payables, other long term and current liabilities and long term and short term provisions	Long term borrowings, short term borrowings and current maturities of long term borrowings
Canadian Dollar	0.24	0.08	0.02	0.14	-
	(0.41)	(2.87)	(0.16)	(0.79)	-
Swiss Franc	-	-	0.00	0.00	-
	-	-	(0.00)	-	-
Chinese Yuan	0.00	-	0.01	0.18	-
	(0.08)	-	(0.01)	-	-
Euro	0.86	0.01	20.40	1.54	0.00
	(0.97)	(13.00)	(5.88)	(4.85)	(15.62)
Great Britain Pound ('GBP')	0.00	0.13	0.10	0.24	3.12
	(0.06)	(0.15)	(0.24)	(0.07)	(4.64)
Indonesian Rupiah	16,382.10	37,879.90	18,385.71	6,171.09	-
	(25,854.79)	(24,497.84)	(32,835.00)	(6,232.89)	-
Nepalese Rupee	0.45	114.87	0.23	1.35	-
	(2.22)	(107.30)	(0.25)	(1.70)	-
Singapore Dollar	0.01	0.05	0.04	0.11	-
	-	(0.05)	(0.08)	(1.21)	(23.49)
Turkish Lira	0.05	-	0.07	0.01	-
	(0.06)	-	(0.11)	(0.00)	-
United States Dollar ('USD')	32.21	58.57	20.94	33.77	172.23
	(31.99)	(52.02)	(23.27)	(38.16)	(170.94)
Amount in Rs.	2,120.14	3,939.09	3,062.72	2,243.01	10,729.76
	(1,998.01)	(4,230.21)	(1,903.29)	(2,567.99)	(11,862.34)

Note: Previous year figures are mentioned in brackets.

Forward contract outstanding as at balance sheet date:

Particulars	Entity	Currency	Amount in foreign currency in crore	
			March 31, 2014	March 31, 2013
Forward contract against payment for offshore supplies and discounted letter of credit	GKEL	USD	-	1.50
Forward cover for hedging of loan availed	GIML	GBP	-	4.64
	MTSCL	USD	1.66	-
	ATSCL	USD	1.66	1.66
	GREL	USD	5.20	-
Forward contract for hedging the supplier credit	GAPL	USD	0.08	-

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37. Employee Benefits

a) Defined contribution plan

Contributions to provident and other funds included in capital work-in-progress (note 32(a)), intangible assets under development (note 32(b)) and employee benefits expenses (note 25) are as under:

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Contribution to provident fund	20.32	14.10
Contribution to superannuation fund	13.39	12.03
	33.71	**26.13**

b) Defined benefit plan

Provident Fund

Contribution to provident fund by DIAL included in capital work in progress (note 32(a)) and employee benefits expenses (note 25) are as under:

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Contribution to provident fund	3.95	5.48
	3.95	**5.48**

The Guidance on Implementing of Accounting Standard 15, Employee Benefits (revised 2005) issued by Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India, states that benefits involving employer established provident funds, which require interest shortfalls to be re-compensated, are to be considered as defined benefit plans. Based on the actuarial valuation and on the assumptions provided below there is cumulative short-fall of Rs. Nil (March 2013: Rs. 0.97 crore) which has been provided in these consolidated financial statements and is included in other current liabilities (note 9).

The details of the fund and plan asset position are as follows:

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Plan assets at the year end, at fair value	65.35	56.45
Present value of benefit obligation at year end	65.35	55.48
Net (liability) / asset recognized in the balance sheet	-	(0.97)

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	March 31, 2014	March 31, 2013
Discount Rate	9.25%	8.10%
Fund Rate	9.30%	8.60%
EPFO Rate	8.60%	8.60%
Withdrawal Rate	5.00%	5.00%
Mortality	Indian Assured Lives Mortality (2006-08) (modified)Ult *	LIC (1994-96) Ultimate

*As published by Insurance Regulatory and Development Authority ('IRDA') and adopted as Standard Mortality Table as recommended by the Institute of Actuaries of India effective April 1, 2013

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Gratuity Plan

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Statement of profit and loss

Net employee benefits expenses

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Current service cost	7.01	6.02
Interest cost on benefit obligation	2.22	1.73
Expected return on plan assets	(2.61)	(2.15)
Net actuarial (gain) / loss recognised	(3.37)	0.92
Net benefit expenses	3.25	6.52

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2014
Actual return on plan assets	2.20	2.24

Balance sheet

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Present value of defined benefit obligation	30.45	28.30
Fair value of plan assets	27.12	27.01
Plan asset / (liability)	(3.33)	(1.29)

Changes in the present value of the defined benefit obligation

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Opening defined benefit obligation	28.30	21.08
New acquisitions	0.27	-
Interest cost	2.22	1.73
Current service cost	7.01	6.02
Benefits paid	(3.57)	(1.54)
Actuarial (gains) / losses on obligation	(3.78)	1.01
Closing defined benefit obligation	30.45	28.30

Changes in the fair value of plan assets are as follows

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Opening fair value of plan assets	27.01	16.36
Expected return on plan assets	2.61	2.15
Contributions by employer	1.48	9.95
Benefits paid	(3.57)	(1.54)
Actuarial gains / (losses) on plan assets	(0.41)	0.09
Closing fair value of plan assets	27.12	27.01

The Group expects to contribute Rs. 1.58 crore (March 31, 2013: Rs. 9.04 crore) towards gratuity fund in next year.

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The major category of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2014	March 31, 2013
Investments with insurer managed funds	100%	100%

The principal assumptions used in determining gratuity obligation:

Particulars	March 31, 2014	March 31, 2013
Discount rate	9.25%	8.10%
Expected rate of return on assets	9.40%	9.40%
Expected rate of salary increase	6.00%	6.00%
Employee turnover	5.00%	5.00%
Mortality Rate	Refer note (iii) below	Refer note (iii) below

Notes :

i. The long term estimate of the expected rate of return on fund assets has been arrived at based on the prevailing yields on these assets. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

ii. The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

iii. As per Indian Assured Lives Mortality (2006-08) (modified) Ult. (March 31, 2013: As per Indian Assured Lives Mortality (2006-08) (modified) Ult)

Amounts for the current and previous four years are as follows:

(Rs. in crore)

Particulars	Gratuity				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Present value of defined benefit obligation	30.45	28.30	21.08	13.48	8.48
Fair value of plan assets	27.12	27.01	16. 36	12.91	8.38
Surplus / (deficit)	(3.33)	(1.29)	(4.72)	(0.57)	(0.10)
Experience adjustments on plan liabilities	(3.78)	1.01	2.64	(0.37)	(0.46)
Experience adjustments on plan assets	(0.41)	0.09	0.38	0.09	0.07

Other defined post employment benefit:

Certain entities in the Group located outside India have defined unfunded post employment benefits for its employees.

The following tables summaries the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Current service cost	2.51	2.53
Interest cost on benefit obligation	0.42	0.45
Net actuarial (gains) / losses recognised	(1.16)	(1.22)
Net benefit expenses	1.77	1.76

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(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Opening defined benefit obligation	7.18	5.44
Interest cost	0.42	0.45
Current service cost	2.51	2.53
Benefits paid	(0.67)	(0.02)
Actuarial (gains) / losses on obligation	(1.16)	(1.22)
Closing defined benefit obligation	8.28	7.18

38. Leases

a. Finance lease

The Group has entered into finance lease arrangements (as lessee) in respect of certain assets for periods of 3 to 5 years. The lease has a primary period, which is non-cancellable. The agreements provide for revision of lease rental in the event of changes in taxes, if any, leviable on the lease rentals. There are no exceptional/ restrictive covenants in the lease agreements.

(Rs. in crore)

Particulars	Minimum lease payments	Present value of minimum lease	Minimum lease payments	Present value of minimum lease
	As at March 31, 2014		As at March 31, 2013	
(i) Payable not later than 1 year	0.34	0.31	0.89	0.77
(ii) Payable later than 1 year and not later than 5 years	0.65	0.52	0.76	0.60
(iii) Payable later than 5 years	-	-	-	-
Total – (i)+(ii)+(iii) = (iv)	0.99	0.83	1.65	1.37
Less: Future finance charges (v)	0.16	-	0.28	-
Present value of minimum lease payments [(iv) – (v)]	0.83	-	1.37	-

Lease payment made during the year Rs. 0.66 crore (March 31, 2013: Rs. 0.88 crore)

b. Operating leases

The Group has entered into certain cancellable operating lease agreements mainly for office premises and hiring equipments and certain non-cancellable operating lease agreements towards office premises and hiring office equipments. The lease rentals charged during the year (included in note 32(a), note 32(b) and note 26) and the maximum obligation on the long term non-cancellable operating lease payable as per the agreements are as follows:

(Rs. in crore)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Payment		
Lease rentals under cancelable and non-cancellable leases	120.88	141.52
Receipt		
Lease rentals under cancelable leases	3.77	2.94
Obligations on non-cancelable leases:		
Not later than one year	13.54	14.87
Later than one year and not later than five years	33.22	41.27
Later than five years	26.64	32.23

39. Deferred Tax

Deferred tax (liability) / asset comprises mainly of the following:

(Rs. in crore)

Sl.No.	Particulars	March 31, 2014		March 31, 2013	
		Deferred tax asset	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
	<u>Deferred tax liability :</u>				
1	Depreciation	-	1,407.64	-	1,046.13
2	Carry forward losses / unabsorbed depreciation	1,218.88	-	904.53	-
3	Intangibles (Airport concession rights)	80.70	-	80.68	-
4	Others	34.79	-	5.53	-
	Sub – total (A)	**1,334.37**	**1,407.64**	**990.74**	**1,046.13**
	Deferred tax liability (net)		73.27		55.39
	<u>Deferred tax asset:</u>				
1	Depreciation	-	231.76	-	211.92
2	Carry forward losses / unabsorbed depreciation	258.79	-	235.35	-
3	Others	17.54		34.68	-
	Sub – total (B)	**276.33**	**231.76**	**270.03**	**211.92**
	Deferred tax asset (net)	44.57		58.11	
	Total (A+B)	**1,610.70**	**1,639.40**	**1,260.77**	**1,258.05**
	Deferred tax asset / (Deferred tax liability) (net)	(28.70)		2.72	
	Change for the year		31.42		95.51
	Foreign currency translation reserve		(0.40)		(0.22)
	Deferred tax asset/(liability) on account of acquisition during the year		1.06		-
	Charge/(credit) during the year		32.08		95.29

i. In case of GTAEPL and GTTEPL, as the timing differences are originating and reversing within the tax holiday period under the provisions of section 80-IA of the IT Act, deferred tax has not been recognised by these companies.

ii. In case of PTBSL, deferred tax asset has not been recognized on unabsorbed losses on the grounds of prudence in view of the management's assessment of future profitability.

iii. During the year ended March 31, 2010, based on an expert opinion, GVPGL had recognised deferred tax asset amounting to Rs. 147.00 crore on carry forward business loss and unabsorbed depreciation available for set-off from future taxable income before commencement of the expected tax holiday period. The management believed that there was virtual certainty, with convincing evidence, of availability of such future taxable income in view of the power pricing mechanism in the PPA entered into with the Andhra Pradesh Power Distribution Companies ('APDISCOMS') for supply of 370 MW out of the total capacity of 387 MW, as amended, for a period of 23 years set to expire in 2029 and the agreement entered into by GVPGL with Reliance Industries Limited ('RIL'), Niko (Neco) Limited and BP Exploration (Alpha) Limited for the supply of natural gas for a period till March 31, 2014 pursuant to allocation of natural gas from KG D-6 being made available to GVPGL under firm allocation basis by the MoPNG, GoI, vide their letter dated November 18, 2009.

The management had recognized deferred tax liability in respect of all the timing differences which had originated up to March 31, 2012 and were expected to reverse either before the commencement of the expected tax holiday period or after the expiry of such tax holiday period.

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The natural gas supplies from KG D-6 basin had dropped significantly resulting in losses during the year ended March 31, 2014 and March 31, 2013. In the absence of virtual certainty supported by convincing evidence of future taxable profits to GVGPL, for set off of unabsorbed depreciation and carry forward losses, the management has recognised deferred tax asset only to the extent of deferred tax liability as at March 31, 2014 and March 31, 2013.

iv. During the year ended March 31, 2014, EMCO has recognized a deferred tax asset of Rs. 30.07 crore on its carry forward losses to the extent it is available for set-off from future taxable income before the commencement of the expected tax holiday period. The deferred tax asset on carry forward losses is accounted net of the deferred tax liability arising out of the difference between tax depreciation and depreciation/ amortization charged as per the books of account of EMCO and is restricted to the extent there is virtual certainty of taxable profits under the IT Act before the commencement of expected tax holiday period. The management of the Group believes that there is virtual certainty with convincing evidence of availability of such future taxable income in view of the power pricing mechanism in the PPAs entered into by EMCO with Maharashtra State Electricity Distribution Company Limited for 200 MW capacity, with Union Territory of Dadra Nagar Haveli for 200 MW capacity, with GETL for 150 MW capacity based on back-to-back power sale agreement with TANGEDCO and fuel linkage for full capacity of its plant. The management has recognized deferred tax asset / liability in respect of all the timing differences which have originated upto March 31, 2014 and are expected to reverse either before commencement of the expected tax holiday period or after the expiry of such holiday period.

40. Provisions

(Rs. in crore)

Particulars	As at April 1, 2013	Provision made during the year	Amount written back during the year (inclusive of exchange differences)	Amount used during the year	As at March 31, 2014
Provision for operations and maintenance	81.01	27.45	12.89	32.61	62.96
	(44.79)	(39.51)	(3.29)	-	(81.01)
Provision for voluntary retirement compensation	108.56	-	-	19.08	89.48
	(127.93)	-	-	(19.37)	(108.56)

Notes:

i. Previous year figures are mentioned in brackets.

ii. DIAL has provided Rs. 288.82 crore (March 31, 2013: Rs 288.82 crore) towards reimbursement of voluntary retirement compensation payable to AAI on expiry of the initial operational support period as per the terms and conditions of OMDA. It has been recognised and amortised over the initial and extended period of OMDA.

iii. The balance as at March 31, 2014 includes Rs. 1.96 crore (March 31, 2013: Rs. 2.09 crore) for which commercial invoices have been received by GVPGL from the service provider.

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41. Information on Jointly controlled entities as per AS - 27

Name of the jointly controlled entities	Country of incorporation	Percentage of effective ownership (directly or indirectly) as on	
		March 31, 2014	March 31, 2013
ISG **	Turkey	-	40.00%
SGH^^^	Turkey	-	29.00%
CJV	Turkey	50.00%	50.00%
LGM **	Turkey	-	40.00%
RCMEPL^^	India	16.10%	17.03%
TVS GMR ****	India	-	29.99%
MGATL	India	30.60%	30.60%
MGAECL	India	30.60%	30.60%
TFS^	India	20.98%	21.13%
DAFF^	India	13.64%	13.73%
TIM^	India	26.18%	26.36%
DAPSL^	India	26.18%	26.36%
DFSPL^	India	20.98%	21.13%
DSSHPL^	India	20.98%	21.13%
DDFS *^	India	42.72%	26.36%
WAISL^	India	13.64%	13.73%
CDCTM^	India	13.64%	13.73%
DCSCPL^	India	13.64%	13.73%
DASPL^	India	26.23%	26.41%
NML^^	South Africa	25.80%	27.34%
TMR**	South Africa	-	27.34%
Laqshya	India	29.99%	29.99%
APFT	India	24.51%	24.51%
PTGEMS^^	Indonesia	27.89%	29.40%
RCI^^	Indonesia	27.62%	29.11%
BIB^^	Indonesia	27.36%	28.84%
KIM^^	Indonesia	27.89%	29.40%
KCP^^	Indonesia	27.89%	29.40%
BBU^^	Indonesia	27.89%	29.40%
BHBA^^	Indonesia	27.89%	29.40%
BNP^^	Indonesia	27.89%	29.40%
TBBU^^	Indonesia	27.89%	29.40%
TKS^^	Indonesia	19.52%	20.58%
BAS***	Indonesia	27.89%	-
GEMSCR^^	Indonesia	27.89%	29.40%

* Consequent to acquisition of additional stake from minority shareholder, DDFS has ceased to be a jointly controlled entity and has become a subsidiary during the year.
** Sold during the year
***Incorporated during the year.
**** Joint Venture agreement annulled during the year
^ Decrease in effective ownership consequent to change in holding structure of DIAL during the year.
^^ Decrease in effective ownership consequent to issue of equity shares to minority shareholders in GEL during the year ended March 31, 2014.
^^^ Ceased to be jointly controlled entity consequent to sale of ISG.

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The Group's aggregate share of each of the assets, liabilities, income and expenses, etc. (after elimination of the effect of transactions between the Group and the jointly controlled entities) related to its interests in the joint ventures, as included in these consolidated financial statements of the Group are as follows:

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Non-current assets		
Tangible and Intangible assets	662.02	1,557.08
Capital work-in-progress and Intangible assets under development	80.80	99.66
Non-current investments	0.04	0.04
Deferred tax asset (net)	6.17	6.48
Long-term loans and advances	42.83	109.45
Other non-current assets	6.65	56.54
Current assets		
Inventories	36.27	67.42
Trade receivables	157.15	175.35
Cash and bank balances	148.11	208.57
Short-term loans and advances	35.73	282.60
Other current assets	5.17	6.76
Non-current liabilities		
Long-term borrowings	325.73	1,411.88
Trade payables	-	46.70
Deferred tax liabilities (net)	9.73	7.91
Other long-term liabilities	0.97	111.89
Long-term provisions	4.74	17.50
Current liabilities		
Short-term borrowings	82.05	38.78
Trade payables	121.88	121.10
Other current liabilities	83.84	310.68
Short-term provisions	11.61	26.40
Income		
Sales and operating income	1,627.18	1,824.14
Other income	51.44	39.01
Expenses		
Sub-contracting expenses	288.41	323.38
Cost of materials consumed	15.36	7.10
Purchase of traded goods	478.92	765.27
(Increase) / decrease in stock-in-trade	(7.39)	8.15
Employee benefits expenses	102.02	120.92
Other expenses	335.84	305.01
Utilisation fees	186.18	130.87
Finance cost	178.15	180.65
Depreciation and amortisation expenses	155.40	121.33
Tax expenses	21.58	27.84
(Loss) / profit after tax	**(75.85)**	**(127.37)**

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(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Other matters		
Capital commitments	23.90	28.27

Contingent liabilities:

i. Group's share of contingent liabilities of the jointly controlled entities Rs. 18.16 crore (March 31, 2013: Rs. 9.57 crore).
ii. Refer note 33(b)(xv) regarding the details of compensation claimed on BIB.
iii. Refer note 33(b)(xvi) regarding details de-allocation of coal blocks of RCMEPL and bank guarantees provided by the Group on behalf of the jointly controlled entities.

Refer note 30(a) regarding the details of profit on sale of certain jointly controlled entities during the year ended March 31, 2014 by the Group, which has been disclosed as an exceptional item.

42. Segment Reporting

a) The segment reporting of the Group has been prepared in accordance with AS 17 on Segment Reporting, notified under the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014, issued by the MCA.

b) For the purpose of reporting, business segments are primary segments and the geographical segment is a secondary segment.

c) The business segments of the Group comprise of the following:

Segment	Description of activity
Airports	Development and operation of airports
Power	Generation of power and provision of related services and exploration and mining activities
Roads	Development and operation of roadways
EPC	Handling of engineering, procurement and construction solution in the infrastructure sector
Others	Urban Infrastructure and other residual activities

d) Geographical segment is categorised as 'India' and 'Outside India' and is based on the domicile of the customers.

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e) Various business segments comprise of the following companies:

Power Segment	
GEL	TMR
GPCL	CPL
GVPGL	FCK
GBHPL	GMAEL
GMEL	GBEPL
GKEL	GUPEPL
HHPPL	GHOEL
GEML	GGSPPL
GLEL	KTCPL
GUKPL	MTCPL
GETL	GINELL
GCSPL	GINPCL
GCEPL	GREEL
GBHHPL	ATSCL
GLHPPL	MTSCL
GKEPL	GEPML
RCMEPL	GISPL
GCHEPL	EDWPCPL
GECL	GPIL
GENBV	GCRPL
PTDSU	PTGEMS
PTDSI	RCI
PTBSL	BIB
GREL	KIM
SJK	KCP
PT	BBU
EMCO	BHBA
HEGL	BNP
HEC	TBBU
HMES	TKS
HCM	GEMSCR
NML	BAS

Airport Segment	
GHIAL	DFSPL
GFIAL	DSSHPL
HMACPL	DDFS
HASSL	DAFF
GHARML	CDCTM
HAPL	DCSCPL
GHASL	DAPSL
GHMSL	TIM
MGAECL	ISG
TVS GMR	SGH
HDFRL	GAL
MGATL	GMRAML
GAHSCL	GMIAL
APFT	GMRPL
DIAL	Laqshya
DASPL	GAGL
DAPL	GHAPDL
TFS	GALM

Roads Segment	
GMRHL	GUEPL
GTTEPL	GHVEPL
GTAEPL	GCORRPL
GACEPL	GOSEHHHPL
GJEPL	GKUAEL
GPEPL	GHPPL

Others Segment	
WAISL	PRPPL
GHRL	SRPPL
GAPL	GSPHPL
GKSEZ	GCAPL
APPL	DSPL
AKPPL	KSPL
AMPPL	GIML
BPPL	GICL
BOPPL	GIOSL
CPPL	GIUL
DPPL	GIGL
EPPL	GEGL
GPL	LGM
LPPPL	GIOL
HPPL	RPPL
IPPL	GBPSPL
KPPL	AREPL
LAPPL	LPPL
NPPL	GHEMCPL
PAPPL	NREPL
PPPL	HFEPL
PUPPL	GIL - Others Segment
SPPL	

EPC Segment	
GADL	GADLML
GADLIL	CJV
GIL - EPC Segment	

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Notes to the consolidated financial statements for the year ended March 31, 2014

f. The details of segment information is given below

Business segment

(Rs. in crore)

Particulars	Power		Roads		Airports		EPC		Others		Discontinuing operations		Inter Segment and Inter Operations		Unallocated		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Revenue																		
Revenue from operations	3,342.61	2,322.08	655.74	365.15	5,348.61	4,377.11	239.75	655.16	187.48	121.72	792.78	2,030.65	-	-	-	-	10,566.97	9,871.87
Other operating revenue	-	4.37	-	-	-	-	-	-	86.25	98.62	-	-	-	-	-	-	86.25	102.99
Inter segment revenue	-	-	-	5.58	2.49	40.49	228.92	798.56	231.26	264.60	-	-	(462.67)	(1,109.23)	-	-	0.00	(0.00)
Total revenue (a)	**3,342.61**	**2,326.45**	**655.74**	**370.73**	**5,351.10**	**4,417.60**	**468.67**	**1,453.72**	**504.99**	**484.94**	**792.78**	**2,030.65**	**(462.67)**	**(1,109.23)**	**-**	**-**	**10,653.22**	**9,974.86**
Other income (excluding interest income) (b)	84.46	5.67	4.79	3.23	47.31	67.93	3.43	6.90	21.44	45.01	5.28	17.73	(0.92)	(12.86)	-	-	165.79	133.61
Expenditure																		
Revenue share paid/ payable to concessionaire grantors	-	-	72.08	21.11	1,871.61	1,562.63	-	-	-	-	-	85.74	-	-	-	-	1,943.69	1,669.48
Consumption of fuel	1,743.93	1,020.40	-	-	-	-	-	-	11.12	14.06	-	-	(0.58)	(2.61)	-	-	1,754.47	1,031.85
Cost of materials consumed	-	-	-	-	7.96	7.71	92.08	289.25	4.34	11.43	7.40	(0.61)	(51.13)	(105.88)	-	-	60.65	201.90
Purchase of traded goods and (increase) / decrease in stock in trade	582.14	475.41	-	-	278.97	133.32	-	-	-	-	169.53	882.82	-	-	-	-	1,030.64	1,491.55
Sub -contracting expenses	291.70	358.05	63.86	49.53	-	-	308.62	753.59	-	-	4.28	105.22	(145.59)	(511.21)	-	-	522.87	755.18
Employee benefits expenses	122.45	61.45	27.50	13.37	258.12	247.59	58.57	103.31	81.50	75.74	51.95	160.67	(25.87)	(50.20)	-	-	574.22	611.93
Other expenses	570.39	270.42	53.25	27.51	1,048.06	809.94	46.25	141.12	118.36	110.66	390.24	448.42	(211.46)	(203.14)	-	-	2,015.09	1,604.93
Utilisation fees	-	-	-	-	-	-	-	-	-	-	186.18	130.87	-	-	-	-	186.18	130.87
Depreciation/amortisation	521.02	178.59	167.70	104.56	628.63	586.34	7.42	8.65	36.89	40.40	94.29	127.54	(0.96)	(6.30)	-	-	1,454.99	1,039.78
Total expenditure (c)	**3,831.63**	**2,364.32**	**384.39**	**216.08**	**4,093.35**	**3,347.53**	**512.94**	**1,295.92**	**252.21**	**252.29**	**903.87**	**1,940.67**	**(435.59)**	**(879.34)**	**-**	**-**	**9,542.80**	**8,537.47**
Segment results (a)+(b)-(c)	**(404.56)**	**(32.20)**	**276.14**	**157.88**	**1,305.06**	**1,138.00**	**(40.84)**	**164.70**	**274.22**	**277.66**	**(105.81)**	**107.71**	**(28.00)**	**(242.75)**	**-**	**-**	**1,276.21**	**1,571.00**
Unallocated income/(expense)																		
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,971.88)	(2,099.00)	(2,971.88)	(2,099.00)
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150.08	143.58	150.08	143.58
Interest expenses(net)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,821.80)**	**(1,955.42)**	**(2,821.80)**	**(1,955.42)**
Exceptional items											-	-		-	-	-		
Profit on dilution in subsidiaries [refer note 30 (d) and 30 (e)]		-	-	-	-	-	-	-	-	-	69.73	-	-	-	-	-	69.73	-
Profit on sale of assets (consists of exchange differences amounting to Rs. 63.52 crore) [refer note 30 (c)]		-	-	-	-	-	-	-	-	-	100.54	-	-	-	-	-	100.54	-
Profit on sale of jointly controlled entities / subsidiary (net of expenses directly attributable to such income of Rs. 164.98 crore) [refer note 30 (a) and 30 (g)]	-	-	-	-	-	-	-	-	-	-	1,658.93	1,231.25	-	-	-	-	1,658.93	1,231.25
Loss on impairment of assets in subsidiaries [refer note 35 (g)(xii) and 30 (c)]	(8.95)	-	-	-	-	-	-	-	-	-	-	(251.37)	-	-	-	-	(8.95)	(251.37)
Assets write off in a subsidiary [refer note 30 (b)]												(202.61)						(202.61)
Segment result/profit/(loss) before tax expenses and minority interest	**(413.51)**	**(32.20)**	**276.14**	**157.88**	**1,305.06**	**1,138.00**	**(40.84)**	**164.70**	**274.22**	**277.66**	**1,723.39**	**884.98**	**(28.00)**	**(242.75)**	**(2,821.80)**	**(1,955.42)**	**274.66**	**392.85**
Tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	166.25	257.44	166.25	257.44
Segment result/profit/(loss) before minority interest	**(413.51)**	**(32.20)**	**276.14**	**157.88**	**1,305.06**	**1,138.00**	**(40.84)**	**164.70**	**274.22**	**277.66**	**1,723.39**	**884.98**	**(28.00)**	**(242.75)**	**(2,988.05)**	**(2,212.86)**	**108.41**	**135.41**
Other information																		
Segment assets	33,652.96	32,382.52	7,397.82	6,959.25	15,886.94	16,276.15	1,060.04	933.30	16,444.28	13,518.60	1,451.35	4,407.69	(11,573.12)	(11,545.46)	-	-	64,320.27	62,932.05
Unallocated segment assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	821.58	884.94	821.58	884.94
Total Assets	**33,652.96**	**32,382.52**	**7,397.82**	**6,959.25**	**15,886.94**	**16,276.15**	**1,060.04**	**933.30**	**16,444.28**	**13,518.60**	**1,451.35**	**4,407.69**	**(11,573.12)**	**(11,545.46)**	**821.58**	**884.94**	**65,141.85**	**63,816.99**
Segment liabilities	6,727.96	7,925.31	1,529.40	1,523.21	2,156.15	2,598.59	674.93	780.65	1,361.29	1,493.10	168.09	458.64	(5,530.68)	(6,608.09)	-	-	7,087.14	8,171.41
Unallocated segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,269.39	44,676.30	47,269.38	44,676.30
Total Liabilities	**6,727.96**	**7,925.31**	**1,529.40**	**1,523.21**	**2,156.15**	**2,598.59**	**674.93**	**780.65**	**1,361.29**	**1,493.10**	**168.09**	**458.64**	**(5,530.68)**	**(6,608.09)**	**47,269.39**	**44,676.30**	**54,356.52**	**52,847.71**
Capital expenditure	3,895.59	6,649.50	191.64	1,740.33	207.31	447.11	-	8.85	278.97	158.72	55.93	2,190.53	-	-	-	-	4,629.44	11,195.04
Depreciation/amortisation	521.02	178.59	167.70	104.56	628.63	586.34	7.42	8.65	36.89	40.40	94.29	127.54	(0.96)	(6.30)	-	-	1,454.99	1,039.78
Other non cash expenses	36.27	130.05	0.61	0.27	48.11	46.18	-	-	160.82	6.21	13.47	518.67	(131.25)	-	-	-	128.03	701.38

The segment wise details of revenue, expenses, results, assets and liabilities of the discontinuing operations disclosed above are as below:

Discontinuing operations

(Rs. in crore)

Particulars	Power		Roads		Airports		Others		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Total revenue	-	103.04	82.14	152.22	647.52	1,722.42	63.12	53.42	792.78	2,030.65
Other income (excluding interest income)	0.50	7.88	1.07	2.64	3.71	7.32	-	(0.11)	5.28	17.73
Total expenditure	34.28	218.23	37.50	65.84	790.56	1,624.20	41.52	32.48	903.87	1,940.67
Segment results	(33.78)	(107.31)	45.71	89.02	(139.33)	105.54	21.60	20.83	(105.81)	107.71
Segment assets	19.87	190.08	-	1,468.60	1,431.48	2,700.14	-	48.87	1,451.35	4,407.69
Segment liabilities	8.05	43.46	-	35.23	160.04	364.99	-	14.96	168.09	458.64

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The Group has two geographical segments: India and outside India

Geographical segments

(Rs. in crore)

Particulars	Revenue		Assets		Capital expenditure	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Continuing Operations:						
India	9,159.45	7,243.41	56,970.73	51,781.20	4,425.39	8,748.09
Outside India	700.99	700.80	7,108.00	8,071.18	147.81	256.38
Discontinuing Operations:						
India	82.14	155.13	-	1,457.57	0.31	25.54
Outside India	710.64	1,875.52	1,063.12	2,507.04	55.93	2,165.03
Total	**10,653.22**	**9,974.86**	**65,141.85**	**63,816.99**	**4,629.44**	**11,195.04**

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43. Disclosure in terms of AS - 7: Construction contracts

(Rs. in crore)

Sl. No.	Particulars	March 31, 2014	March 31, 2013
1	Contract revenue recognised during the year	239.75	655.16
2	Aggregate cost incurred and recognised profits (less recognised losses) up to the reporting date for contracts in progress	1,529.33	1,993.40
3	Amount of customer advances outstanding for contracts in progress	74.54	265.27
4	Retention money due from customers for contracts in progress	131.04	131.71
5	Gross amount due from customers for contract works as an asset	65.74	132.19
6	Gross amount due to customers for contract works as a liability	0.57	1.67

44. Acquisitions and disposals during the year

a. The Group has the acquired following subsidiaries / jointly controlled entities during the year ended March 31, 2014:

o HFEPL	o NREPL

b. The Group had acquired following subsidiaries / jointly controlled entities during the year ended March 31, 2013:

o LPPL	o AREPL

c. The effect of the acquisition of subsidiaries / jointly controlled entities on the financial position for the respective years at the reporting date and the results for the reporting period.

(Rs. in crore)

Particulars	March 31, 2014	March 31, 2013
Reserves and surplus	-	(0.01)
Trade payables	0.21	0.01
Other current liabilities	0.76	0.32
Goodwill on consolidation	2.26	-
Tangible assets	40.33	6.88
Intangible assets	0.03	-
Capital work-in-progress	0.74	0.69
Long-term loans and advances	3.74	3.33
Cash and bank balances	0.06	5.03
Short-term loans and advances	-	0.19
Other current assets	0.75	0.11
Sales and operating income	-	-
Other expenses	-	0.01
Profit / (loss) before tax	-	(0.01)
Tax expenses	-	-
Profit / (loss) after tax	-	(0.01)

d. DDFS has become a subsidiary from a jointly controlled entity on account of additional share acquired during the year. The impact of the same has not been considered in the table above.

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e. Disposals during the year:

i. The Group has disposed following subsidiaries and jointly controlled entities during the year ended March 31, 2014

o TVS GMR	o GJEPL
o GUEPL	o TMR
o ISG	o LGM
o EDWPCPL	o SGH

ii. The Group had sold its entire equity shareholding in GESPL and its subsidiary GECPL during the year ended March 31, 2013

iii. The financial position as at the date of sale of these entities and the results of these entities for the reporting period from the beginning of the financial year till the date of disposals for the respective years were as follows:

(Rs. in crore)

Particulars	**March 31, 2014**	**March 31, 2013**
Long-term borrowings	2,056.94	3,675.46
Short-term borrowings	61.98	-
Other long-term liabilities	178.69	-
Long-term provisions	5.30	-
Short-term provisions	31.35	-
Trade payables	18.60	-
Other current liabilities	597.66	76.76
	2,950.52	**3,752.22**
Goodwill on consolidation	-	44.62
Tangible assets	1,112.44	-
Intangible assets	1,396.01	-
Capital work-in-progress	181.26	3,865.55
Current investments	1.70	-
Long term loans and advances	99.08	-
Other non-current assets	12.77	182.15
Inventories	9.16	23.57
Trade receivables	36.72	-
Cash and bank balances	122.51	201.51
Short-term loans and advances	431.11	-
Other current assets	25.35	41.79
	3,428.11	**4,359.19**
Sales and operating income	792.00	-
Other income	13.10	7.73
Cost of materials consumed	7.40	-
(Increase) / decrease in stock in trade	(1.05)	-
Sub-contracting expenses	1.81	-
Employee benefits expenses	39.08	-
Purchase of traded goods	170.58	-
Other expenses	199.49	0.50
Utilisation fees	186.18	-
Finance costs	171.29	-
Depreciation and amortisation expenses	94.01	-
Profit / (loss) before tax expenses	(63.69)	7.23
Tax expenses	(0.47)	1.08
(Loss) / profit after tax	**(63.22)**	**6.15**

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45. Related party transactions

a. Names of the related parties and description of relationship:

Sl. No.	Relationship	Name of the parties
(i)	Holding Company	GHPL
(ii)	Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities	AAI
		African Spirit Trading 307 (Proprietary) Limited
		Arcelormittal India Limited (AIL)
		APFTSB
		Bharat Petroleum Corporation Limited (BPCL)
		Brindaban Man Pradhang
		BWWFSIPL
		CAPL
		Cargo Service Center India Private Limited (CSCIPL)
		CELEBI GHDPL
		CHSAS
		DIL
		FAG
		GoAP
		GMR Institute of Technology (GMRIT)
		Greenwich Investments Limited (GRIL)
		Homeland Energy Management Limited
		IDFS Trading Private Limited (IDFSTPL)
		IEISL
		Infrastructure Leasing and Financial Services Limited (IL&FS Limited)
		IL & FS Financials Services limited (IL&FS)
		ILFS Renw
		IL&FS Urban Infrastructure Services Limited (IUISL)
		IL&FS Energy Development Company Limited (ILFSEDCL)
		India Development Fund (IDF)
		IIF
		Indian Oil Corporation Limited (IOCL)
		Infrastructure Development Finance Company Limited (IDFC)
		KIHPL
		Kakinada Refinery& Petrochemicals Private Limited (KRPPL)
		Lanco Group Limited (LGL)
		LGM Guvenik (LGMG)
		LISVT
		Limak Yatrim (LY)
		LMPL
		M/S G.S.Atwal & Co.
		MAHB
		MAMPL
		Malaysian Aerospace Engineering Sdn. Bhd. (MAE)
		Malaysian Airline System Bhd. (MAS)
		MSIF
		Mehment Senk Aipsoy (MSA)
		Menzies Aviation Bobba (Bangalore) Private Limited (MABBPL)
		Menzies Aviation Cargo (Hyderabad) Limited (MACHL)
		Menzies Aviation India Private Limited (MAIPL)
		Menzies Aviation PLC (UK) (MAPUK)
		Menzies Bobba Ground Handling Services Private Limited (MBGHSPL)
		NAPC Limited (NAPC)
		Navabharat Power Private Limited (NBPPL)
		Nepal Electricity Authority (NEA)
		Odeon Limited (OL)
		Oriental Tollways Private Limited (OTPL)
		Oriental Structures Engineers Private Limited (OSEPL)
		Petronas International Corporation Limited (PICL)
		PT Dian Swastatika Sentosa Tbk (PT Dian)
		PT Sinar Mas Cakrawala
		RIL
		Riverside Park Trading 164 (Pty) Limited (RPTL)
		Rushil Construction (India) Private Limited (RCIPL)
		Somerset India Fund (SIF)
		Sterlite Energy Limited (SEL)
		Tenega Parking Services (India) Private Limited (TPSIPL)
		TIML
		Tottenham Finance Limited (TFL)
		Travel Foods Services (Delhi) Private Limited (TFSDPL)
		TVS Communications Solutions Limited (TVSCSL)
		TVSLSL
		TVS Sundram Iyengar & Sons limited
		UE Development India Private Limited (UEDIPL)
		Veda Infra-Holdings (India) Private Limited (VIHIPL)
		Wipro Limited (WL)
		WTGGE
		Yalorvin Limited (YL)

GMR INFRASTRUCTURE LIMITED

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45. Related party transactions

a. Names of the related parties and description of relationship:

Sl. No.	Relationship	Name of the parties
(iii)	Enterprises where key management personnel and their relatives exercise significant influence	CISL
		GFFT
		GEPL
		GMR Estate Private Limited (GMREPL)
		GIVLLP
		GVF
		GMR Varalakshmi DAV Public School (GVDPS)
		GREPL
		GWT
		Rajam Enterprises Private Limited (REPL)
(iv)	Fellow subsidiary companies (where transactions have taken place)	CIL
		RSSL
		GBPPL
		GEOKNO India Private Limited (GEOKNO)
		GHML
		GHTPL
		GHLM
		GMR Holdings (Overseas) Limited (GHOL)
		GMR Infrastructure Malta Limited (GIMTL)
		GPPL
		GSPL
(v)	Jointly controlled entities	RCMEPL
		NML
		TMR*
		PTGEMS
		RCI
		BIB
		KIM
		KCP
		BBU
		BHBA
		BNP
		TBBU
		TKS
		GEMSCR
		BAS
		MGAECL
		MGATL
		TVS GMR*
		Laqshya
		APFT
		DASPL
		TFS
		DFSPL
		DSSHPL
		DDFS***
		DAFF
		CDCTM
		DCSCPL
		WAISL
		DAPSL
		TIM
		ISG*
		SGH*
		CJV
		LGM*
(vi)	Associates	GJEPL**
		GUEPL**
		EDWPCPL**
(vii)	Key management personnel and their relatives	Mr. G.M. Rao (Chairman)
		Mrs. G.Varalakshmi
		Mr. G.B.S.Raju (Director)
		Mr. Grandhi Kiran Kumar (Director) (Managing Director w.e.f. July 28, 2013)
		Mr. Srinivas Bommidala (Director)
		Mr. B.V.Nageswara Rao (Resigned as Managing Director w.e.f. July 28, 2013)
		Mr. O Bangaru Raju (Director)

* Ceased to be a jointly controlled entity during the year ended March 31, 2014.
** Subsidiaries as at March 31, 2013, became associates during the year ended March 31, 2014.
*** Consequent to acquisition of additional stake from the minority shareholders, DDFS has ceased to be a jointly controlled entity and became a subsidiary during the year.

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b. Summary of transactions with the above related parties are as follows:

(Rs. in crore)

Nature of Transaction	March 31, 2014	March 31, 2013
Purchase of investments		
- Enterprises where key management personnel and their relatives exercise significant influence		
GEPL	-	0.03
Sale of investments in equity shares		
- Enterprises where key management personnel and their relatives exercise significant influence		
REPL	-	0.39
Allotment of equity shares		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
MAE	8.28	20.85
DIL	-	1.27
GRIL	0.60	0.60
TPSIPL	0.15	0.15
TVSLSL	0.50	-
APFTSB	0.95	-
Redemption of investments in preference shares		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
RCIPL	-	46.73
Refund of share application money received		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
TIML	-	0.80
Share application money received		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
GRIL	0.60	0.60
TPSIPL	-	0.15
MAE	8.28	0.01
Share application money paid		
- Jointly controlled entities		
MGAECL	10.20	-
Loans/ advances repaid by		
- Fellow Subsidiary companies		
GHML	131.33	26.91
GHLM	692.76	-
GPPL	-	1.25
- Jointly controlled entities		
APFT	0.75	-
MGAECL	-	2.50
- Enterprises where key management personnel and their relatives exercise significant influence		
GVF	9.66	-
REPL	3.20	14.00
Loans/ advances given to		
- Holding company		
GHPL	0.01	-
- Enterprises where key management personnel and their relatives exercise significant influence		
REPL	3.20	14.00
GVF	0.55	15.62
GVDPS	1.49	-
- Jointly controlled entities		
MGAECL	-	2.50
APFT	-	0.75
GUEPL	70.98	-
- Fellow Subsidiary companies		
RSSL	-	0.10
GHLM	692.76	-
GHML	4.32	153.98
GPPL	-	1.25

GMR INFRASTRUCTURE LIMITED

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b. Summary of transactions with the above related parties are as follows:

(Rs. in crore)

Nature of Transaction	March 31, 2014	March 31, 2013
Loans taken from		
- Holding company		
GHPL	-	12.77
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
IL&FS	-	24.44
CHSAS	-	5.66
ILFS Renw	-	19.50
CSCIPL	1.72	5.10
- Enterprises where key management personnel and their relatives exercise significant influence		
GEPL	1.20	-
- Fellow Subsidiary companies		
GPPL	20.00	92.80
Loans repaid		
- Holding company		
GHPL	5.40	7.37
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
MAIPL	0.10	0.10
CSCIPL	5.90	-
- Enterprises where key management personnel and their relatives exercise significant influence		
GEPL	1.20	-
- Fellow Subsidiary companies		
GPPL	37.00	187.80
Redemption of Investments in compulsorily convertible debentures		
- Fellow Subsidiary companies		
GHML	-	99.12
Purchase of fixed assets		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
DIL	0.13	0.46
APFTSB	-	0.15
WL [Amounting to Rs. 36,660]	0.00	1.71
- Fellow Subsidiary companies		
RSSL	0.05	0.23
- Jointly controlled entities		
WAISL	9.95	0.72
Laqshya	-	0.01
Repayment of Subordinate Debt		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
UEDIPL	-	26.00
Deposit received		
- Fellow Subsidiary companies		
RSSL	0.51	-
- Jointly controlled entities		
DDFS	-	0.49
DAFF	-	60.22
CDCTM	-	5.78
DAPSL	-	0.07
TIM	0.23	1.05
DASPL	0.02	-
DFSPL	0.05	0.38
Deposit repaid		
- Jointly controlled entities		
TIM	1.25	
Deposits given		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
APFTSB	-	0.59
- Fellow Subsidiary companies		
RSSL (March 31, 2013: Rs. 5,000)	0.02	0.00
GPPL	0.02	-
- Enterprises where key management personnel and their relatives exercise significant influence		
GFFT	-	0.98

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b. Summary of transactions with the above related parties are as follows:

(Rs. in crore)

Nature of Transaction	March 31, 2014	March 31, 2013
Deposit refund received		
- Enterprises where key management personnel and their relatives exercise significant influence		
GFFT	3.14	-
- Fellow Subsidiary companies		
RSSL	0.17	-
Equity dividend declared by the Company		
- Holding company		
GHPL	27.36	27.36
- Enterprises where key management personnel and their relatives exercise significant influence		
GIVLLP	0.30	0.30
GWT	0.05	0.05
GEPL	0.18	0.18
- Key management personnel and their relatives		
Mr. G.M.Rao	0.01	0.01
Mrs. G.Varalakshmi	0.01	0.01
Mr. G.B.S.Raju	0.01	0.01
Mr. Grandhi Kiran Kumar	0.01	0.01
Mr. Srinivas Bommidala [Amounting to Rs. 45,116 (March 31, 2013: Rs. 45,166)]	0.00	0.00
Equity dividend paid by subsidiaries / jointly controlled entities		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
IDFSTPL	1.63	1.09
YL	9.52	2.11
MACHL	4.25	5.75
Preference dividend paid by subsidiaries		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
MACHL	2.15	2.15
Revenue from operations		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
AAI	2.64	2.70
LGMG	-	0.11
MAHB	-	0.65
LMPL	2.09	0.96
TIML	2.31	0.36
- Fellow Subsidiary companies		
GSPL	0.04	0.03
GPPL [Amounting to Rs. 19,127 (March 31, 2013: Rs. Nil)]	0.00	-
- Associates		
GJEPL	2.32	-
- Jointly controlled entities		
DDFS	31.05	97.89
TVS GMR	-	0.10
Laqshya	8.90	11.30
MGATL	6.02	0.10
MGAECL	2.27	0.01
TIM	57.07	34.86
DCSCPL	19.89	20.36
DAFF	10.29	15.01
CDCTM	99.55	87.32
TFS	7.48	7.03
DAPSL	4.89	2.94
DASPL	2.52	3.01
DFSPL	3.43	3.66
DSSHPL	3.47	3.26
APFT	0.47	0.26

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b. Summary of transactions with the above related parties are as follows:

(Rs. in crore)

Nature of Transaction	March 31, 2014	March 31, 2013
Fees received for services rendered		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
CELEBI GHDPL	3.37	2.95
BWWFSIPL	3.61	2.94
GMRIT [Amounting to Rs. Nil (March 31, 2013: Rs. 45,000)]	-	0.00
TVSLSL	-	0.02
CAPL	6.06	7.16
LISVT	0.90	2.41
APFTSB [Amounting to Rs. 45,776 (March 31, 2013: Rs. Nil)]	-	-
- Jointly controlled entities		
ISG	2.25	6.81
PTGEMS	38.36	28.66
BIB	-	2.93
TBBU	-	2.78
LGM	4.57	1.75
- Fellow Subsidiary companies		
RSSL [Amounting to Rs. 25,090 (March 31, 2013: Rs. Nil)]	0.00	-
Fee paid for services received		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
WL	9.42	9.71
TVSCSL	-	3.87
TVSLSL	-	0.09
AAI	0.08	0.10
CELEBI GHDPL	0.04	0.19
APFTSB	-	0.02
- Enterprises where key management personnel and their relatives exercise significant influence		
GFFT	0.01	0.17
Interest income		
- Enterprises where key management personnel and their relatives exercise significant influence		
REPL	0.07	0.02
- Jointly controlled entities		
ISG	0.10	0.37
DAFF	1.15	3.97
CDCTM	2.21	-
DASPL	0.51	-
DFSPL	-	0.05
APFT	0.03	0.01
MGAECL	-	0.01
- Fellow Subsidiary companies		
GHML	0.34	1.15
CIL	0.21	0.85
GHLM	6.59	-
GPPL	0.70	0.60
Airport operator fees		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
FAG	100.07	45.92
Provision for doubtful loans and advances		
- Fellow Subsidiary companies		
CIL	-	49.32
Loans and advances / receivables write off		
- Fellow Subsidiary companies		
GHOL	-	0.55
GIMTL	-	0.01
- Jointly controlled entities		
DCSCPL	3.08	-
DSSHPL	0.74	-
DFSPL	0.35	-
WAISL	2.09	-
TIM	-	1.32
TFS	-	0.74

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Notes to the consolidated financial statements for the year ended March 31, 2014

b. Summary of transactions with the above related parties are as follows:

(Rs. in crore)

Nature of Transaction	March 31, 2014	March 31, 2013
Sub-contracting expenses		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
UEDIPL	-	1.95
Revenue share paid/payable to concessionaire grantors		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
AAI	1,838.06	1,533.16
Rent Paid		
- Enterprises where key management personnel and their relatives exercise significant influence		
GVF	-	0.01
GFFT	20.62	19.97
- Jointly controlled entities		
ISG	0.51	
Managerial remuneration to		
- Key management personnel and their relatives		
Mr. G.M. Rao	10.10	4.33
Mr. G.B.S.Raju	7.03	4.91
Mr. Srinivas Bommidala	3.09	3.48
Mr. B.V. Nageswara Rao	2.76	2.20
Mr. Grandhi Kiran Kumar	4.04	1.56
Mr. O Bangaru Raju	2.42	2.20
Logo fee paid/payable to		
- Holding company		
GHPL	9.91	14.76
Technical and consultancy fee		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
AAI	0.16	0.42
FAG	1.39	9.81
LY	-	4.61
DIL	0.27	0.21
MAHB	2.80	5.30
TIML	1.68	-
MAPUK	5.33	4.76
APFTSB	0.37	-
- Jointly controlled entities		
ISG	0.12	-
CJV	0.65	-
- Fellow Subsidiary companies		
RSSL (Amounting to Rs. 49,926)	0.00	0.22
GPPL	-	0.13
Other expenses - others		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
AAI	0.31	-
TPSIPL	0.99	1.01
LISVT	-	1.80
MAHB	-	1.16
BPCL	-	0.01
DIL	1.09	0.50
IOCL [Amounting to Rs. Nil (March 31, 2013: Rs. 26,520)]	-	0.00
LMPL	0.45	0.43
LGMG	-	3.85
BWWFSIPL	0.68	0.65
TIML	0.13	-
TVSCSL	1.47	-
YL	5.00	-
- Jointly controlled entities		
WAISL	42.17	40.46
Laqshya	0.10	-
TVS GMR	-	0.01
TIM	-	0.01
ISG	0.02	-
- Fellow Subsidiary companies		
RSSL	69.30	63.13
GPPL	0.01	-
GSPL	0.10	

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GMR INFRASTRUCTURE LIMITED
Notes to the consolidated financial statements for the year ended March 31, 2014

b. Summary of transactions with the above related parties are as follows:

(Rs. in crore)

Nature of Transaction	March 31, 2014	March 31, 2013
Purchase of fuel		
- Jointly controlled entities		
PTGEMS	41.33	-
Reimbursement of expenses incurred on behalf of the Group		
- Holding company		
GHPL	5.88	1.81
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
CHSAS	0.07	0.11
CSCIPL	0.18	0.26
LMPL	0.01	0.03
YL	0.28	0.82
CELEBI GHDPL (March 31, 2013: Rs. 40,634)	0.02	0.00
APFTSB	0.01	0.01
- Jointly controlled entities		
CDCTM	0.01	-
DCSCPL	0.06	-
TFS	0.05	0.01
DAFF	0.03	0.01
TIM	-	0.01
WAISL	0.01	-
- Fellow Subsidiary companies		
GSPL	-	0.93
RSSL	0.18	0.18
GPPL [Amounting to Rs. Nil (March 31, 2013: Rs. 16,253)]	-	0.00
- Enterprises where key management personnel and their relatives exercise significant influence		
GVF	0.95	0.80
Expenses incurred by the Group on behalf of		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
AAI	13.41	11.32
CELEBI GHDPL	0.02	0.09
TIML	-	0.19
KRPPL	-	1.69
CHSAS	-	0.02
WL [Amounting to Rs. 15,441]	0.00	0.01
YL	0.27	-
LMPL	0.01	-
- Jointly controlled entities		
WAISL	0.16	0.01
DAPSL	1.43	1.59
DASPL	5.10	4.28
DCSCPL	2.27	3.44
DSSHPL	0.63	0.77
CDCTM	10.36	6.94
TIM	1.43	1.79
DAFF	0.01	0.01
TFS	1.90	2.12
DFSPL	0.91	0.90
Laqshya	0.49	0.45
APFT	0.10	0.05
MGATL	0.03	0.03
TVS GMR	-	0.03
DDFS	-	1.37
- Fellow Subsidiary companies		
RSSL	-	0.05
GSPL	0.51	-
GBPPL	0.19	0.37
- Enterprises where key management personnel and their relatives exercise significant influence		
GVF	0.21	-
GEPL	-	0.01
Donations		
- Enterprises where key management personnel and their relatives exercise significant influence		
GVF	11.41	8.88
Personnel Expenses		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
AAI	3.55	4.33
TIML	0.03	-
DIL	0.01	0.05

GMR INFRASTRUCTURE LIMITED

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b. Summary of transactions with the above related parties are as follows:

(Rs. in crore)

Nature of Transaction	March 31, 2014	March 31, 2013
Rent received		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
AAI	0.04	0.42
CELEBI GHDPL	0.16	0.12
IOCL [Amounting to Rs.28,860 (March 31, 2013: Rs. 27,060)]	0.00	0.00
BPCL	0.02	0.02
- Fellow Subsidiary companies		
RSSL	0.20	-
Ground handling commission paid		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
CELEBI GHDPL	0.24	0.32
BWWFSIPL	0.23	0.21
CAPL	0.27	-
Construction cost paid to (including advances)		
- Fellow Subsidiary companies		
GPPL	-	474.10
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
OSEPL	-	263.28
ILFS Renw	-	1.21
Interest paid		
- Holding Company		
GHPL [Amounting to Rs.17,753]	0.00	0.04
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
AAI	1.80	18.62
UEDIPL	-	0.10
CHSAS	0.35	0.18
LY	-	0.44
DIL	0.14	-
- Enterprises where key management personnel and their relatives exercise significant influence		
GMREPL [Amounting to Rs. 3,945 (March 31, 2013: Rs. Nil)]	0.00	-
- Fellow Subsidiary companies		
GPPL	6.49	1.08
Corporate guarantee given on behalf of		
- Fellow Subsidiary companies		
GHML	19.35	11.12
- Jointly controlled entities		
MGATL	8.11	-
ISG	572.46	-
- Associates		
GUEPL	450.67	-
Corporate guarantee extinguished		
- Jointly controlled entities		
ISG	1,239.79	-
Bank guarantees given on behalf of		
- Fellow Subsidiary companies		
GEOKNO India Private Limited	8.77	-
- Associates		
GUEPL	17.50	-
GJEPL	12.50	-
Pledge of fixed deposit given on behalf of		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
WTGGE	17.50	18.00
- Enterprises where key management personnel and their relatives exercise significant influence		
GREPL	-	20.00
REPL	-	50.00
Pledge of fixed deposit extinguished		
- Enterprises where key management personnel and their relatives exercise significant influence		
GREPL	5.00	-
REPL	50.00	-

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h. Summary of transactions with the above related parties are as follows:

(Rs. in crore)

Nature of Transaction	March 31, 2014	March 31, 2013
Balance Payable / (receivable)		
- Holding Company		
GHPL	11.31	15.52
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
AAI	119.06	364.56
FAG	50.11	41.36
APFTSB	(0.26)	(0.61)
MAE	2.35	2.16
LISVT	0.39	(3.13)
MAS	4.21	-
MAHB	-	2.74
IOCL [Amounting to Rs. Nil (March 31, 2013: Rs.1,560)]	-	0.00
UEDIPL	-	0.01
DIL	1.59	0.09
TIML	0.71	(0.07)
CSCIPL	1.03	5.09
WL	7.37	5.50
LMPL	13.41	14.09
OSEPL	0.31	28.37
MAIPL	1.00	1.10
MAPUK	1.11	0.45
GoAP	315.05	315.05
CHSAS	6.76	6.67
TPSIPL	0.48	0.21
CELEBI GHDPL	(0.33)	(0.57)
BWWFSIPL	(1.41)	(1.21)
CAPL	(2.17)	(3.60)
YL	4.84	0.45
IDFSTPL [Amounting to Rs. Nil (March 31, 2013: Rs. 5,440)]	-	0.00
LY	-	6.61
TVSLSL	-	0.04
TVSCSL	-	0.27
GMRIT	-	(0.01)
ILFS Renw	-	20.71
KRPPL	(0.01)	
IL&FS	-	54.44
- Enterprises where key management personnel and their relatives exercise significant influence		
GFFT	(25.10)	(30.07)
GVF	(19.33)	(27.73)
CISL	(8.59)	(8.59)
GWT	(115.00)	(115.00)
GEPL	0.17	-
GIVLLP	0.30	-
- Fellow Subsidiary companies		
GPPL	(660.49)	(679.43)
CIL	(2.45)	(14.64)
GSPL	0.12	0.15
RSSL	8.48	3.57
GHTPL	(135.00)	(135.00)
GBPPL	(1.18)	(1.12)
GHLM	(6.43)	-
GHML	-	(127.01)
- Jointly controlled entities		
GEMSCR	14.40	17.26
BIB	0.11	-
PTGEMS	13.20	8.08
CJV	(1.24)	-
MGAECL	(9.84)	(0.01)
MGATL	(0.20)	0.04
Laqshya	(9.40)	(10.20)
APFT	0.05	(0.79)
DASPL	7.08	3.46
TFS	(3.35)	(3.59)
DFSPL	(2.59)	(2.45)
DSSHPL	(5.05)	(3.98)
DAFF	115.62	115.60
CDCTM	86.59	78.97
DCSCPL	(6.71)	6.71
WAISL	(0.93)	(5.38)
DAPSL	(1.23)	(1.04)
TIM	14.01	12.64
TVS GMR	-	(0.09)
DDFS	-	111.97
ISG	-	(1.98)

GMR INFRASTRUCTURE LIMITED

S.R. Batliboi & Associates LLP Bengaluru

b. Summary of transactions with the above related parties are as follows:

(Rs. in crore)

Nature of Transaction	March 31, 2014	March 31, 2013
- Associates		
GUEPL	(74.43)	-
GJEPL	3.64	-
EDWPCPL	(0.01)	-
- Key management personnel and their relatives		
Mr. G.M. Rao	7.91	4.00
Mr. Grandhi Kiran Kumar	2.49	-
Outstanding corporate guarantees		
- Fellow Subsidiary companies		
GHML	205.67	186.32
- Jointly controlled entities		
MGATL	8.11	-
ISG *	-	1,462.17
- Associates		
GUEPL	450.67	-
Outstanding bank guarantees		
- Fellow Subsidiary companies		
GEOKNO	8.77	-
- Associates		
GUEPL	17.50	-
GJEPL	12.50	-
Outstanding pleadge of fixed deposits		
- Shareholders having substantial interest / enterprises exercising significant influence over the subsidiaries or jointly controlled entities		
WTGGE	125.50	108.00
- Enterprises where key management personnel and their relatives exercise significant influence		
GREPL	15.00	20.00
REPL	-	50.00

* Pursuant to the divestment, ISG ceased to be a jointly controlled entity and accordingly, ISG has not been considered as a related party as at March 31, 2014. Refer note 30 (a).

Notes:

1. The Group has provided securities by way of pledge of investments for loans taken by certain companies.
2. Certain Key management personnel have extended personal guarantees as security towards borrowings of the Group and other body corporates. Similarly, GHPL and certain fellow subsidiaries have pledged certain shares held in the Company as security towards the borrowings of the Group.
3. Remuneration to key managerial personal does not include provision for gratuity, superannuation and premium for personal accidental policy, as the same are determined for the Company as a whole

46. The Board of Directors of the Company have recommended a dividend of Re. 0.10 per equity share of Re. 1 each for the year ended March 31, 2014.

47. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the consolidated financial statements of the Group have been rounded off or truncated as deemed appropriate by the management of the Group.

48. Previous year's figures have been regrouped and reclassified, wherever necessary, to conform to those of the current year's classification. Further, the previous year's figures are not comparable with those of current year's to the extent of discontinuing operations, refer note 30.

As per our report of even date

For S. R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership number: 35141

S. R. Batliboi & Associates LLP
Bengaluru

Place: Bengaluru
Date: May 29, 2014

For and on behalf of the Board of Directors of
GMR Infrastructure Limited

G.M. Rao
Executive Chairman

Grandhi Kiran Kumar
Managing Director

Madhva Bhimacharya Terdal
Group CFO

C.P. Sounderarajan
Company Secretary

Place: Bengaluru
Date: May 29, 2014

GMR INFRASTRUCTURE LIMITED

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th & 13th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru-560 001, India
Tel : +91 80 6727 5000
Fax : +91 80 2210 6000

Independent Auditor's Report

To the Members of GMR Infrastructure Limited

Report on the financial statements

We have audited the accompanying financial statements of GMR Infrastructure Limited ('the Company'), which comprise the balance sheet as at March 31, 2014, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ('the Act'), read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

(a) *As detailed in Note 43 to the accompanying financial statements for the year ended March 31, 2014, the Company through its subsidiary GMR Infrastructure (Mauritius) Limited ('GIML') has made an investment of Rs. 190.97 Crore (USD 3.16 Crore) (including in equity share capital of Rs. 139.73 Crore and share application money pending allotment of Rs. 51.24 Crore) towards 77% equity shareholding in GMR Male International Airport Private Limited ('GMIAL') and has given a corporate guarantee of Rs. 2,540.58 Crore (USD 42.00 Crore) to the lenders in*

Bengaluru

S.R. Batliboi & Associates (a partnership firm) converted into S.R. Batliboi & Associates LLP (a Limited Liability Partnership with LLP Identity No. AAB-4295) effective 1st April, 2013
Regd. Office : 22, Camac Street, Block 'C', 3rd Floor, Kolkata-700 016

connection with the borrowings made by GMIAL. The Concession Agreement entered into between GMIAL, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years has been declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated the arbitration process to seek remedies under the said agreement and pending resolution of the dispute, such investment has been carried at cost in the financial statements as at March 31, 2014 as the management is of the opinion that GMIAL will be able to recover at least the carrying value of the assets of Rs. 1,431.50 Crore (USD 23.66 Crore) including the claim recoverable of Rs. 1,062.90 Crore (USD 17.57 Crore) as at March 31, 2014. Further, GMIAL has executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for Rehabilitation, Expansion, and Modernization of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and have received claims from GADLIL and other service providers towards termination payments. However, such claims relating to the termination of contracts have not been recognised as at March 31, 2014. The takeover of MIA by MACL, initiation of arbitration proceedings and its consequent impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the investment pertaining to the aforesaid entities and any other consequential impact that may arise in this regard on the financial statements for the year ended March 31, 2014. In respect of the above matter our audit report for the year ended March 31, 2013 was similarly modified.

(b) As detailed in Note 26(3) to the accompanying financial statements for the year ended March 31, 2014, the management of the Company has recognized the profit on sale of its investments in Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi ('ISG') of Rs 458.78 Crore (net of cost incurred towards sale of shares) in the financial statements for the year ended March 31, 2014. In our opinion, since the sale consideration was received, the transfer of shares and certain regulatory approvals were obtained subsequent to March 31, 2014, recognition of the profit on sale of such investments in the financial statements of the Company for the year ended March 31, 2014 is not in accordance with the relevant Accounting Standards. Accordingly, profit after tax for the year ended March 31, 2014 would have been lower by Rs.452.80 Crore with a consequential effect on the reserves of the Company as at the year end.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matter described in paragraph (a) and the effect of the matter described in paragraph (b) in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

(c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

S.R. Batliboi & Associates LLP Bengaluru

Emphasis of Matter

(a) We draw attention to Note 30 to the accompanying financial statements for the year ended March 31, 2014 in connection with an investment of Rs. 357.35 Crore (including loans of Rs. 117.76 Crore and investment in equity / preference shares of Rs. 239.59 Crore made by the Company and its subsidiaries) as at March 31, 2014 in GMR Ambala Chandigarh Expressways Private Limited (GACEPL), a subsidiary of the Company. Though GACEPL has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration, based on management's internal assessment and legal opinion obtained by the management of GACEPL, such investment has been carried at cost. Accordingly, no provision for diminution in the value of investments has been made in the accompanying financial statements. Our opinion is not qualified in respect of this matter.

(b) We draw attention to Note 44 to the accompanying financial statements for the year ended March 31, 2014 regarding (i) cessation of operations and the losses incurred by GMR Energy Limited (GEL), GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiaries of the Company and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) rescheduling of the commercial operation date and the repayment of certain project loans by another subsidiary of the Company, GMR Rajahmundry Energy Limited ('GREL'), pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet short term and long term obligations. The accompanying financial statements of the Company do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this Report are in agreement with the books of account;

(d) *except for the matters described in the Basis for Qualified Opinion paragraph*, in our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards notified under the Act read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs;

S.R. Batliboi & Associates LLP Bengaluru

(e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI firm registration number: 101049W
Chartered Accountants

S.R. Batliboi & Associates LLP Bengaluru

per Sunil Bhumralkar
Partner
Membership Number: 35141

Place: Bengaluru
Date: May 29, 2014

Annexure referred to in clause 1 of paragraph on the report on other legal and regulatory requirements of our report of even date

Re: GMR Infrastructure Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchase of certain items of fixed assets and inventory are of proprietary nature for which alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of services *except that the internal control system with regard to the periodic review and update of cost estimates of the Engineering Procurement and Construction ('EPC') projects executed needs to be further strengthened.* The activities of the Company do not involve sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

S.R. Batliboi & Associates LLP
Bengaluru

(b) In respect of transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act, related to the construction activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of records with a view to determine whether they are accurate or complete.

(ix) (a) Undisputed statutory dues including sales-tax, provident fund, wealth-tax, service tax, customs duty, cess, employees' state insurance, income-tax, investor education and protection fund, excise duty and other material statutory dues as applicable to the Company, have generally been regularly deposited with the appropriate authorities *though there have been slight delays in few cases in remittance of tax deducted at source under the Income tax Act, 1961.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in Crore)	Period for which amounts relates to	Forum where dispute is pending
Finance Act, 1994	Service tax	26.72	October 2007 to March 2012	Commissioner of Service Tax

(x) *Without considering the consequential effects of the matters stated in paragraph a) and b) of the Basis for Qualified Opinion paragraph of our auditor's report,* the Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

S.R. Batliboi & Associates LLP
Bengaluru

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) *The Company has given guarantees in respect of a loan taken by a group Company from a bank in respect of which it has not charged any commission nor was any adequate explanation provided to us of the benefit to the Company for giving such a guarantee.* In respect of other guarantees given by the Company for loans taken by others from banks or financial institutions, the terms and conditions, in our opinion, are not prima-facie prejudicial to the interest of the Company

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

(xix) During the period covered by our audit report, the Company has 10,000 secured debentures of Rs. 0.10 Crore each in respect of which security has been created. The outstanding amount as at March 31, 2014 in respect of these secured debentures is Rs. 977.50 Crore. Further, the Company has unsecured debentures of Rs. 175.00 Crore outstanding as at March 31, 2014 on which no security or charge is required to be created.

(xx) The Company has not raised any money through a public issue during the year.

S.R. Batliboi & Associates LLP Bengaluru

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R.BATLIBOI & ASSOCIATES LLP
ICAI firm registration number: 101049W
Chartered Accountants

S. R. Batliboi & Associates LLP
Bengaluru

per Sunil Bhumralkar
Partner
Membership Number: 35141

Place: Bengaluru
Date: May 29, 2014

GMR Infrastructure Limited
Balance sheet as at March 31, 2014

	Notes	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,525.91	389.24
Reserves and surplus	4	6,874.74	6,796.49
		8,400.65	**7,185.73**
Non-current liabilities			
Long-term borrowings	5	3,778.43	3,015.83
Other long-term liabilities	7	2.88	-
Long-term provisions	8	1.35	0.89
		3,782.66	**3,016.72**
Current liabilities			
Short-term borrowings	9	215.64	751.20
Trade payables	10	206.95	162.55
Other current liabilities	10	1,651.78	966.22
Short-term provisions	8	64.23	67.72
		2,138.60	**1,947.69**
Total		**14,321.91**	**12,150.14**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	100.44	106.01
Intangible assets	12	4.01	2.89
Non-current investments	13	9,519.39	6,845.88
Deferred tax assets (net)	6	2.12	18.32
Long-term loans and advances	14	2,306.78	2,982.03
Trade receivables	15.1	102.63	111.38
Other non-current assets	15.2	656.60	422.81
		12,691.97	**10,489.32**
Current assets			
Current investments	16	15.54	67.70
Inventories	17	91.03	87.22
Trade receivables	15.1	145.86	206.79
Cash and bank balances	18	4.30	205.36
Short-term loans and advances	14	338.15	746.74
Other current assets	15.2	1,035.06	347.01
		1,629.94	**1,660.82**
Total		**14,321.91**	**12,150.14**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI firm registration number: 101049W
Chartered Accountants

S.R. Batliboi & Associates LLP Bengaluru

per Sunil Bhumralkar
Partner
Membership number: 35141

Place: Bengaluru
Date: May 29, 2014

For and on behalf of the Board of Directors of
GMR Infrastructure Limited

G.M. Rao
Executive Chairman

Grandhi Kiran Kumar
Managing Director

Madhava Bhimacharya Terdal
Group CFO

C.P. Sounderarajan
Company Secretary

Place: Bengaluru
Date: May 29, 2014

GMR Infrastructure Limited

GMR Infrastructure Limited
Statement of profit and loss for the year ended March 31, 2014

	Notes	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Income			
Revenue from operations	19	786.29	1,432.79
Other income	20	4.77	28.58
Total (i)		**791.06**	**1,461.37**
Expenses			
Cost of materials consumed	21	92.08	289.25
Subcontracting expenses		308.55	622.72
Employee benefit expenses	22	69.72	72.47
Other expenses	23	55.04	87.57
Depreciation and amortisation expenses	24	8.42	8.31
Finance costs	25	408.71	374.43
Total (ii)		**942.52**	**1,454.75**
(Loss) / profit before exceptional items and tax expenses [(i)-(ii)]		**(151.46)**	**6.62**
Exceptional items (net)	26	339.54	75.83
Profit before tax		**188.08**	**82.45**
Tax expenses			
Current tax		51.18	45.54
Less: Minimum Alternate Tax ('MAT') credit entitlement		(45.20)	-
Reversal of current tax of earlier years		-	(4.71)
MAT credit written off	14 (1)	-	10.39
Deferred tax charge / (credit)		16.20	(22.22)
Total tax expenses		**22.18**	**29.00**
Profit for the year		**165.90**	**53.45**
Earnings per equity share [nominal value of share Re. 1 each (March 31, 2013: Re. 1)] Basic and diluted	27	0.43	0.14
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI firm registration number: 101049W
Chartered Accountants

S. R. Batliboi & Associates LLP Bengaluru

per Sunil Bhumralkar
Partner
Membership number: 35141

Place: Bengaluru
Date: May 29, 2014

For and on behalf of the Board of Directors of
GMR Infrastructure Limited

G.M. Rao
Executive Chairman

Grandhi Kiran Kumar
Managing Director

Madhava Bhimacharya Terdal
Group CFO

C.P. Sounderarajan
Company Secretary

Place: Bengaluru
Date: May 29, 2014

GMR INFRASTRUCTURE LIMITED

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	188.08	82.45
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expenses	8.42	8.31
Adjustments to the carrying amount of current investments	-	0.12
Provisions no longer required, written back	(1.31)	(0.24)
Provision for diminuition in the value of investment in a jointly controlled entity	1.27	-
Unrealised foreign exchange differences (net)	-	(2.52)
Profit on sale of current investment	(3.04)	(28.22)
Profit on sale of investment in a subsidiary	(13.28)	(75.81)
Profit on sale of investment in a jointly controlled entity	(471.21)	-
Loss on redeemable preference shares	131.25	-
Loss on sale of fixed assets (net)	-	0.01
Dividend income [(Rs 10,732 (March 31, 2013 Rs 7,067)]	(0.00)	(0.00)
Interest income	(304.68)	(255.66)
Finance costs	408.71	374.43
Operating profit before working capital changes	**(55.79)**	**102.87**
Movement in working capital:		
(Increase)/ decrease in inventories	(3.81)	(55.51)
(Increase)/ decrease in loans and advances	101.95	(92.65)
(Increase)/ decrease in other assets	45.52	(30.98)
(Increase)/ decrease in trade receivables	69.69	56.79
Increase/ (decrease) in trade payables, other current liabilities and provisions	33.17	(39.61)
Cash generated (used in)/ from operations	**190.73**	**(59.09)**
Direct taxes paid (net of refunds)	(33.18)	(55.38)
Net cash from/ (used in) operating activities	**157.55**	**(114.47)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(2.40)	(10.80)
Proceeds from sale of fixed assets	0.04	0.15
Purchase of non-current investments (including share application money)	(2,059.01)	(1,247.54)
Proceeds from sale of non-current investments (including refund of share application money)	1,076.48	1,173.32
Sale / (Purchase) of current investments (net)	2.10	228.22
Investment in bank deposit (having original maturity of more than three months)	(199.33)	(66.53)
Loans given to subsidiary companies	(3,083.47)	(3,279.16)
Loans repaid by subsidiary companies	2,048.36	2,183.33
Interest received	343.72	208.39
Dividend received [(Rs 10,732 (March 31, 2013: Rs 7,067)]	0.00	0.00
Net cash (used in)/ from investing activities	**(1,873.51)**	**(810.62)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	1,992.24	1,589.50
Repayment of long term borrowings	(472.53)	(211.63)
Proceeds from short term borrowings	11.00	594.00
Repayment of short term borrowings	(546.56)	(694.80)
Proceeds from shares allotted to PE Investors	1,136.67	-
Dividend paid on Equity shares	(38.78)	-
Tax on equity dividend paid	(6.61)	-
Payment of debenture redemption premium	(48.90)	(58.06)
Financial costs paid	(510.15)	(296.05)
Net cash from/ (used in) financing activities	**1,516.38**	**922.96**
Net increase/ (decrease) in cash and cash equivalents	**(199.58)**	**(2.13)**
Cash and cash equivalents at the beginning of the year	**203.81**	**205.94**
Cash and cash equivalents at the end of the year	**4.23**	**203.81**
Components of cash and cash equivalents		
Cash on hand	0.05	0.02
Balances with scheduled banks		
- On current accounts	4.18	203.79
Total cash and cash equivalents (note 18)	**4.23**	**203.81**

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements as referred to in scheme 211 (3C) of the Companies Act, 1956 , read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs.
2. The above cash flow statement has been compiled from and is based on the balance sheet as at March 31, 2014 and the related statement of profit and loss for the year ended on that date.
3. Previous year's figures have been regrouped and reclassified, wherever necessary to conform to those of the current year's classification. Refer note 50

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI firm registration number: 101049W
Chartered Accountants

S. R. Batliboi & Associates LLP Bengaluru

per Sunil Bhumralkar
Partner
Membership number: 35141

Place: Bengaluru
Date: May 29, 2014

For and on behalf of the Board of Directors of
GMR Infrastructure Limited

G.M. Rao
Executive Chairman

Grandhi Kiran Kumar
Managing Director

Madhava Bhimacharya Terdal
Group CFO

C.P. Sounderarajan
Company Secretary

Place: Bengaluru
Date: May 29, 2014

GMR Infrastructure Limited

1 Corporate information

GMR Infrastructure Limited ('GIL' or 'the Company') is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 ('the Act'). Its equity shares are listed on two stock exchanges in India. The Company carries its business in the following business segments:

a. Engineering Procurement Construction (EPC)

The Company is engaged in handling EPC solutions in the infrastructure sector.

b. Others

The Company's business also comprises of investment activity and corporate support to various infrastructure Special Purpose Vehicles (SPV).

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible fixed assets, including day to day repairs and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the tangible asset and depreciates the same over the remaining life of the asset. In accordance with the Ministry of Corporate Affairs ('MCA') circular dated August 09, 2012, exchange differences adjusted to the cost of tangible fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

Gains or losses arising from derecognition of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the tangible fixed assets and are recognised in the statement of profit and loss when the tangible fixed asset is derecognised.

c Depreciation on tangible fixed assets

Depreciation on tangible fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Act, whichever is higher. The Company has used the following rates to provide depreciation on its tangible fixed assets.

Assets	Rates (SLM)
Plant and equipments	4.75%
Office equipments	4.75%
Furniture and fixtures	6.33%
Vehicles	9.50%
Computers	16.21%

Asset individually costing Indian Rupees (Rs.) 5,000 or less, are fully depreciated in the year of acquisition.

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d Intangible assets

Intangible assets (Computer software) acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Computer software is amortised based on the useful life of 6 years on a straight line basis as estimated by the management.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the intangible assets and are recognised in the statement of profit and loss when the intangible asset is derecognised.

e Impairment of tangible/ intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

f Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased item, are capitalised at the inception of the lease term at the lower of the fair value of the leased property and present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Act, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Act.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

g Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the

h Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

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i Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Costs incurred that relate to future activities on the contract are recognised as "Contract work in progress".

Contract work in progress comprising construction costs and other directly attributable overheads is valued at lower of cost and net realisable

j Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from construction activity

Construction revenue and costs are recognised by reference to the stage of completion of the construction activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the outcome of the construction cannot be estimated reliably, revenue is recognised to the extent of the construction costs incurred if it is probable that they will be recoverable. In the case of contracts with defined milestones and assigned price for each milestone, it recognises revenue on transfer of significant risks and rewards which coincides with achievement of milestone and its acceptance by its customer. Provision is made for all losses incurred to the balance sheet date. Any further losses that are foreseen in bringing contracts to completion are also recognised. Variations in contract work, claims and incentive payments are recognised to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. Contract revenue earned in excess of billing has been reflected as unbilled revenue and billing in excess of contract revenue has been reflected as unearned revenue.

Dividends

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

Income from management/ technical services

Income from management/ technical services is recognised as per the terms of the agreement on the basis of services rendered.

Interest

Interest on investments and bank deposits are recognised on a time proportion basis taking into account the amounts invested and the rate applicable.

k Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.
3. All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of (iii)(1) and (iii)(2) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of twelve months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

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l Retirement and other employee benefits

(i) Defined contribution plans

Retirement benefit in the form of provident fund, superannuation fund and pension fund are defined contribution schemes. The Company has no obligation, other than the contributions payable to the provident fund, pension fund and superannuation fund. The Company recognizes contribution payable to the provident fund, pension fund and superannuation fund schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

(ii) Defined benefit plan

Gratuity liability is a defined benefit obligation and is provided on the basis of actuarial valuation, based on projected unit credit method at the balance sheet date, carried out by an independent actuary. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised in full in the period in which they occur in the statement of profit and loss as an income or expense.

(iii) Other long term employee benefits

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(iv) Short term employee benefits

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

m Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

n Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 (the 'IT Act') enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes liabilities relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for credit available in respect of MAT under the IT Act, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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o **Segment reporting**

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statement of the Company as a whole.

p **Shares/ debentures issue expenses and premium redemption**

Equity shares issue expenses incurred are expensed in the year of issue and debenture/ preference share issue expenses and redemption premium payable on preference shares/ debentures are expensed over the term of preference shares/ debentures. These are adjusted to the securities premium account as permitted by Section 78(2) of the Act to the extent of balance available in such securities premium account. These expenses are adjusted to the securities premium account net of taxes.

q **Provisions**

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

r **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

s **Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and cash/ cheques/ drafts on hand and short-term investments with an original maturity of three months or less.

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3 Share capital

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Authorised shares		
7,500,000,000 (March 31, 2013: 7,500,000,000) equity shares of Re. 1 each	750.00	750.00
6,000,000 (March 31, 2013: Nil) Compulsorily Convertible Preference Shares ('CCPS' or ' preference shares') of Rs. 1,000 each ('Series A CCPS')	600.00	-
6,000,000 (March 31, 2013: Nil) CCPS of Rs. 1,000 each ('Series B CCPS')	600.00	-
Issued, subscribed and fully paid-up shares		
3,892,430,282 (March 31, 2013: 3,892,430,282) equity shares of Re.1 each	389.24	389.24
5,683,351 (March 31, 2013: Nil) Series A CCPS of Rs. 1,000 each	568.33	-
5,683,353 (March 31, 2013: Nil) Series B CCPS of Rs. 1,000 each	568.34	-
Issued, subscribed but not fully paid-up shares		
4,500 (March 31, 2013: 4,500) equity shares of Re. 1 each not fully paid-up [Rs. 2,250 (March 31, 2013: Rs. 2,250)]	0.00	0.00
Total issued, subscribed and paid-up share capital	**1,525.91**	**389.24**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

	March 31, 2014		March 31, 2013	
	Number	Rs. in Crore	Number	Rs. in Crore
At the beginning of the year	3,892,434,782	389.24	3,892,434,782	389.24
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**3,892,434,782**	**389.24**	**3,892,434,782**	**389.24**

Preference Shares

	March 31, 2014		March 31, 2013	
	Number	Rs. in Crore	Number	Rs. in Crore
At the beginning of the year	-	-	-	-
Add: Issued during the year				
a) Series A CCPS of Rs. 1,000 each	5,683,351	568.33	-	-
b) Series B CCPS of Rs. 1,000 each	5,683,353	568.34	-	-
Outstanding at the end of the year				
a) Series A CCPS of Rs. 1,000 each	5,683,351	568.33	-	-
b) Series B CCPS of Rs. 1,000 each	5,683,353	568.34	-	-

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1 per share. Every member holding equity shares there in shall have voting rights in proportion to the member's share of the paid up equity share capital. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

c) Terms / rights attached to CCPS:

Pursuant to the equity shareholders' approval obtained on March 20, 2014, the Company issued 11,366,704 CCPS of face value of Rs. 1,000 each comprising of (a) 5,683,351 Series A CCPS each fully paid up, carrying a coupon rate of 0.001% per annum ('p.a.') and having a term of 17 months from the date of allotment and (b) 5,683,353 Series B CCPS each fully paid up, carrying a coupon rate of 0.001% p.a. and having a term of 18 months from the date of allotment, to IDFC Limited, Dunearn Investments (Mauritius) Pte Limited, GKFF Ventures, Premier Edu-Infra Solutions Private Limited and Skyron Eco-Ventures Private Limited. The Series A CCPS and Series B CCPS shall be converted into equity shares upon the expiry of their respective terms in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital Disclosure Requirements) Regulations, 2009 ('ICDR Regulations'). The number of equity shares allotted to the Investors upon conversion of the Investor Securities shall be on the basis of the minimum permissible price, computed in accordance with Regulation 76 read with Regulation 71(b) of the SEBI ICDR Regulations on the conversion date.

The preference shareholders have a right to attend General Meetings of the Company and vote on resolutions directly affecting their interest. In the event of winding up, the Company would repay the preference share capital in priority to the equity shares of the Company but it does not confer any further right to participate either in profits or assets of the Company.

(d) Shares held by the Holding Company / Ultimate Holding Company and / or their subsidiaries / associates:

Out of equity shares issued by the Company, shares held by its Holding Company, Ultimate Holding Company and their subsidiaries / associates are as below:

	March 31, 2014 Number	March 31, 2013 Number
GMR Holdings Private Limited ('GHPL'), the Holding Company		
Equity shares of Re. 1 each, fully paid up	2,736,221,862	2,736,221,862
GMR Infra Ventures LLP ('GIVLLP'), an associate of the Holding Company		
Equity shares of Re. 1 each, fully paid up	31,321,815	30,000,000
GMR Enterprises Private Limited ('GEPL'), an associate of the Holding Company		
Equity shares of Re. 1 each, fully paid up	17,100,000	17,100,000
Welfare Trust of GMR Infra Employees ('GWT'), an associate of the Holding Company		
Equity shares of Re. 1 each, fully paid up	17,999,800	17,999,800

(e) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Equity shares allotted as fully paid-up for consideration other than cash[1]	2.60	2.60

1. During the year ended March 31, 2010, 46,800,000 equity shares of Rs. 10 each of Delhi International Airport Private Limited ('DIAL') were acquired from Infrastructure Development Finance Corporation Limited Infrastructure Fund - India Development Fund at a consideration of Rs. 149.72 Crore, which was discharged by allotment of 26,038,216 equity shares of the Company of Re. 1 each at an issue price of Rs. 57.50 per equity share (including Rs. 56.50 per equity share towards securities premium).

(f) Details of shareholders holding more than 5% shares in the Company

	March 31, 2014		March 31, 2013	
	Number	% holding in the class	Number	% holding in the class
Equity shares of Re. 1 each fully paid				
GHPL	2,736,221,862	70.30%	2,736,221,862	70.30%
Series A CCPS of Rs. 1,000 each				
Duneam Investments (Mauritius) Pte Limited	3,944,084	69.40%	-	-
IDFC Limited*	209,550	3.69%	-	-
GKFF Ventures*	272,415	4.79%	-	-
Premier Edu-Infra Solutions Private Limited*	209,550	3.69%	-	-
Skyron Eco Ventures Private Limited*	1,047,752	18.43%	-	-
Series B CCPS of Rs. 1,000 each				
Duneam Investments (Mauritius) Pte Limited	3,944,085	69.40%	-	-
IDFC Limited*	209,550	3.69%	-	-
GKFF Ventures*	272,416	4.79%	-	-
Premier Edu-Infra Solutions Private Limited*	209,550	3.69%	-	-
Skyron Eco Ventures Private Limited*	1,047,752	18.43%	-	-

* Joint investors under the same share subscription and shareholders agreement.
As per records of the Company, including its register of shareholders / members, the above shareholding represents both legal and beneficial ownership of shares.

4 Reserves and surplus

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
(a) Securities premium account		
Balance as per the last financial statements	6,328.34	6,378.10
Less: utilised towards provision for debenture redemption premium (net of taxes and MAT credit)	41.21	49.76
Less: utilised towards share issue expenses	0.60	-
Closing balance	**6,286.53**	**6,328.34**
(b) Debenture redemption reserve		
Balance as per the last financial statements	118.47	58.60
Add: amount transferred from surplus balance in the statement of profit and loss	108.50	81.53
Less: amount transferred to surplus in the statement of profit and loss / general reserve	108.75	21.66
Closing balance	**118.22**	**118.47**
(c) General reserve		
Balance as per the last financial statements	40.62	18.96
Add: amount transferred from debenture redemption reserve	-	21.66
Closing balance	**40.62**	**40.62**
(d) Surplus in the statement of profit and loss		
Balance as per last financial statements	309.06	382.37
Profit for the year	165.90	53.45
Amount transferred from debenture redemption reserve	108.75	-
Less: Appropriations		
Proposed equity dividend[1]	38.92	38.92
Tax on proposed equity dividend (March 31, 2014: includes tax on equity dividend of Rs. 0.30 Crore for the year ended March 31, 2013)	6.92	6.31
Proposed preference dividend[1] (Rs. 1,868)	0.00	-
Tax on preference dividend (Rs. 318)	0.00	-
Transfer to debenture redemption reserve	108.50	81.53
Net surplus in the statement of profit and loss	429.37	309.06
Total reserves and surplus	6,874.74	6,796.49

1. The Board of Directors of the Company have recommended a dividend of Re. 0.10 (March 31, 2013: Re. 0.10) per equity share of Re. 1 (March 31,2013: Re.1) each for the year ended March 31, 2014 and dividend on preference shares at the rate of 0.001% on a prorata basis on Series A CCPS and Series B CCPS for the year ended March 31, 2014.

5 Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Debentures				
10,000 (March 31, 2013: 10,000) 0% secured, redeemable and non-convertible debentures of Rs. 977,500 each (March 31, 2013: Rs. 987,500)[1]	967.50	977.50	10.00	10.00
5,000 (March 31, 2013: 5,000) 0% unsecured, redeemable and non-convertible debentures of Rs. 350,000 each (March 31, 2013: Rs. 700,000)[2]	-	175.00	175.00	175.00
Term loans				
Indian rupee term loan from financial institutions (secured)[15,16]	231.92	-	7.08	-
Indian rupee term loan from a financial institution (unsecured)[3,4,5]	941.66	983.33	191.67	191.67
Indian rupee term loan from banks (secured)[7,8,9,10,11]	588.50	430.00	350.11	93.50
Indian rupee term loan from banks (unsecured)[6,12,13]	961.22	450.00	488.78	-
Other loans and advances				
Loan from a group company (unsecured) [14]	87.40	-	4.60	-
Loan from others (secured)[17]	0.23	-	0.04	-
	3,778.43	3,015.83	1,227.28	470.17
The above amount includes				
Secured borrowings	1,788.15	1,407.50	367.23	103.50
Unsecured borrowings	1,990.28	1,608.33	860.05	366.67
Amount disclosed under the head "other current liabilities" (refer note 10)	-	-	(1,227.28)	(470.17)
Net amount	3,778.43	3,015.83	-	-

1. During the year ended March 31, 2012, the Company had entered into an agreement to issue 7,000 secured, redeemable, non convertible debentures of Rs. 1,000,000 each to ICICI Bank Limited ('ICICI') ('Tranche 1'). During the year ended March 31, 2013 the Company has further entered into an agreement with ICICI to issue 3,000 secured, redeemable, non convertible debentures of Rs. 1,000,000 each ('Tranche 2'). These debentures are secured by way of first ranking (i) pari passu charge on the fixed assets of GMR Vemagiri Power Generation Limited ('GVPGL'); (ii) pari passu pledge over 30% of fully paid-up equity shares of Rs. 10 each of GMR Energy Limited ('GEL') held by GMR Renewable Energy Limited ('GREEL'); (iii) pari passu pledge over 30% of fully paid-up equity shares of Rs. 10 each of GVPGL held by GEL; (iv) pari passu charge over GVPGL excess cash flow account, as defined in the subscription agreement executed between the Company and ICICI; (v) exclusive charge over Debt Service and Reserve Account ('DSRA') maintained by the Company with ICICI. These debentures are redeemable at a premium yielding 14.50% p.a. till March 25, 2013 and after March 25, 2013 with a yield of base rate of ICICI plus 4.50% p.a. The Tranche 1 is redeemable in thirty seven quarterly unequal instalments commencing from March 25, 2012 and Tranche 2 is redeemable in thirty six quarterly unequal instalments commencing from June 25, 2012. As at March 31, 2014, the Company has partially redeemed these debentures and the revised face value of these debentures after redemption is Rs. 977,500 (March 31, 2013: Rs. 987,500) per debenture.

2. During the year ended March 31, 2010, the Company had issued 5,000 unsecured redeemable, non convertible debentures of Rs. 1,000,000 each to ICICI which are redeemable at a premium yielding 14.00% p.a. (March 31, 2013: 14.00% p.a.) and are repayable in 5 annual unequal instalments commencing from April 2011. As at March 31, 2014, the Company has partially redeemed these debentures and the revised face value of these debentures after redemption is Rs. 350,000 (March 31, 2013: Rs. 700,000) per debenture.

3. Indian rupee term loan from a financial institution of Rs. 150.00 Crore (March 31, 2013: Rs.Nil) carries interest @ 12.00% p.a. (March 31, 2013: Nil) payable on a quarterly basis. The loan is repayable in 7 equal annual instalments commencing at the end of four years from the date of first disbursement i.e. September, 2013. The loan is secured by exclusive first charge on land held by GMR Krishnagiri SEZ Limited ('GKSEZ').

4. Indian rupee term loan from a financial institution of Rs. 183.33 Crore (March 31, 2013: Rs. 275.00 Crore) carries periodic rates of interest as agreed with the lenders and payable on a yearly basis. The loan is repayable in 3 equated annual instalment commencing from August 2013. The loan is secured by way of a corporate guarantee issued by GHPL and pledge of 269,238,300 (March 31, 2013: 269,238,300) equity shares of Re. 1 each of the Company, held by GHPL.

5. Indian rupee term loan from a financial institution of Rs. 800.00 Crore (March 31, 2013: Rs. 900.00 Crore) carries interest @ 11.75% p.a. (March 31, 2013 : 11.75% p.a.) payable on a half yearly basis. The loan is repayable in 10 equated annual instalments commencing from December 2012. The loan is secured by exclusive first charge on barge mounted plant of a subsidiary Company and pledge of 133,198,216 (March 31, 2013: 115,103,532) equity shares of Re. 1 each of the Company, held by GHPL.

6. Indian rupee term loan from a bank of Rs. 1,000.00 Crore (March 31, 2013: Rs. Nil) carries interest @ base rate of lender plus spread of 4.75% p.a. (March 31, 2013 : Nil) payable on a monthly basis. The loan is secured by i) subservient charge on the immovable properties and moveable assets of EMCO Energy Limited ('EMCO') both present and future ii) subservient charge on non agricultural land in the State of Andhra Pradesh of Kakinada SEZ Private Limited ('KSPL') iii) pledge of equity shares of the Company, held by GHPL iv) pledge of 23% equity shares of EMCO held by GEL v) pledge of 30% equity shares of GMR Chattisgarh Energy Limited ('GCHEL') held by GEL vi) pledge over 30% of equity shares of GEL held by GREEL vii) subservient charge on immovable properties situated in the State of Gujarat (both present and future) and all moveable assets of GMR Gujarat Solar Power Private Limited ('GGSPPL'). The loan is repayable in 32 structured quarterly instalments commencing from April 25, 2016 and ending on January 25, 2024. Out of the above Rs. 1,000.00 Crore, the Company has availed Rs. 900.00 Crore as at March 31, 2014. There are certain mandatory prepayment events agreed with the bank including divestment of shareholding in Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi ('ISG') and hence Rs. 200.00 Crore has been considered as current maturities.

7. Indian rupee term loan from a bank of Rs. 250.00 Crore (March 31, 2013: Rs. 300.00 Crore) carries interest @ base rate of lender plus spread of 1.50% p.a. (March 31, 2013 : base rate of lender plus spread of 1.50% p.a.) and interest is payable on a monthly basis. The loan is secured by i) 10% of cash margin on the outstanding amount in the form of lien on fixed deposits in favour of the lender ii) exclusive charge on loans and advances provided by the Company created out of this facility. The loan is repayable in 6 equal quarterly instalments commencing from March 31, 2014.

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8. Indian rupee term loan from a bank of Rs. 200.00 Crore (March 31, 2013: Rs. 200.00 Crore) carries interest @ base rate of lender plus spread of 1.50% p.a. (March 31, 2013 : base rate of lender plus spread of 1.50% p.a.) and interest is payable on a monthly basis. The loan is secured by a first charge over the immovable properties of Rs. 17.70 Crore, aircrafts of Rs. 38.75 Crore, lien marked fixed deposit of Rs.13.55 Crore and exclusive charge on loans and advances provided by the Company out of this loan facility, charge over 30% shares of GHPL in GMR Sports Private Limited ('GSPL') and non-disposable undertaking with regard to 19% of shareholding of GHPL in GSPL. The loan is repayable in 8 equal quarterly instalments commencing from June 26, 2016. Of the above Rs. 200.00 Crore, the Company has availed Rs. 188.00 Crore as at March 31, 2014 (March 31, 2013: Rs 180.00 Crore).

9. Indian rupee term loan from a bank of Rs. 500.00 Crore (March 31, 2013: Rs. Nil) carries interest @ base rate of lender plus spread of 1.50% p.a. (March 31, 2013 : Nil) and interest is payable on a monthly basis. The loan is secured by i) residual charge over all current assets and movable fixed assets both present and future ii) first charge over loans and advances both present and future (excluding EPC division) to provide minimum cover of 1.25 times of the facility outstanding iii) second charge over cash flows both present and future of GMR Highways Limited ('GMRHL') iv) exclusive charge over rights and interest of GMR group in IBC Knowledge Park property at Bangalore and v) pledge of 30% shares of GMRHL. The loan is repayable in 8 equal quarterly instalments after a moratorium of 39 months from the date of first disbursement i.e., the first instalment is due on September 30, 2016. There are certain mandatory prepayment events agreed with the bank including divestment of shareholding in ISG and GMR Ulundurpet Expressways Private Limited ('GUEPL') and hence Rs. 150.00 Crore has been considered as current maturities of such loans.

10. Indian rupee term loan from a bank of Rs. Nil (March 31, 2013: Rs. 43.50 Crore) carried interest @ BBR plus 2.50% p.a. (March 31, 2013 : BBR plus 2.50% p.a). and was payable on a monthly basis. The loan was repayable in 3 equal instalments at the end of 12th, 18th and 24th month from the date of first disbursement i.e. February 16, 2012. The loan was secured by an exclusive first charge on assets acquired out of the proceeds of the loan and second charge on the current assets of EPC division of the Company.

11. Vehicle loan from a bank of Rs.0.61 Crore (March 31, 2013: Rs.Nil) carries interest @ 10.00% p.a. (March 31, 2013 : Nil) and the same is payable on a monthly basis. The loan is repayable in 60 equal monthly instalments commencing from October 01, 2013 and is secured by the vehicle taken on loan.

12.Indian rupee term loan from a bank of Rs. 500.00 Crore (March 31, 2013: Rs. 500.00 Crore) carries interest @ base rate of lender plus applicable spread of 3.25% p.a (March 31, 2013 : base rate of lender plus applicable spread of 3.25% p.a.) and interest is payable on a monthly basis. The loan is secured by exclusive first mortgage and charge on i) movable fixed assets and immovable properties of GMR Power Corporation Limited ('GPCL') ii) non agricultural lands of GMR Hebbal Towers Private Limited ('GHTPL') and Mr. G. M. Rao iii) certain immovable properties of Boyance Infrastructure Private Limited ('BIPL') in Mamidipally, Ranga Reddy district iv) commercial apartment owned by Honey Flower Estates Private Limited ('HFEPL') v) an irrevocable and unconditional guarantee of GHPL, BIPL and HFEPL and demand promissory note equal to principal amount of the loan and interest payable on the loan. The loan is repayable in 16 quarterly instalments commencing from October 1, 2014. Of the above Rs. 500.00 Crore, the Company has availed Rs. 300.00 Crore as at March 31, 2014 (March 31, 2013: Rs 200.00 Crore).

13. Indian rupee term loan from a bank of Rs. 250.00 Crore (March 31, 2013: Rs.250 Crore) carries interest @ base rate of lender plus 1.50% p.a. (March 31, 2013 :base rate of lender plus 1.50% p.a.) and is payable on a monthly basis. This loan is secured by exclusive first mortgage and charge on i) non-agricultural lands of BIPL, Namitha Real Estates Private Limited ('NREPL'), Sri Varalakshmi Jute Twine Mills Private Limited ('SVJTMPL') and Neozone Properties Private Limited ('NPPL'). The loan is repayable in 5 equated monthly instalments commencing from November 30, 2014.

14. Loans from group company of Rs. 100.00 Crore (March 31, 2013: Rs.Nil) from its subsidiary, GMR Airport Developers Limited ('GADL') carries interest @ 12.95% p.a. (March 31, 2013: Nil) and is payable on a monthly basis. The loan is to be prepaid on occurance of any liquidity event as per the terms of the agreement or repayable in 28 structured quarterly instalments commencing from December 23, 2013 . Out of the above Rs. 100 Crore, the Company has availed Rs. 93.40 Crore and Rs 92.00 Crore is outstanding as at March 31, 2014.

15. Indian rupee term loan from a financial institution of Rs. 50.00 Crore (March 31, 2013: Rs. Nil) carries interest @ 14.75% p.a. linked with SBR on reducing balance (March 31, 2013: Nil) and is payable on a monthly basis. The loan is repayable in 57 monthly instalments commencing from April, 2014. The loan is secured by a charge on assets of the Company. Of the above Rs. 50.00 Crore, the Company has availed Rs. 44.00 Crore as at March 31, 2014.

16. Indian rupee term loan from a financial institution of Rs. 200.00 Crore (March 31, 2013: Rs.Nil) carries interest rate @14.25% p.a. (March 31,2013: Nil) and is payable on a monthly basis. The loan is repayable in 18 quarterly instalments commencing from October, 2016. The loan is secured by way of i) first mortgage and charge on non agriculture lands of SJK Powergen Limited ('SJK') ii) pledge of 20,000,000 (March 31, 2013: Nil) equity shares of Re. 1 each of the Company, held by GHPL and iii) pledge of such number of equity shares of Rs. 10 each of GEL having book value of minimum of Rs. 400.00 Crore (March 31, 2013: Rs. Nil) held by the Company and in case of default of repayment of loan, the lender has the right to convert the loan into equity. Of the above Rs. 200.00 Crore, the Company has availed Rs. 195.00 Crore as at March 31, 2014.

17. Vehicle loan from others of Rs. 0.27 Crore (March 31, 2013: Rs. Nil) carries interest @10.33 % p.a. (March 31, 2013: Nil) and interest is payable on a monthly basis. The loan is repayable in 60 equal monthly instalments commencing from April, 2014 and is secured by vehicle taken on loan.

6 Deferred tax (asset) / liability (net)

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	11.06	8.75
Gross deferred tax liability	**11.06**	**8.75**
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	13.18	27.07
Gross deferred tax asset	**13.18**	**27.07**
Net deferred tax asset	**(2.12)**	**(18.32)**

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7 Other long-term liabilities

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Advances from customers	2.88	-
	2.88	-

8 Provisions

	Long-term		Short-term	
	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Provision for employee benefits				
Provision for gratuity (refer note 28)	1.35	0.89	-	0.41
Provision for leave benefits	-	-	4.45	5.43
Provision for other employee benefits	-	-	9.58	10.28
	1.35	**0.89**	**14.03**	**16.12**
Other provision				
Proposed equity dividend (refer note 4(d))	-	-	38.92	38.92
Provision for tax on proposed equity dividend (refer note 4(d))	-	-	6.62	6.31
Proposed Preference dividend (refer note 4(d)) (Rs.1,868)	-	-	0.00	-
Provision for tax on proposed Preference dividend (refer note 4(d)) (Rs.318)	-	-	0.00	-
Provision for debenture redemption premium	-	-	4.66	6.37
	-	-	50.20	51.60
	1.35	0.89	64.23	67.72

9 Short-term borrowings

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Bank overdraft (secured)[1]	136.64	201.20
Short-term loans from banks (unsecured)[2]	-	150.00
Intercorporate deposits from related parties repayable on demand (unsecured)[3]	79.00	150.00
Debentures		
Nil (March 31, 2013: 2,500) 0.01% unsecured, non-convertible debentures of Rs. 1,000,000 each.[4]	-	250.00
	215.64	**751.20**
The above amount includes		
Secured borrowings	136.64	201.20
Unsecured borrowings	79.00	550.00
	215.64	**751.20**

1. Bank overdraft is secured by first charge on current assets of the EPC division of the Company and carries an interest @13.50% p.a. (March 31, 2013: 13.75% p.a.).

2. Short-term loan from banks represents loan taken from banks which was repayable by way of a bullet payment within one year from the date of disbursement and carried interest rate of 12.80% p.a.(March 31, 2013: ranging from 12.00% p.a. to 12.80% p.a.)

3. During the year ended March 31, 2014, the Company has accepted intercorporate deposit Rs.11.00 Crore from its subsidiary, GMR Aviation Private Limited ('GAPL') which is repayble on or before April 09, 2014 and carries an interest @ 12.50% p.a.(March 31, 2013 : Nil) payable on a monthly basis. During the year ended March 31, 2013, the Company had accepted intercorporate deposit of Rs. 150.00 Crore from its subsidiary, GMR Airports Limited ('GAL') which is repayable within 6 months from the date of first disbursement of deposit and carries an interest @ 11.75% p.a (March 31, 2013: 11.75% p.a.) payable on a monthly basis. The loan has been extended for a further period of one year. Of the above Rs. 150.00 Crore, Rs. 68.00 Crore is outstanding as at March 31, 2014.

4. During the year ended March 31, 2012, the Company had issued 2,500 0.01% non-convertible, unsecured debentures of Rs. 1,000,000 each to GAL. These debentures are redeemed at the request of the subscriber during the year ended March 31, 2014.

10 Other current liabilities

		March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Trade payable (refer note 33)[1]		206.95	162.55
	(A)	206.95	**162.55**
Other liabilities			
Current maturities of long-term borrowings (refer note 5)		1,227.28	470.17
Interest accrued but not due on borrowings		79.36	137.82
Unearned revenue		7.77	1.67
Share application money refund[2]		-	0.05
Advances from customers (refer note 33)		115.57	270.28
Retention money[3]		71.73	69.68
Non trade payable (refer note 33)		144.71	9.77
Unclaimed dividend		0.14	-
TDS payable		4.56	5.75
Other statutory dues		0.66	1.03
	(B)	**1,651.78**	**966.22**
Total (A+B)		**1,858.73**	**1,128.77**

1. Refer note 39 for details of dues to micro and small enterprises.

2. During the year ended March 31, 2014, share application money pending refund of Rs. 0.01 Crore was paid to the investors and Rs. 0.04 Crore due and outstanding for more than seven years has been credited to Investor education and protection fund.

3. Retention money is payable on the completion of the contracts or after the completion of the defect liability period as defined in the respective contracts.

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11 Tangible assets

(Rs. in Crore)

	Freehold Land	Office Equipments	Computer Equipments	Plant and Equipments	Furniture and Fixtures	Vehicles	Total
Gross block (at cost)							
As at April 1, 2012	0.08	6.63	7.99	88.66	2.77	6.31	112.44
Additions	-	1.51	0.53	12.25	0.19	0.15	14.63
Disposals	-	-	0.01	-	-	0.29	0.30
As at March 31, 2013	**0.08**	**8.14**	**8.51**	**100.91**	**2.96**	**6.17**	**126.77**
Additions	-	0.24	0.07	0.42	0.01	1.41	2.15
Disposals	-	0.04	0.06	-	-	-	0.10
As at March 31, 2014	**0.08**	**8.34**	**8.52**	**101.33**	**2.97**	**7.58**	**128.82**
Depreciation							
As at April 1, 2012	-	0.85	2.79	7.62	0.95	0.92	13.13
Charge for the year	-	0.36	1.28	5.22	0.20	0.62	7.68
Disposals	-	-	-	-	-	0.05	0.05
As at March 31, 2013	-	**1.21**	**4.07**	**12.84**	**1.15**	**1.49**	**20.76**
Charge for the year	-	0.40	1.31	5.14	0.15	0.68	7.68
Disposals	-	0.01	0.05	-	-	-	0.06
As at March 31, 2014	-	**1.60**	**5.33**	**17.98**	**1.30**	**2.17**	**28.38**
Net block							
As at March 31, 2013	**0.08**	**6.93**	**4.44**	**88.07**	**1.81**	**4.68**	**106.01**
As at March 31, 2014	**0.08**	**6.74**	**3.19**	**83.35**	**1.67**	**5.41**	**100.44**

12 Intangible assets

(Rs. in Crore)

	Computer software	Total
Gross block (at cost)		
As at April 1, 2012	3.11	3.11
Additions	1.36	1.36
Disposals	-	-
As at March 31, 2013	**4.47**	**4.47**
Additions	1.86	1.86
Disposals	-	-
As at March 31, 2014	**6.33**	**6.33**
Amortisation		
As at April 1, 2012	0.95	0.95
Charge for the year	0.63	0.63
Disposals	-	-
As at March 31, 2013	**1.58**	**1.58**
Charge for the year	0.74	0.74
Disposals	-	-
As at March 31, 2014	**2.32**	**2.32**
Net block		
As at March 31, 2013	**2.89**	**2.89**
As at March 31, 2014	**4.01**	**4.01**

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13 Non-current investments

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
A. In Subsidiary Companies		
- Domestic Companies		
GMR Hyderabad International Airport Limited ('GHIAL') [1,000 (March 31, 2013: 1,000) equity shares of Rs. 10 each] [Rs. 10,000 (March 31, 2013: Rs. 10,000)]	0.00	0.00
GMR Pochanpalli Expressways Limited ('GPEPL') [1,380,000 (March 31, 2013: 1,380,000) equity shares of Rs. 10 each]	1.38	1.38
GMR Jadcherla Expressways Limited ('GJEPL') (Formerly GMR Jadcherla Expressways Private Limited)[2] [Nil (March 31, 2013: 1,178,250) equity shares of Rs. 10 each]	-	1.18
GMR Ambala Chandigarh Expressways Private Limited ('GACEPL')[1] [23,272,687 (March 31, 2013: 23,272,687) equity shares of Rs. 10 each]	23.27	23.27
DIAL[1,8] [100 (March 31, 2013: 245,000,000) equity shares of Rs. 10 each] [Rs. 1,000]	0.00	245.00
GUEPL[6] [Nil (March 31, 2013: 1,987,500) equity shares of Rs. 10 each]	-	1.99
GMR (Badrinath) Hydro Power Generation Private Limited ('GBHPL') [4,900 (March 31, 2013: 4,900) equity shares of Rs. 10 each] [Rs. 49,000 (March 31, 2013: Rs. 49,000)]	0.00	0.00
GAL[1] [340,869,304 (March 31, 2013: 340,869,304) equity shares Rs. 10 each]	679.83	679.83
GAPL [86,440,000 (March 31, 2013: 86,440,000) equity shares of Rs. 10 each]	86.44	86.44
Gateways for India Airports Private Limited ('GFIAL') [8,649 (March 31, 2013: 8,649) equity shares of Rs. 10 each]	0.01	0.01
GKSEZ [117,500,000 (March 31, 2013: 117,500,000) equity shares of Rs. 10 each]	117.50	117.50
GMR SEZ & Port Holdings Private Limited ('GSPHPL') [47,989,999 (March 31, 2013: 47,989,999) equity shares of Rs. 10 each]	47.99	47.99
GMRHL[1] [20,000,000 (March 31, 2013: 20,000,000) equity shares of Rs. 10 each]	20.00	20.00
GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') [2,050,000 (March 31, 2013: 2,050,000) equity shares of Rs. 10 each]	2.05	2.05
GMR Corporate Affairs Private Limited ('GCAPL') [4,999,900 (March 31, 2013: 4,999,900) equity shares of Rs. 10 each]	5.00	5.00
GMR Chennai Outer Ring Road Private Limited ('GCORRPL')[1] [9,300,000 (March 31, 2013: 9,300,000) equity shares of Rs. 10 each]	9.30	9.30
GMR Energy Trading Limited ('GETL') [50,219,897 (March 31, 2013: 50,219,897) equity shares of Rs. 10 each]	50.22	50.22
Dhruvi Securities Private Limited ('DSPL') [168,059,694 (March 31, 2013: 168,059,694) equity shares of Rs. 10 each]	199.70	199.70
GMR OSE Hungund Hospet Highways Private Limited ('GOSEHHHPL')[1] [59,801,692 (March 31, 2013: 59,801,692) equity shares of Rs. 10 each]	59.80	59.80
GREEL [500,000 (March 31, 2013: 500,000) equity shares of Rs. 10 each]	0.50	0.50
GMR Power Infra Limited ('GPIL') [849,490 (March 31, 2013: 849,490) equity shares of Rs. 10 each]	0.85	0.85
GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL') [5,050,000 (March 31, 2013: 5,050,000) equity shares of Rs. 10 each]	5.05	5.05
GEL[1,4] [536,894,545 (March 31, 2013: Nil) equity shares of Rs. 10 each]	1,476.46	-
- Body Corporates		
GMR Energy (Mauritius) Limited ('GEML') [5 (March 31, 2013: 5) equity share of USD 1 each] [Rs. 202 (March 31, 2013: Rs. 202)]	0.00	0.00
GMR Infrastructure (Mauritius) Limited ('GIML') (refer note 43) [320,550,001 (March 31, 2013: 320,550,001) equity share of USD 1 each]	1,477.99	1,477.99
GMR Coal Resources Pte Limited ('GCRPL') (Formerly GMR Infrastructure Investments (Singapore) Pte Limited) [30,000 (March 31, 2013: 30,000) equity share of SGD 1 each]	0.11	0.11
GMR Male International Airport Private Limited ('GMIAL') [154 (March 31, 2013: 154) equity share of Mrf 10 each] [Rs. 4,917 (March 31, 2013: Rs. 4,917)]	0.00	0.00
GMR Infrastructure (Overseas) Limited ('GIOL') (Formerly known as GMR Holdings (Overseas) Investments Limited) [100 (March 31, 2013: 100] equity shares of USD 1 each] [Rs. 4,903 (March 31, 2013: Rs. 4,903)]	0.00	0.00
B. In Jointly controlled entity		
ISG[1,3] [Nil (March 31, 2013: 109,629,660) equity shares of YTL 1 each]	-	334.62
C. In Associates		
GJEPL[2] [1,178,250 (March 31, 2013: Nil) equity shares of Rs. 10 each]	1.18	-
GUEPL[6] [1,987,500 (March 31, 2013: Nil) equity shares of Rs. 10 each]	1.99	-
(i)	**4,266.62**	**3,369.78**

		March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
	Unquoted preference shares		
D.	**In Subsidiary Companies**		
	GEL[4]	-	346.36
	[Nil (March 31, 2013: 215,109,146) 1% non-cumulative redeemable preference shares of Rs 10 each]		
	GEL[4]	-	280.49
	[Nil (March 31, 2013: 280,493,375) 1% cumulative redeemable preference shares of Rs 10 each]		
	GPEPL	44.50	44.50
	[4,450,000 (March 31, 2013: 4,450,000) 8% non-cumulative redeemable preference shares of Rs. 100 each]		
	GACEPL	0.66	0.66
	[66,000 (March 31, 2013: 66,000) 8% non-cumulative redeemable preference shares of Rs. 100 each]		
	GUEPL[6]	-	20.02
	[Nil (March 31, 2013: 2,002,000) 8% non-cumulative redeemable preference shares of Rs. 100 each]		
	GMRHL	706.54	706.54
	[70,654,000 (March 31, 2013: 70,654,000) 8% non-cumulative redeemable preference shares of Rs. 100 each]		
	GCORRPL	21.93	21.93
	[2,192,500 (March 31, 2013: 2,192,500) 6% non-cumulative redeemable convertible preference shares of Rs. 100 each]		
	GCAPL	15.00	15.00
	[15,000,000 (March 31, 2013: 15,000,000) 8% non-cumulative redeemable preference shares of Rs. 10 each]		
	DSPL	210.00	210.00
	[42,000,000 (March 31, 2013: 42,000,000) 8% compulsorily convertible preference shares of Rs. 10 each]		
	GHVEPL	81.53	76.83
	[8,152,740 (March 31, 2013: 7,682,740) 6% non-cumulative redeemable convertible preference shares of Rs. 100 each]		
	GKUAEL	1.95	1.95
	[195,000 (March 31,2013 : 195,000) 0.1% non cumulative redeemable convertible preference shares of Rs. 100 each]		
	GAL[7]	-	-
	each]		
	GREEL[4]	1,013.44	-
	[1,013,440,000 (March 31, 2013: Nil) 8% compulsorily convertible preference shares of Rs. 10 each]		
	GREEL[4]	1,103.96	-
	[11,039,649 (March 31, 2013: Nil) 0.01% compulsorily convertible preference shares of Rs. 1,000 each]		
	GREEL[4]	495.60	-
	[495,602,500 (March 31, 2013: Nil) 0.01% compulsorily convertible preference shares of Rs. 10 each]		
	GJEPL[2]	-	53.10
	[Nil (March 31, 2013: 5,310,000) 8% non-cumulative redeemable preference shares of Rs. 100 each]		
	Less: Current portion of non-current investments [2] (refer note 16)	-	(53.10)
	(ii)	3,695.11	1,724.28
	Unquoted debentures		
E.	**In Subsidiary Companies**		
	GKSEZ	22.85	135.00
	[22.85 (March 31, 2013: 135) 12% unsecured optionally convertible cumulative debentures of Rs. 10,000,000 each]		
	GKSEZ	73.40	47.20
	[734 (March 31, 2013: 472) 12% optionally convertible cumulative debentures of Rs. 1,000,000 each]		
	GAPL	98.65	185.65
	[9,865 (March 31, 2013: 18,565) 12.50% unsecured optionally convertible debentures of Rs. 100,000 each]		
	GSPHPL	100.00	100.00
	[100 (March 31, 2013: 100) 1% unsecured optionally convertible cumulative debentures of Rs. 10,000,000 each]		
	GSPHPL	129.00	129.00
	[12,900 (March 31, 2013: 12,900) 0.1% unsecured convertible cumulative debentures of Rs. 100,000 each]		
	GSPHPL	14.76	15.70
	[1,476 (March 31, 2013: 1,570) 12% unsecured optionally convertible cumulative debentures of Rs. 100,000 each]		
	GCAPL	15.00	15.00
	[1,500,000 (March 31, 2013: 1,500,000) 5% unsecured non-convertible redeemable debentures of Rs. 100 each]		
	GCAPL	135.00	135.00
	[13,500,000 (March 31, 2013: 13,500,000) 1% unsecured non-convertible redeemable debentures of Rs. 100 each]		
	Deepesh Properties Private Limited ('DPPL')	1.50	3.00
	[150 (March 31, 2013: 300) 0.1% unsecured optionally convertible cumulative debentures of Rs. 100,000 each]		
	Padmapriya Properties Private Limited ('PAPPL')	-	7.50
	[Nil (March 31, 2013: 750) 0.1% unsecured optionally convertible cumulative debentures of Rs. 100,000 each]		
	GEL	977.50	987.50
	[10,000 (March 31, 2013: 10,000) 14.50% unsecured non-convertible redeemable debentures of Rs. 977,500 each (March 31, 2013: Rs. 987,500)]		
	Less: Current portion of non-current investments (refer note 16)	(10.00)	(10.00)
	(iii)	1,557.66	1,750.55

		March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
	Unquoted equity shares		
F.	**- In other Body Corporates**		
	GMR Holdings Malta Limited ('GHML')[1]	0.00	0.00
	[58 (March 31, 2013: 58) equity shares of EURO 1 each] [Rs. 3,924 (March 31, 2013: Rs. 3,924)]		
	Istanbul Sabiha Gokcen Uluslararasi Havalimani Yer Hizmetleri Anonim Sirketi ('SGH')[1,5]	1.27	1.27
	[4,300 (March 31, 2013: 4,300) equity shares of YTL 100 each]		
	Less: provision for diminution in value of investments [5]	(1.27)	-
	(iv)	0.00	1.27
	Total (i)+(ii)+(iii)+(iv)	9,519.39	6,845.88
	Aggregate amount of unquoted investments	9,519.39	6,845.88

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Notes

1 Details of investments pledged as security in respect of the loans availed by the Company and the investee Companies.

The following unquoted investments included above have been pledged as security in respect of the borrowings of the Company or the investee Companies:

Description	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
GMRHL [11,200,000 (March 31, 2013: 5,200,000) equity shares of Rs 10 each fully paid up]	11.20	5.20
GACEPL [23,272,687 (March 31, 2013: 23,272,687) equity shares of Rs 10 each fully paid up]	23.27	23.27
DIAL [Nil (March 31, 2013: 99,324,324) equity shares of Rs.10 each fully paid up]	-	99.32
GCORRPL [2,418,000 (March 31, 2013: 2,418,000) equity shares of Rs 10 each fully paid up]	2.42	2.42
GOSEHHHPL [7,988,993 (March 31, 2013: 7,988,993) equity shares of Rs 10 each fully paid up]	7.99	7.99
GAL [91,226,067 (March 31, 2013: Nil) equity shares of Rs 10 each fully paid up]	91.23	-
GEL [219,659,528 (March 31, 2013: Nil) equity shares of Rs.10 each fully paid up]	219.66	-
GHML [58 (March 31, 2013: 58) equity shares of Euro 1 each fully paid up] [Rs. 3,924 (March 31, 2013: Rs. 3,924]	0.00	0.00
ISG [Nil (March 31, 2013: 86,984,800) equity shares of YTL 1 each fully paid up]	-	266.76
SGH [4,300 (March 31, 2013: 4,300) equity shares of YTL 100 each fully paid up]	1.27	1.27

2 Refer Note 26 (1)

3 Refer Note 26 (3)

4 During the year ended March 31, 2011, GEL had issued 13,950,000 compulsorily convertible cumulative preference shares ('CCCPS') of Rs. 1,000 each to Claymore Investments (Mauritius) Pte. Limited and IDFC group investors (collectively called as PE Investors). These preference shares were convertible upon the occurrence of Qualifying Initial Public Offering ('QIPO') of equity shares of GEL. During the year ended March 31, 2014, GEL entered into negotiations with the PE investors pursuant to which the Company agreed to convert the loans given to GEL and investment in the preference shares of GEL into equity shares of Rs.10 each at a premium of Rs.17.50 per share. Accordingly, the Company converted loans given to GEL aggregating to Rs. 1,476.46 Crore and 1% cumulative and non-cumulative redeemable preference shares aggregating to Rs. 495.60 Crore (excluding redemption premium of Rs 131.25 crore) into 717,113,641 equity shares of GEL after obtaining the approval of the Board of Directors of the Company and class holders and shareholders of GEL.

The premium of Rs. 131.25 Crore paid on investment in 1% non- cumulative redeemable preference shares was waived off by the Company and the loss of Rs.131.25 Crore arising on account of the waiver of premium has been disclosed as an exceptional item in the financial statements. The conversion as stated aforesaid and the premium waiver was done to maintain optimum fair value per share at the time of conversion of CCCPS held by the PE investors. This arrangement enabled GEL and the Company to conclude the Amended and Restated Share Subscription and Shareholders Agreements with PE investors at favourable terms.

Further, with a view to restructure its shareholding in energy business, the Company has made following issues/ transfer of shares during the year ended March 31, 2014.

(a) Out of the total allotment of 717,113,641 equity shares of GEL as stated aforesaid, the Company transferred 180,219,096 equity shares to GREEL, a 100% subsidiary of the Company, at cost. The proceeds of the transfer of shares to GREEL have been utilised for investment in 495,602,500 0.01% compulsorily convertible preference shares of Rs. 10 each of GREEL at par value.

(b) The proceeds of the issue of 11,366,704 CCPS of face value of Rs. 1,000 each to Series A CCPS and Series B CCPS holders as stated in Note 3 have been utilised by the Company primarily for investment in 11,039,649 0.01% compulsorily convertible preference shares of Rs. 1,000 each of GREEL at par value.

(c) The Company has also purchased DSPL's investment in 1,013,440,000 8% compulsorily convertible preference shares of Rs. 10 each in GREEL. The purchase consideration has been settled against the loan outstanding from DSPL along with interest accrued thereon of Rs. 610.55 Crore and balance has been paid before the year end.

5 Refer Note 26 (5)

6 Refer Note 46

7 GAL have alloted these shares as bonus shares in their allotment and transfer committee meeting held on August 04, 2011.

8 Refer Note 45

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14 Loans and advances

		Non-current		Current	
		March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Capital advances					
Unsecured, considered good		0.10	1.71	-	-
	(A)	0.10	1.71	-	-
Security deposit					
Unsecured, considered good (refer note 33)		4.55	8.07	2.50	-
	(B)	4.55	8.07	2.50	-
Loan and advances to related parties					
Unsecured, considered good (refer note 33)		2,052.90	2,747.49	290.40	700.51
	(C)	2,052.90	2,747.49	290.40	700.51
Advances recoverable in cash or kind					
Unsecured considered good		-	-	43.62	43.43
	(D)	-	-	43.62	43.43
Other loans and advances (unsecured considered good)					
Advance income-tax (net of provision for taxation)		43.51	55.54	-	-
MAT credit entitlement[1]		72.78	27.58	-	-
Prepaid expenses		0.29	0.46	1.25	1.66
Loan to others[2]		115.00	115.00	-	-
Loans to employees		0.57	0.56	0.38	1.14
Balances with statutory/ government authorities		17.08	25.62	-	-
	(E)	249.23	224.76	1.63	2.80
Total (A+B+C+D+E)		2,306.78	2,982.03	338.15	746.74

1. During the year ended March 31, 2014, the Company has utilised MAT credit of Rs. Nil (March 31,2013: Rs.3.53 Crore). Further the Company has reversed MAT credit of Rs. Nil (March 31,2013: Rs. 10.39 Crore) based on an intimation under Section 143(1) of the IT Act.

2. The Company has given an interest free loan of Rs. 115.00 Crore (March 31, 2013: Rs. 115.00 Crore) to GWT. Based on the confirmation received from GWT, the trust has utilised the proceeds of the loan received from the Company in the following manner:

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Investment in equity shares of the Company	101.55	101.55
Investment in equity shares of GAL	11.28	11.28
Bank balance	2.17	2.17
	115.00	115.00

Securities and Exchange Board of India ('SEBI') had issued Circular No. CIR/CFD/DIL/3-2013 dated January 17, 2013 prohibiting listed entities from framing any employee benefit scheme involving acquisition of own securities from the secondary market. SEBI had issued Circular No. CIR/CFD/POLICYCELL/14/2013 dated November 29, 2013 extending the date of compliance to June 30, 2014. The management of the Company submitted the details of the GWT to the stock exchanges and is in the process of complying with the requirements of the circular within the prescribed timelines. As per the trust deed, GWT is undertaking only employee benefit schemes and hence the Company has not consolidated the financial statements of GWT in the financial statements of the Company.

15 Trade receivables and other assets

15.1 Trade receivable

		Non-current		Current	
		March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Unsecured, considered good					
Outstanding for a period exceeding six months from the date they are due for payment		-	-	13.98	1.99
	(A)	-	-	13.98	1.99
Other receivables					
Unsecured, considered good[1]		102.63	111.38	131.88	204.80
	(B)	102.63	111.38	131.88	204.80
Total (A+B)		102.63	111.38	145.86	206.79

1. Includes retention money of Rs. 173.42 Crore (March 31, 2013: Rs. 158.28 Crore)

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15.2 Other assets

		Non-current		Current	
		March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Unsecured, considered good unless stated otherwise					
Non-current bank balances (refer note 18)		584.95	384.19	-	-
	(A)	584.95	384.19	-	-
Unamortised expenditure					
Ancillary cost of arranging the borrowings		62.03	30.98	24.51	12.58
	(B)	62.03	30.98	24.51	12.58
Others					
Interest accrued on fixed deposits		-	-	9.63	3.56
Interest accrued on loan and debentures to subsidiaries (refer note 33)		-	-	97.28	185.55
Other than trade - considered good (refer note 26 (3))		-	-	805.80	-
Unbilled revenue (refer note 33)		9.62	7.64	97.84	145.32
	(C)	9.62	7.64	1,010.55	334.43
Total (A+B+C)		656.60	422.81	1,035.06	347.01

16 Current investments

		March 31, 2014 Rs. in Crore	31 March 2013 Rs. in Crore
A Current portion of long-term investments (valued at cost, unquoted)			
Unqouted debentures			
GEL (refer note 13)		10.00	10.00
Unquoted preference shares			
GJEPL (refer note 13)		-	53.10
	(i)	10.00	63.10
B Investments in Mutual Funds			
Birla Sunlife Infrastructure Fund - Plan - Dividend - Payout # [4,720,000 (March 31, 2013: 4,720,000) units of Rs. 10 each]		5.54	4.60
	(ii)	5.54	4.60
	Total (i)+(ii)	15.54	67.70
Aggregate amount of unquoted investments		15.54	67.70
# Aggregate provision for diminution in value of investments		0.36	1.30

17 Inventories (valued at lower of cost and net realizable value)

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Raw materials	8.92	16.06
Contract work-in-progress	82.11	71.16
	91.03	87.22

18 Cash and bank balances

	Non-current		Current	
	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Cash and cash equivalents				
Balances with banks:				
– On current accounts [7,8]	11.31	-	4.18	203.79
– Deposits with original maturity of less than or equal to 3 months	11.85	-	-	-
Cash on hand	-	-	0.05	0.02
	23.16	-	4.23	203.81
Other bank balances				
– On current accounts[1]	-	-	-	0.05
– Deposits with original maturity for more than 3 months but less than or equal to 12 months.	533.74	354.15	-	1.50
– Deposits with original maturity for more than 12 months	28.05	30.04	0.07	-
	561.79	384.19	0.07	1.55
Amount disclosed under non-current assets (refer note 15.2)	(584.95)	(384.19)	-	-
	-	-	4.30	205.36

1. Includes share application money pending refund of Rs. Nil (March 31, 2013: Rs. 0.05 Crore)
2. A charge has been created over the deposits of Rs. 95.46 Crore (March 31, 2013: Rs. 1.83 Crore) towards DSRA maintained by the Company for loans availed by the Company from banks and financial institutions (refer note 5).
3. A charge has been created over the deposits of Rs. 20.55 Crore (March 31, 2013: Rs. 20.55 Crore) for working capital facility availed by the Company (refer note 9).
4. A charge has been created over the deposits of Rs. 30.00 Crore (March 31, 2013 : Rs. 30.04 Crore) for loan availed by the Company from a bank.
5. A charge has been created over the deposits of Rs. 2.98 Crore (March 31, 2013: Rs. 2.77 Crore) towards DSRA maintained by the Company with a bank for loan availed by GMRHL.
6. A charge has been created over the deposits of Rs. 424.65 Crore (March 31, 2013: Rs. 329.00 Crore) for loan against deposits availed by KSPL.
7. Includes unclaimed dividend of Rs.0.14 Crore (March 31, 2013: Rs. Nil)
8. Includes Rs.11.17 Crore (March 31, 2013: Rs. Nil) towards DSRA maintained by the Company with ICICI.

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19 Revenue from operations

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Sale of services		
EPC:		
Construction revenue	468.67	1,142.17
	468.67	**1,142.17**
Other operating revenue		
Others:		
Income from management and other services	9.90	6.74
Dividend income on current investments (other than trade) (gross) [Rs. 10,732 (March 31, 2013: Rs.7,037)] (refer note 33)	0.00	0.00
Interest income (gross)		
- Bank deposits	48.38	37.46
- Long-term investments (refer note 33)	256.30	218.11
- Current investments	-	0.09
Profit on sale of current investments (others)	3.04	28.22
	317.62	**290.62**
	786.29	**1,432.79**

20 Other income

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Gain on account of foreign exchange fluctuations (net)	0.85	26.27
Provisions no longer required, written back	1.31	0.24
Other non-operating income [net of expenses directly attributable to such income of Rs. Nil (March 31, 2013: Rs. Nil)]	2.61	2.07
	4.77	**28.58**

21 Cost of materials consumed

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Inventory at the beginning of the year	16.06	27.89
Add: Purchases	84.94	277.42
	101.00	**305.31**
Less: inventory at the end of the year	8.92	16.06
Cost of materials consumed	92.08	289.25

Detail of materials consumed

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Steel	17.01	76.43
Bitumen	11.02	29.48
High speed diesel	12.55	34.46
Cement	13.70	43.42
Aggregates	7.31	22.72
Granular	0.71	5.86
Sand	2.03	19.67
Boulders	2.22	14.65
Others	25.53	42.56
	92.08	**289.25**

22 Employee benefit expenses*

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Salaries, wages and bonus	61.17	60.76
Contribution to provident and other funds	5.12	4.93
Gratuity expense (refer note 28) (Rs. (35,293))	0.00	0.95
Staff welfare expenses	3.43	5.83
	69.72	72.47

*Employee benefit expenses are net of Rs. 21.29 Crore (March 31, 2013: Rs. 25.16 Crore) cross charged to certain subsidiaries.

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23 Other expenses**

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Bidding charges	-	0.45
Lease rental and equipment hire charges	14.63	35.04
Rates and taxes	6.15	5.50
Insurance	0.66	0.79
Repairs and maintenance		
Others	2.87	9.15
Advertising and sales promotion	0.31	0.49
Freight	3.45	7.49
Travelling and conveyance	2.82	3.13
Communication costs	0.63	0.67
Printing and stationery	1.53	1.78
Logo Fees (refer note 33)	3.60	4.39
Legal and professional fees	10.00	11.80
Payment to auditors# (refer details below)	2.39	2.25
Directors' sitting fees	0.16	0.13
Adjustments to the carrying amount of current investments	-	0.12
Meetings and seminars	0.07	0.09
Security expenses	2.75	2.82
Donation	0.10	0.18
Loss on sale of fixed assets (net)	-	0.01
Miscellaneous expenses	2.92	1.29
	55.04	**87.57**

** Other expenses are net of Rs. 91.68 Crore (March 31, 2013: Rs. 63.24 Crore) cross charged to certain subsidiaries.

#Payment to auditors [Inclusive of service tax]

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
As auditors:		
Audit fees (including fees for consolidated financial statements of the Company and quarterly limited reviews)	2.16	2.03
Tax audit fees	0.04	0.04
Other services (including certification fees)	0.01	0.03
Reimbursement of expenses	0.18	0.15
	2.39	**2.25**

24 Depreciation and amortisation expenses

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Depreciation of tangible assets	7.68	7.68
Amortisation of intangible assets	0.74	0.63
	8.42	**8.31**

25 Finance costs***

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Interest expense	376.54	361.89
Bank and other finance charges	11.99	8.11
Amortization of ancillary borrowing costs	20.18	4.43
	408.71	**374.43**

*** Finance costs are net of Rs. 0.76 Crore (March 31, 2013: Rs. 0.42 Crore) cross charged to certain subsidiaries.

26 Exceptional items (net)

	March 31, 2014 Rs. in Crore	March 31, 2013 Rs. in Crore
Profit on sale of investment in a subsidiary[1]	13.28	-
Profit on sale of investment in a subsidiary[2]	-	75.83
Profit on sale of investment in a jointly controlled entity[3]	471.21	-
Loss on redeemable preference shares[4]	(131.25)	-
Provision for diminuition in the value of investment in a jointly controlled entity[5]	(1.27)	-
	351.97	75.83
Less: Expenses attributable towards sale of investment in a jointly controlled entity[3]	12.43	-
	339.54	**75.83**

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GMR Infrastructure Limited
Notes to the financial statements for the year ended March 31, 2014

1 During the year ended March 31, 2013, the Company and GMRHL, a subsidiary of the Company had entered into a definitive sale agreement for divestment of 74% shareholding in GJEPL, a subsidiary of the Company to Macquarie SBI Infrastructure Investments Pte. Limited and SBI Macquarie Infrastructure Trustee Limited.
During the year ended March 31, 2014, the above transaction has been completed and the profit of Rs. 13.28 Crore on redemption of preference shares held by the Company has been disclosed as an exceptional item in the financial statements of the Company.

2 During the year ended March 31, 2013, the Company and GMR Infrastructure (Singapore) Pte Limited ('GISPL'), a subsidiary of the Company had sold their shareholding in GMR Energy (Singapore) Pte Limited ('GESPL'). The profit on such sale amounting to Rs. 75.83 Crore had been disclosed as an exceptional item in the financial statements. The Company had provided a guarantee of Singapore Dollar ('SGD') 38.00 Crore towards warranties as specified in the Share Purchase Agreement ('SPA') and other SPA transaction document for a period till September 30, 2014 and in respect of tax claims, if any, the guarantee period is up to March 31, 2018.

3 During the year ended March 31, 2014, the Company along with its subsidiaries has entered into a definitive agreement with Malaysia Airports MSC Sdn Bhd (Buyer) for sale of their 40% equity stake in their jointly controlled entities; ISG and LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi ('LGM') for a sale consideration of Euro 20.90 Crore (net of equity gap adjustment of Euro 1.6 Crore and subject to debt and other working capital adjustments, which are currently under finalisation).The management based on its internal assessment and a legal opinion is of the view that all "Conditions Precedent" were either fulfilled or waived or agreed to be not applicable as at March 31, 2014 except for the buyer to obtain approval from Bank Negara Malaysia which was obtained on April 3, 2014 and subsequently after receipt of the sale consideration, the shares were transferred to the buyer on April 30, 2014 in view of which, the Company has recognized the profit on the sale of its investment in ISG (net of cost incurred towards disposal of Rs. 12.43 Crore) of Rs. 458.78 Crore, which has been disclosed as an exceptional item in the financial statements of the Company for the year ended March 31, 2014.
Further, pursuant to definitive agreement entered with the buyer, the Company along with its subsidiaries has provided a guarantee of Euro 4.50 Crore towards claims, as specified in the definitive agreement for a period till December 2015 and in respect of tax claims, if any, the guarantee period is upto May 2019.

4 Refer note 13 (4)

5 Pursuant to the aforesaid definitive agreement as stated in note 3 above, the Company has provided Rs. 1.27 Crore for the diminution in the value of investment of SGH, a subsidiary of ISG.

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27 Earnings per share (EPS)

Calculation of EPS – (Basic and Diluted)

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Nominal value of equity shares (Re. per share)	1	1
Weighted average number of equity shares outstanding during the year	3,892,432,532	3,892,432,532
Net profit after tax for the purpose of EPS (Rs. in Crore)	165.90	53.45
EPS – Basic and Diluted (Rs.)	0.43	0.14

Notes:

(i) Rs. 2,250 (March 31, 2013: Rs. 2,250) are receivable towards equity shares and for the computation of weighted average number of equity shares outstanding during the year, these have been considered as partly paid-up shares.

(ii) Refer note 3(c) pertaining to the terms / rights attached to CCPS.

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28 Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Statement of profit and loss

Net employee benefit expense (as recognised in the employee cost)

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013
Current service cost	1.03	0.96
Interest cost on defined benefit obligation	0.31	0.27
Expected return on plan assets	(0.23)	(0.25)
Net actuarial (gain) / loss recognised in the year	(1.11)	(0.03)
Net benefit expense (Rs. (35,293))	(0.00)	0.95

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013
Actual return on plan assets	0.26	0.25

Balance sheet

Benefit asset/ liability

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013
Present value of defined benefit obligation	3.78	4.08
Fair value of plan assets	2.43	2.79
Plan asset/ (liability)	(1.35)	(1.29)

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013
Opening defined benefit obligation	4.08	3.20
Interest cost	0.31	0.27
Current service cost	1.03	0.96
Benefits paid	(0.64)	(0.16)
Acquistion Adjustment	0.08	(0.16)
Actuarial (gains)/ losses on obligation	(1.08)	(0.03)
Closing defined benefit obligation	3.78	4.08

Changes in the fair value of plan assets as follows:

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013
Opening fair value of plan assets	2.79	2.69
Expected return	0.23	0.25
Acquistion Adjustment	0.02	-
Contributions by employer	-	0.01
Benefits paid	(0.64)	(0.16)
Actuarial gains / (losses) on plan assets (March 31, 2013: Rs. 10,935)	0.03	0.00
Closing fair value of plan assets	2.43	2.79

The Company expects to contribute Rs. Nil (March 31, 2013: Rs. 0.41 Crore) towards gratuity fund in 2014-2015.

The major categories of plan assets as a percentage of the fair value of total plan assets are as

Particulars	March 31, 2014	March 31, 2013
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:

Particulars	March 31, 2014	March 31, 2013
Discount rate	9.25%	8.10%
Expected rate of return on assets	9.40%	9.40%
Expected rate of salary increase	6.00%	6.00%
Employee turnover	5.00%	5.00%
Mortality rate	Refer Note 4 below	Refer Note 4 below

Notes :

1. Plan assets are fully represented by balance with Life Insurance Corporation of India.
2. The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
3. The estimates of future salary increase in compensation levels, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
4. As per Indian Assured Lives Mortality (2006-08) (modified) Ultimate [March 31, 2013- Indian Assured Lives Mortality (2006-08) (modified) Ultimate.]

Amounts for the current and previous four years are as follows:

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	3.78	4.08	3.20	3.19	2.22
Plan assets	2.43	2.79	2.69	2.53	2.22
Surplus/ (deficit)	(1.35)	(1.29)	(0.51)	(0.66)	-
Experience (gain) / loss on plan liabilities	(1.08)	(0.03)	(0.86)	(0.02)	(0.01)
Experience gain / (loss) on plan assets	0.03	0.00	-	0.03	0.06

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29 Leases

Office premises and equipments taken by the Company are obtained on operating lease. The Company entered into certain cancellable operating lease arrangements and certain non-cancellable operating lease arrangements towards office premises. The equipments are taken on hire on need basis. There are no escalation clauses in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. The lease rentals charged during the year and maximum obligation on the long term non-cancellable operating leases as per the lease agreement are as follows:

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013
Lease rentals under cancellable leases and non-cancellable leases [net of Rs. 13.81 Crore (March 31, 2013: Rs. 4.96 Crore) cross charged to certain subsidiaries]	14.63	35.04
Obligations on non-cancellable leases:		
Not later than one year	2.26	1.40
Later than one year and not later than five years	0.08	-
Later than five years	-	-

30 The Company has an investment of Rs. 357.35 Crore (March 31, 2013: Rs. 341.56 Crore) [including loans of Rs. 117.76 Crore (March 31, 2013: Rs. 104.97 Crore), share application money pending allotment of Rs.Nil (March 31, 2013: Rs. 20.00 Crore) and investment in equity/ preference shares of Rs. 239.59 Crore (March 31, 2013: Rs. 216.59 Crore) made by the Company and its subsidiaries] in GACEPL as at March 31, 2014. GACEPL has been incurring losses since the commencement of commercial operations. The management believes that these losses are primarily attributable to loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the year ended March 31, 2014. Based on internal assessment and a legal opinion obtained by the management, the management of GACEPL is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly, the investment in GACEPL has been carried at cost and no provision for diminution in the value of investments has been made in the financial statements of the Company as at March 31, 2014.

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31 Information on Jointly controlled entity as per Accounting Standard-27

The Company directly holds Nil (March 31, 2013: 27.55%) of the equity shares of ISG and Nil (March 31, 2013: 12.45%) of the equity shares of ISG through its subsidiary company. ISG is incorporated in Turkey and is involved in development and operation of airport infrastructure.

The Company's ownership and voting power of ISG along with its share in the assets, liabilities, income, expenses, contingent liabilities and commitments are as follows:

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013
(1) Share in ownership and voting power of the Company (note 1)	-	27.55%
(2) Country of incorporation	Turkey	Turkey
(3) Contingent liabilities - Company has incurred in relation to jointly controlled entity	950.83	1,842.12
(4) Company's share of contingent liabilities of jointly controlled entity	-	-
(5) Company's share of capital commitments of the jointly controlled entity	-	-
(6) Aggregate amount of Company's share in each of the following:	-	
(a) Current assets	-	238.33
(b) Non current assets	-	736.21
(c) Current liabilities	-	165.07
(d) Non current liabilities	-	767.84
Equity (a+b-c-d)	**-**	**41.63**
(e) Income		
1. Revenue	462.25	524.43
2. Other income	2.03	1.07
(i) Total revenue	**464.28**	**525.50**
(f) Expenses		
1. Purchase of traded goods	117.49	276.25
2. Increase/ (decrease) in traded goods	(0.72)	9.70
3. Employee benefit expense	24.32	20.52
4. Other expenses	112.63	92.23
5. Utilisation fees	128.23	90.14
6.Depreciation and amortisation expenses	48.43	41.10
7. Finance costs	82.28	80.51
(ii) Total expenses	**512.66**	**610.45**
(g) Loss before tax [(i)-(ii)]	**(48.38)**	**(84.95)**
8. Income tax expenses	-	-
(h) Loss after tax	**(48.38)**	**(84.95)**

Note:
1 Refer Note 26 (3)
2 Disclosure of financial data as per Accounting Standard – 27 'Financial Reporting of Interest in the Joint Venture' has been done based on the audited financial statements of ISG for the year ended March 31, 2014.

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32 Segment information

The segment information of the Company has been prepared in accordance with Accounting Standard 17 on Segment Reporting notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The primary segment reporting format is determined to be business segment as the Company's risk and rates of return are affected predominantly by difference in the services provided. Secondary information is reported geographically.

The business segments of the Company comprise of the following:

Segment	Description of Activity
EPC	Handling of engineering, procurement and construction activities in Infrastructure Sector.
Others	Investment activity and corporate support to various infrastructure SPVs.

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GMR Infrastructure Limited

GMR Infrastructure Limited
Notes to the financial statements for the year ended March 31, 2014

Business segment

(Rs. in Crore)

Particulars	EPC		Others		Unallocated		Inter Segment		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Revenue										
Revenue	468.67	1,142.17	317.62	290.62	-	-	-	-	786.29	1,432.79
Inter segment revenue	-	-	-	-	-	-	-	-	-	-
Segment Revenue	**468.67**	**1,142.17**	**317.62**	**290.62**	-	-	-	-	**786.29**	**1,432.79**
Other income	1.56	1.29	3.21	27.29	-	-	-	-	4.77	28.58
Total income	**470.23**	**1,143.46**	**320.83**	**317.91**	-	-	-	-	**791.06**	**1,461.37**
									-	-
Expenses										
Cost of materials consumed	92.08	289.25	-	-	-	-	-	-	92.08	289.25
Subcontracting expenses	308.55	622.72	-	-	-	-	-	-	308.55	622.72
Employee benefit expenses	57.03	68.15	12.69	4.32	-	-	-	-	69.72	72.47
Other expenses	36.58	71.49	18.46	16.08	-	-	-	-	55.04	87.57
Depreciation and amortisation expenses	6.44	6.54	1.98	1.77	-	-	-	-	8.42	8.31
Segment result	**(30.45)**	**85.31**	**287.70**	**295.74**	-	-	-	-	**257.25**	**381.05**
Finance costs	-	-	-	-	408.71	374.43	-	-	408.71	374.43
Exceptional items (refer note 26)					-	-			-	-
Profit on sale of investment in a subsidiary			13.28	75.83					13.28	75.83
Profit on sale of investment in a jointly controlled entity			458.78	-					458.78	-
Loss on redeemable preference shares			(131.25)	-					(131.25)	-
Provision for diminuition in the value of investment in a jointly controlled entity			(1.27)	-					(1.27)	-
Profit/ (Loss) before tax	**(30.45)**	**85.31**	**627.24**	**371.57**	-	-	-	-	**188.08**	**82.45**
Tax expenses									-	-
Curent tax	-	-	-	-	51.18	45.54	-	-	51.18	45.54
Less: MAT credit entitlement	-	-	-	-	(45.20)	-	-	-	(45.20)	-
Charge/ (reversal) of current tax of earlier years	-	-	-	-	-	(4.71)	-	-	-	(4.71)
MAT credit written off					-	10.39			-	10.39
Deferred tax charge / (credit)	-	-	-	-	16.20	(22.22)	-	-	16.20	(22.22)
Profit after tax	**(30.45)**	**85.31**	**627.24**	**371.57**	-	-	-	-	**165.90**	**53.45**
Other information									-	-
Segment assets	597.36	720.40	13,404.60	11,169.75	319.95	259.99	-	-	14,321.91	12,150.14
Segment liabilities	362.79	487.12	207.56	50.67	5,350.91	4,426.62	-	-	5,921.26	4,964.41
Capital expenditure	0.45	8.80	1.95	2.00	-	-	-	-	2.40	10.80
Depreciation and amortisation expenses	6.44	6.54	1.98	1.77	-	-	-	-	8.42	8.31
Other non-cash expenses	-	-	132.52	0.12	-	-	-	-	132.52	0.12

Geographical segment

The following table represents revenue and certain assets information regarding the Company's geographical segment:

(Rs. in Crore)

Particulars	Segment revenue (including exceptional income)		Segment assets		Capital expenditure	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
India	657.15	1,416.12	12,038.01	10,196.91	2.40	10.79
Outside India	468.68	92.50	2,283.90	1,953.23	-	-

33 Related parties

a) Names of related parties and description of relationship:

Description of relationship	Name of the related parties
Holding Company	GMR Holdings Private Limited (GHPL)
Subsidiary Companies	GMR Renewable Energy Limited (GREEL) GMR Energy Limited (GEL) GMR Power Corporation Limited (GPCL) GMR Vemagiri Power Generation Limited (GVPGL) GMR Energy Trading Limited (GETL) GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL) Badrinath Hydro Power Generation Private Limited (BHPL)[1] GMR Mining and Energy Private Limited (GMEL) GMR Kamalanga Energy Limited (GKEL) GMR Consulting Services Private Limited (GCSPL) GMR Rajahmundry Energy Limited (GREL) SJK Powergen Limited (SJK) GMR Coastal Energy Private Limited (GCEPL) GMR Bajoli Holi Hydropower Private Limited (GBHHPL) GMR Chhattisgarh Energy Limited (GCHEPL) GMR Londa Hydropower Private Limited (GLHPPL) GMR Kakinada Energy Private Limited (GKEPL) EMCO Energy Limited (EMCO) Delhi International Airport Private Limited (DIAL) Delhi Aerotropolis Private Limited (DAPL) GMR Hyderabad International Airport Limited (GHIAL) Hyderabad Menzies Air Cargo Private Limited (HMACPL) Hyderabad Airport Security Services Limited (HASSL) GMR Hyderabad Airport Resource Management Limited (GHARML) GMR Hyderabad Aerotropolis Limited (HAPL) GMR Hyderabad Aviation SEZ Limited (GHASL) GMR Hyderabad Multiproduct SEZ Limited (GHMSL) GMR Hotels and Resorts Limited (GHRL) Gateways for India Airports Private Limited (GFIAL) GMR Highways Limited (GMRHL) GMR Tuni Anakapalli Expressways Limited (GTAEPL) (Formerly known as GMR Tuni Anakapalli Expressways Private Limited) GMR Highways Projects Private Limited (GHPPL) GMR Tambaram Tindivanam Expressways Limited (GTTEPL) (Formerly known as GMR Tambaram Tindivanam Expressways Private Limited) GMR Ambala Chandigarh Expressways Private Limited (GACEPL) GMR Pochanpalli Expressways Limited (GPEPL) GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL) GMR Chennai Outer Ring Road Private Limited (GCORRPL) GMR OSE Hungund Hospet Highways Private Limited (GOSEHHHPL) GMR Kishangarh Udaipur Ahmedabad Expressways Limited (GKUAEL) GMR Krishnagiri SEZ Limited (GKSEZ) Advika Properties Private Limited (APPL) Aklima Properties Private Limited (AKPPL) Amartya Properties Private Limited (AMPPL) Baruni Properties Private Limited (BPPL) Camelia Properties Private Limited (CPPL) Eila Properties Private Limited (EPPL) Gerbera Properties Private Limited (GPL) Lakshmi Priya Properties Private Limited (LPPPL) Honeysuckle Properties Private Limited (HPPL) Idika Properties Private Limited (IPPL) Krishnapriya Properties Private Limited (KPPL) Nadira Properties Private Limited (NPPL) Prakalpa Properties Private Limited (PPPL) Purnachandra Properties Private Limited (PUPPL) Shreyadita Properties Private Limited (SPPL) Sreepa Properties Private Limited (SRPPL) Bougainvillea Properties Private Limited (BOPPL) Honeyflower Estates Private Limited (HFEPL)[7] Namitha Real Estate Private Limited (NREPL)[7] GMR Gujarat Solar Power Private Limited (GGSPPL) GMR Airports Limited (GAL) GMR Corporate Affairs Private Limited (GCAPL) GMR SEZ & Port Holdings Private Limited (GSPHPL) GMR Aviation Private Limited (GAPL) GMR Business Process and Services Private Limited (GBPSPL) Dhruvi Securities Private Limited (DSPL)

33 Related parties

a) Names of related parties and description of relationship:

Description of relationship	Name of the related parties
	Himtal Hydro Power Company Private Limited (HHPPL)
	GMR Upper Karnali Hydro Power Limited (GUKPL)
	GMR Energy (Mauritius) Limited (GEML)
	GMR Lion Energy Limited (GLEL)
	GMR Energy (Cyprus) Limited (GECL)
	GMR Energy (Netherlands) BV (GENBV)
	PT Unsoco (PT)
	PT Dwikarya Sejati Utma (PTDSU)
	PT Duta Sarana Internusa (PTDSI)
	PT Barasentosa Lestari (PTBSL)
	GMR Infrastructure (Mauritius) Limited (GIML)
	GMR Infrastructure (Cyprus) Limited (GICL)
	GMR Infrastructure Overseas (Malta) Limited (GIOSL) (Formerly known as GMR Infrastructure Overseas Sociedad Limitada)
	GMR Infrastructure (UK) Limited (GIUL)
	GMR Airports (Malta) Limited (GMRAML)
	GMR Infrastructure (Global) Limited (GIGL)
	GMR Infrastructure (Singapore) Pte Limited (GISPL)
	GMR Energy (Global) Limited (GEGL)
	GMR Energy (Singapore) Pte Limited (GESPL)[1]
	GMR Supply Singapore Pte Limited (GSSPL)[1]
	Homeland Energy Group limited (HEGL)
	Homeland Energy Corporation (HEC)
	Homeland Mining & Energy SA (Pty) Limited (HMES)
	Homeland Energy (Swaziland) Pty Limited (HESW)[1]
	Homeland Mining & Energy (Botswana) (Pty) Limited (HMEB)[1]
	Homeland Coal Mining (Pty) Limited (HCM)
	Ferret Coal Holdings (Pty) Limited (FCH)[1]
	Wizard Investments (Pty) Limited (WIL)[1]
	Ferret Coal (Kendal) (Pty) Limited (FCK)
	Manoka Mining (Pty) Limited (MMPL)[1]
	Corpclo 331 (Pty) Limited (CPL)
	GMR Maharashtra Energy Limited (GMAEL)
	GMR Bundelkhand Energy Private Limited (GBEPL)
	GMR Uttar Pradesh Energy Private Limited (GUPEPL)
	GMR Hosur Energy Limited (GHOEL)
	Karnali Transmission Company Private Limited (KTCPL)
	Marsyangdi Transmission Company Private Limited (MTCPL)
	GMR Indo-Nepal Energy Links Limited (GINELL)
	GMR Indo-Nepal Power Corridors Limited (GINPCL)
	Aravali Transmission Service Company Limited (ATSCL)
	Maru Transmission Service Company Limited (MTSCL)
	GMR Energy Projects (Mauritius) Limited (GEPML)
	Hyderabad Duty Free Retail Limited (HDFRL)
	GMR Airport Developers Limited (GADL)
	GADL International Limited (GADLIL)
	GADL (Mauritius) Limited (GADLML)
	Deepesh Properties Private Limited (DPPL)
	Larkspur Properties Private Limited (LAPPL)
	Padmapriya Properties Private Limited (PAPPL)
	Radha Priya Properties Private Limited (RPPL)
	Pranesh Properties Private Limited (PRPPL)
	Kakinada SEZ Private Limited (KSPL)
	GMR Power Infra Limited (GPIL)
	GMR Male International Airport Private Limited (GMIAL)
	GMR Male Retail Private Limited (GMRPL)
	GMR Coal Resources Pte Limited (GCRPL)
	GMR Airport Handling Services Company Limited (GAHSCL)
	GMR Airport Global Limited (GAGL)
	GMR Hosur Industrial City Private Limited (GHICL) (Formerly known as Lantana Properties Private Limited (LPPL))[2]
	Asteria Real Estate Properties Private Limited (AREPL)[2]
	GMR Infrastructure Overseas Limited (GIOL)
	GMR Hosur EMC Private Limited(GHEMCPL)[6]
	GMR Airports (Mauritius) Limited (GALM)[6]
	Delhi Duty Free Services Private Limited (DDFS) [10]
	GMR Hyderabad Airport Power Distribution Limited (GHAPDL)[2]

33 Related parties

a) Names of related parties and description of relationship:

Description of relationship	Name of the related parties
Enterprises where significant influence exists	Istanbul Sabiha Gokcen Uluslararasi Havalimani Yer Hizmetleri Anonim Sirketi (SGH) [5]
	Rampia Coal Mine and Energy Private Limited (RCMEPL)
	MAS GMR Aerospace Engineering Company Private Limited (MGAECL)
	TVS GMR Aviation Logistics Limited (TVS GMR)[5]
	Limak GMR Construction JV (CJV)
	Celebi Delhi Cargo Terminal Management India Private Limited (CDCTM)
	Delhi Cargo Service Centre Private Limited (DCSCPL)
	Delhi Aviation Services Private Limited (DASPL)
	Travel Food Services (Delhi Terminal 3) Private Limited (TFS)
	Devyani Food Street Private Limited (DFSPL)
	Delhi Select Services Hospitality Private Limited (DSSHPL)
	Wipro Airport IT Services Limited (WAISL)
	TIM Delhi Airport Advertisment Private Limited (TIM)
	LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi (LGM)
	Delhi Airport Parking Services Private Limited (DAPSL)
	MAS GMR Aero Technic Limited (MGATL)
	Tshedza Mining Resource (Pty) Limited (TMR)[5]
	Nhalalala Mining (Pty) Ltd (NML)
	PT Golden Energy Mines Tbk (PTGEMS)
	PT Tanjung Belit Bara Utama (TBBU)
	PT Roundhill Capital Indonesia (RCI)
	PT Kuansing Inti Makmur (KIM)
	PT Trisula Kencana Sakti (TKS)
	PT Manggala Alam Lestari (MAL) [4]
	PT Borneo Indobara (BIB)
	PT Karya Cemerlang Persada (KCP)
	PT Bungo Bara Utama (BBU)
	PT Bara Harmonis Batang Asam (BHBA)
	PT Berkat Nusantara Permai (BNP)
	PT Nusa Indah Permai (NIP) [4]
	PT Bumi Anugerah Semesta (BAS) [9]
	GEMS Trading Resources Pte Limited (GEMSCR) [3] (Formerly known as GEMS Coal Resources Pte Limited)
	Delhi Aviation Fuel Facility Private Limited (DAFF)
	Laqshya Hyderabad Airport Media Private Limited (Laqshya)
	GMR Jadcherla Expressways Limited (GJEPL)[8]
	GMR Ulundurpet Expressways Private Limited (GUEPL) [8]
	GMR Trading Resources Pte. Limited (GEMSCR)
	Asia Pacific Flight Training Academy Limited (APFT)
	East Delhi Waste Processing Company Private Limited (EDWPCPL) [8]
Enterprises where key managerial personnel or their relatives exercise significant influence (Where transactions have taken place)	Welfare Trust of GMR Infra Employees (GWT)
	GMR Varalaxmi Foundation (GVF)
	GMR Family Fund Trust (GFFT)
	GMR Infra Ventures LLP (GIVLLP)
	GMR Enterprises Private Limited (GEPL)
	Grandhi Enterprises Private Limited (GREPL)
Jointly controlled enity	Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi (ISG)[11]
Fellow Subsidiaries (Where transactions have taken place)	Raxa Security Services Limited (RSSL)
	GMR Projects Private Limited (GPPL)
	GMR Hebbal Towers Private Limited (GHTPL)
	GMR Bannerghatta Properties Private Limited (GBPPL)
	GMR Sports Private Limited (GSPL)
	GMR Holding Malta Limited (GHML)
	Ravi Verma Realty Private Limited (RRPL)
	GEOKNO India Private Limited (GEOKNO)
Key management personnel and their relatives	Mr. G.M. Rao (Executive Chairman)
	Mrs. G Varalakshmi (Relative)
	Mr. G.B.S. Raju (Director)
	Mr. Grandhi Kiran Kumar (Managing director w.e.f July 28, 2013)
	Mr. O.B. Raju (Director)
	Mr. Srinivas Bommidala (Director)
	Mr. B.V. Nageswara Rao (Managing Director) (Resigned w.e.f July 28, 2013)

1. Ceased to be a subsidiary during the previous year.
2. Became subsidiaries during the previous year.
3. Subsidiary of PTGEMS incorporated during the previous year.
4. Ceased to be a subsidiary of PTGEMS during the previous year.
5. Ceased to be an enterprise where significant influence exists during the year ended March 31, 2014.
6. Subsidiaries incorporated during the year ended March 31, 2014.
7. Subsidiaries acquired during the year ended March 31, 2014.
8. Ceased to be a subsidiary during the year ended March 31, 2014 and is now an enterprise where significant influence exists.
9. Subsidiary of PTGEMS incorporated during the year ended March 31, 2014.
10. Ceased to be a jointly controlled entity and became a subsidiary during the year ended March 31, 2014.
11. Ceased to be a jointly controlled entity during the year ended March 31, 2014. (Refer note 26(3))

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33. Summary of transactions with above related parties are as follows:

Nature of Transaction	March 31, 2014 (Rs. in Crore)	March 31, 2013 (Rs. in Crore)
i) Interest Income - Gross		
Subsidiary Companies		
- GEL	79.67	110.50
- GMRHL	34.96	9.57
- DSPL	44.07	43.51
- GIML	-	5.93
- GPIL	0.38	0.39
- GBPSPL	0.69	0.50
- GKSEZ	25.73	19.82
- GAPL	19.72	16.47
- GSPHPL	3.54	1.94
- GHVEPL	-	0.01
- SJK	-	0.02
- GBHHPL	0.75	2.58
- GTAEPL	0.13	0.03
- GTTEPL	0.29	0.06
- KSPL	36.30	0.49
- DPPL Rs. 29,721 (March 31, 2013 : Rs. 84,466)	0.00	0.01
- PAPPL Rs. 73,562 (March 31, 2013 : Rs. 110,507)	0.01	0.01
- GCAPL	2.10	2.10
- GBHPL	3.74	-
- CPPL	2.07	-
- GPL	2.15	-
Jointly controlled entity		
- ISG	-	4.17
ii) Construction revenue		
Subsidiary Companies		
- EMCO	18.29	73.20
- GMRHL	7.31	
- GTTEPL	25.35	-
- GKEL	43.56	29.75
Enterprises where significant influence exists		
- GUEPL	3.57	
iii) Income from management and other services		
Subsidiary Company		
- GIML	9.90	6.58
iv) Dividend income on current investments		
Subsidiary Company		
- GAL Rs. 10,732 (March 31, 2013: Rs 7,037)	0.00	0.00
v) Subcontracting expenses		
Subsidiary Companies		
- GCSPL	-	0.14
- GEL	-	0.56
- GHIAL (Rs. 10,860)	0.00	0.02
Enterprises where key managerial personnel or their relatives exercise significant influence		
- GFFT	-	0.16
Fellow subsidiaries		
- RSSL	1.34	1.44
- GPPL	-	0.13
vi) Finance costs		
Subsidiary Companies		
- GAL	8.99	2.05
- GAPL	0.11	-
- GADL (including the unammortised portion of ancillary cost of arranging the borrowings)	16.33	0.09
Fellow subsidiary		
- GPPL	-	1.08
vii) Legal and professional fees		
Subsidiary Companies		
- GCSPL	-	0.14
- GKSEZ	0.26	-
- GCAPL	26.85	21.28
- GAL	0.52	
- GBPSPL	2.60	6.26
Fellow subsidiary		
- RSSL Rs. 21,463 (March 31, 2013: Rs 22,000)	0.00	0.00
viii) Lease rental and equipment hire charges		
Subsidiary Companies		
- GHIAL	0.28	0.35
- HFEPL	0.29	-
- GCAPL	1.39	2.12
Enterprises where key managerial personnel or their relatives exercise significant influence		
- GFFT	8.62	-
ix) Security expenses		
Subsidiary Company		
- GHIAL Rs. 46,510(March 31,2013: Rs 1,75,001)	0.00	0.02
Fellow subsidiary		
- RSSL	2.66	1.38

GMR INFRASTRUCTURE LIMITED

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33. Summary of transactions with above related parties are as follows:

Nature of Transaction	March 31, 2014 (Rs. in Crore)	March 31, 2013 (Rs. in Crore)
x) Travelling and conveyance		
Subsidiary Companies		
- GHIAL (March 31,2013: Rs.10,860)	0.03	0.00
- GHVEPL (March 31,2013: Rs.51,931)	-	0.00
- DIAL Rs. 45,655 (March 31,2013: Rs.Nil)	0.00	-
- GAPL	2.12	0.51
- GKSEZ (March 31, 2013: Rs. 55,216)	-	0.01
- GISPL (March 31, 2013: Rs. 20,580)	-	0.00
Fellow subsidiary		
- GPPL Rs. 104,330 (March 31, 2013: Rs. 3,530)	0.01	0.00
xi) Repairs and maintenance		
Subsidiary Companies		
- GCAPL	1.27	1.14
- GHIAL Rs.2,239 (March 31, 2013: Rs. 85,762)	0.00	0.01
Fellow subsidiaries		
- GPPL (March 31, 2013:Rs. 10,967)	-	0.00
- RSSL	-	0.10
xii) Advertisement and sales promotion		
Subsidiary Companies		
- GHRL Rs. 4,385 (March 2013: Rs.Nil)	0.00	-
- GAL Rs. 11,236 (March 2013: Rs.Nil)	0.00	-
xiii) Rates & Taxes		
Subsidiary Company		
- GAL (March 2014: Rs. 50,000)	0.01	-
xiv) Communication Costs		
Subsidiary Company		
- GHIAL (March 2014: Rs. 60,812)	0.01	0.03
Fellow Subsidiaries		
- GPPL (March 31, 2013: Rs. 1,500)	-	0.00
xv) Miscelleneous Expenses		
Fellow Subsidiaries		
- GSPL	-	0.54
- RSSL	-	0.08
xvi) Expenses incurred by GIL on behalf of others- Cross charges		
a) Cross charges during the year		
Subsidiary Companies		
- GMIAL	-	1.12
- ATSCL	0.36	-
- MTSCL	0.53	-
- EMCO	9.95	18.11
- GCHEPL	19.39	10.33
- GREL	-	4.54
- GKUAEL	0.29	6.36
- GGSPPL	3.90	0.81
- DIAL	24.87	46.48
- GCORRPL	2.88	-
- GEL	1.66	1.52
- GETL	-	-
- GHIAL	8.50	13.82
- GKSEZ	0.92	0.66
- KSPL	2.74	1.95
- GPCL	5.36	0.33
- GSPHPL	0.35	0.22
- GTTEPL	1.11	1.06
- GACEPL	-	0.19
- GAPL	0.65	0.86
- GMRHL	6.06	3.38
- GHVEPL	4.60	2.52
- GTAEPL	1.03	0.97
- GVPGL	1.92	1.78
- GKEL (March 31, 2013: Rs. 27,271)	16.27	0.00
Fellow subsidiary		
- RSSL	-	0.18
Enterprises where significant influence exists		
- GUEPL	0.39	2.16
- GJEPL	-	0.62
b) Cross charges of earlier year reversed during the year		
Subsidiary Companies		
- EMCO	-	10.39
- GCHEPL	-	7.52
- GREL	-	13.24
xvii) Logo fee		
Holding Company		
- GHPL	3.60	4.39

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33. Summary of transactions with above related parties are as follows:

Nature of Transaction	March 31, 2014 (Rs. in Crore)	March 31, 2013 (Rs. in Crore)
xviii) Security deposit given		
Subsidiary Companies		
- GHIAL	0.03	-
- HFEPL	0.48	-
Fellow subsidiary		
- GPPL	0.02	-
xix) Security deposit refunded		
Subsidiary Company		
- GCAPL	1.76	-
Fellow subsidiary		
- RSSL	0.15	-
xx) Purchase of fixed assets		
Fellow subsidiary		
- GPPL	-	-
xxi) Investment in equity shares of		
a) Share application money alloted		
Subsidiary Companies		
- GETL	-	8.10
- DSPL	-	160.00
- GKUAEL	-	5.00
xxii) Investment in preference shares of		
a) Share application money alloted		
Subsidiary Companies		
- GKUAEL	-	1.95
- GEL	-	225.00
- GHVEPL	4.70	72.54
- GMRHL	-	80.00
b) Allotment of preference shares		
Subsidiary Company		
- GREEL (Refer note 13(4))	2,613.01	-
xxiii) Investment in debentures		
a) Debenture application money alloted		
Subsidiary Companies		
- GKSEZ	37.25	24.40
- GEL	-	650.00
- GSPHPL	16.06	15.85
xxiv) Redemption of preference shares of		
Subsidiary Companies		
- DSPL	-	800.00
Enterprises where significant influence exists		
- GUEPL	20.02	-
- GJEPL	53.10	-
xxv) Redemption of debentures of		
Subsidiary Companies		
- GEL	10.00	11.63
- GKSEZ	123.20	-
- DPPL	1.50	7.00
- GSPHPL	17.00	-
- GAPL	87.00	-
- PAPPL	7.50	4.80
xxvi) Sale of investments		
Subsidiary Companies		
- GAL	244.99	-
- GREEL (Refer note 13(4))	495.60	-
- GTTEPL	-	47.98
- GTAEPL	-	32.02
- GMRHL	-	183.65
xxvii) Preference shares converted into equity shares		
Subsidiary Company		
- GEL (net of loss on waiver of premium on redeemable preference shares of Rs. 131.25 Crore)	495.60	-
xxviii) Provision for diminution in value of investments		
Enterprise where significant influence exists		
- SGH	1.27	-
xxix) Equity share application money invested in		
Subsidiary Companies		
- GETL	-	8.10
- GKUAEL	-	5.00
- DSPL	-	160.00
xxx) Preference share application money invested in		
Subsidiary Companies		
- GEL	-	225.00
- GHVEPL	-	77.24
- GKUAEL	-	1.95
- GMRHL	-	80.00
xxxi) Debenture application money invested in		
Subsidiary Companies		
- GSPHPL	16.06	15.85
- GKSEZ	40.50	24.40

GMR INFRASTRUCTURE LIMITED

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33. Summary of transactions with above related parties are as follows:

Nature of Transaction	March 31, 2014 (Rs. in Crore)	March 31, 2013 (Rs. in Crore)
xxxii) Refund of debenture application money received		
Subsidiary Companies		
- GKSEZ	3.25	-
xxxiii) Loans given		
Subsidiary Companies		
- GAPL	10.00	16.75
- GEL	1,346.62	931.59
- GMRHL	799.81	719.23
- DSPL	582.33	1,109.75
- GBPSPL	1.40	5.84
- GBHHPL	-	43.00
- GOSEHHHPL	0.66	20.00
- GTAEPL	-	3.00
- GTTEPL	-	7.00
- KSPL	37.00	258.00
- SJK	-	51.00
- GKSEZ	150.00	-
- GSPHPL	46.62	-
- GBHPL	50.00	-
- GPL	26.03	-
- CPPL	25.00	-
- GHVEPL	6.00	60.46
- GCORRPL	2.00	-
Fellow subsidiary		
- GPPL	-	-
xxxiv) Loans converted into equity shares		
Subsidiary Company		
- GEL	1,476.46	-
Jointly controlled entity		
- ISG	-	67.86
xxxv) a) Loans repaid by		
Subsidiary Companies		
- GIML	-	360.71
- GAPL	37.63	-
- DIAL	-	-
- GBPSPL	1.67	2.45
- GTAEPL	3.00	-
- GKSEZ	146.00	-
- KSPL	54.00	-
- GBHHPL	43.00	-
- GTTEPL	7.00	-
- GBHPL	50.00	-
- GHVEPL	66.46	-
- GOSEHHHPL	20.66	-
- GMRHL	734.84	46.80
- DSPL	322.49	775.20
- GKUAEL	-	197.50
- SJK	-	51.00
- GCORRPL	2.00	-
- GEL	559.61	696.13
b) Purchase of Preference shares of GREEL adjusted against loan given and interest accrued thereon		
Subsidiary Company		
- DSPL	610.55	-
xxxvi) Loans received from		
Subsidiary Companies		
- GADL	94.36	-
- GAPL	11.00	-
- GAL	-	150.00
Fellow subsidiary		
- GPPL	-	92.80
xxxvii) Loans repaid to		
Subsidiary Companies		
- GAL	82.00	-
- GADL	2.35	7.00
Fellow subsidiary		
- GPPL	-	187.80
xxxviii) Redemption of debentures		
Subsidiary Company		
- GAL	250.00	-
xxxix) Advance repaid to customers		
Fellow subsidiary		
- GPPL	17.00	-

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33. Summary of transactions with above related parties are as follows:

Nature of Transaction	March 31, 2014 (Rs. in Crore)	March 31, 2013 (Rs. in Crore)
xxxx) Corporate Guarantees/ Comfort Letters given on behalf of		
Subsidiary Companies		
- GMRHL	200.00	-
- GEL	30.00	800.00
- GETL	60.00	-
- GHIAL	-	292.00
- KSPL	-	250.00
- GCHEPL	1,768.15	-
- GISPL	-	1,705.20
- GIML	-	849.40
- GAL	500.00	-
- DIAL	115.33	2,518.08
- GMRHL	-	625.00
- GVPGL	-	50.00
- GADL	100.00	-
- GGSPPL	-	25.00
- GTAEPL	-	45.00
- GAPL	15.00	-
- GPCL	275.00	-
- GBHPL	1,545.00	-
- GTTEPL	-	105.00
- PTBSL	286.12	-
Jointly controlled entity		
- ISG	234.82	-
xxxxi) Bank Guarantees given on behalf of		
Subsidiary Companies		
- GKSEZ	45.66	-
- GMRHL	10.00	-
- GPCL	85.00	-
Fellow subsidiary		
- GEOKNO	8.77	-
xxxxii) Corporate Guarantees/ Comfort Letters extinguished on behalf of		
Subsidiary Companies		
- KSPL	-	215.00
- GMRHL	200.00	375.00
- GIML	54.80	40.73
- GADL	-	379.24
- GESPL	-	1,030.60
- GISPL	2,211.28	289.41
- DIAL	-	4,694.08
- GHIAL	-	350.00
- GVPGL	-	-
- GMIAL	150.70	-
- HEGL	164.40	-
- GVPGL	100.00	-
Jointly controlled entity		
- ISG	1,240.29	-
xxxxiii) Managerial remuneration to		
Key management personnel and their relatives		
- Mr. G.M.Rao	8.14	3.94
- Mr. G.Kiran Kumar	2.48	-
xxxxiv) Proposed final equity dividend		
Holding Company		
- GHPL	27.36	27.36
Enterprises where key managerial personnel or their relatives exercise significant influence		
- GIVLLP	0.31	0.30
- GEPL	0.17	0.17
- GWT	0.18	0.18
Key management personnel and their relatives	0.06	0.05
xxxxv) Outstanding balances as at the year end		
a) Loans receivable – Non-Current		
Subsidiary Companies		
- GEL	1,095.00	1,644.96
- DSPL	-	144.50
- GHVEPL	-	60.46
- GPIL	-	3.80
- KSPL	241.00	258.00
- GMRHL	775.90	615.43
- GTAEPL	-	3.00
- GTTEPL	-	7.00
- GBPSPL	5.37	5.64
- GBHPL	-	-
- GSPHPL	46.62	-
- GKSEZ	4.00	-
Enterprises where key managerial personnel or their relatives exercise significant influence		
- GWT	115.00	115.00

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33. Summary of transactions with above related parties are as follows:

Nature of Transaction	March 31, 2014 (Rs. in Crore)	March 31, 2013 (Rs. in Crore)
b) Loans receivable – Current		
Subsidiary Companies		
- GEL	-	139.50
- GAPL	-	27.63
- GMRHL	-	95.50
- DSPL	27.00	190.05
- GPL	26.03	-
- CPPL	25.00	-
- GBHHPL	-	43.00
- GOSEHHHPL	-	20.00
- GPIL	3.80	-
c) Loans payables – Current		
Subsidiary Companies		
- GAL	68.00	400.00
- GAPL	11.00	-
- GADL	4.60	-
d) Loans payables – Non Current		
Subsidiary Companies		
- GADL	87.40	-
e) Investment in share application money		
Subsidiary Company		
- GHVEPL	-	4.70
f) Trade receivables- Current		
Subsidiary Companies		
- EMCO	41.93	55.06
- GKEL	0.01	-
- GMRHL	1.40	-
- GCSPL (Rs. 797)	0.00	
- GKSEZ (Rs. 9,317)	0.00	
- GPEPL	0.01	-
- DIAL (Rs. 10,407)	0.00	
- GACEPL	0.01	-
- GIML	-	6.58
g) Trade receivables- Non Current		
Subsidiary Companies		
- GMRHL	0.44	-
- GKEL	-	-
h) Unbilled revenue - Non Current		
Subsidiary Companies		
- EMCO	3.60	34.99
- GMRHL	0.13	-
- GKEL	1.02	23.59
i) Unbilled revenue - Current		
Subsidiary Companies		
- EMCO	15.86	-
- GMRHL	2.47	-
- GKEL	19.35	-
j) Unearned revenue -Current		
- GMRHL	7.20	-
k) Accrued interest on loan receivables		
Subsidiary Companies		
- GEL	-	51.64
- GIML	-	46.42
- GMRHL	43.01	9.04
- GAPL	-	2.77
- DSPL	-	40.59
- GHVEPL(March 31, 2013: Rs. 47,432)	-	0.00
- GBHHPL	-	2.32
- GTAEPL	0.14	0.02
- GTTEPL	0.32	0.05
- KSPL	35.84	0.45
- GKSEZ	0.05	-
- GBPSPL	0.67	-
- GSPHPL	0.08	-
- GCAPL	-	-
- DPPL	-	-
- PPPL	-	-
- GPL	-	-
- CPPL	-	-
- GBHPL	3.60	
Jointly controlled entity		
- ISG (March 31, 2013: Rs. 9,093)	-	0.00
l) Accrued interest on investment in debentures		
Subsidiary Companies		
- GAPL	11.53	-
- GKSEZ	-	18.17
- GAPL	-	12.28
- GSPHPL	-	1.78
- DPPL	-	0.01
- PPPL	-	0.01
- GCAPL	2.05	-

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33. Summary of transactions with above related parties are as follows:

Nature of Transaction	March 31, 2014 (Rs. in Crore)	March 31, 2013 (Rs. in Crore)
m) Accrued interest but not due on borrowings		
Subsidiary Companies		
- GAL	-	1.37
- GAPL	0.11	-
Fellow subsidiary		
- GPPL	-	0.03
n) Advances receivable in cash or kind (Other advances)		
Subsidiary Companies		
- GEL	0.38	17.28
- GKSEZ	0.84	0.78
- GHVEPL	5.61	0.88
- EMCO	23.86	13.47
- GCHEPL	12.20	9.36
- DIAL	6.23	36.36
- GHIAL	2.82	3.40
- GGSPPL	3.30	0.35
- KSPL	0.66	1.04
- GAPL	0.15	0.39
- GKUAEL	5.70	5.41
- GTTEPL	1.11	0.67
- GTAEPL	0.99	0.61
- GVPGL	3.62	1.88
- GPCL	5.20	0.15
- GMRHL	10.56	4.03
- GACEPL	-	0.19
- GKEL (March 31, 2013 : Rs. 27,271)	4.36	0.00
- GISPL	-	86.24
- GCORRPL	2.92	-
- MTSCL	0.34	-
- GCAPL	1.78	-
- GSPHPL	0.33	-
- ATSCL	0.38	-
- GIOSL	0.21	-
Fellow subsidiaries	-	-
- RSSL	0.01	0.10
- GPPL	-	0.15
Enterprises where significant influence exists		
- GUEPL	-	1.77
- GJEPL	-	0.22
Jointly controlled entity	-	-
- ISG	-	0.12
o) Security deposits payable		
Subsidiary Companies		
- GCAPL	-	1.76
- GHIAL	0.04	0.02
- HFEPL	0.48	-
Fellow subsidiaries		
- GPPL	0.02	-
- RSSL	0.28	0.43
p) Trade payables - Current		
Holding Company		
- GHPL	3.37	4.12
Subsidiary Companies		
- GMRHL	0.22	0.19
- GAPL	2.34	2.66
- GHIAL	0.03	0.05
- KSPL	0.01	-
- GAL	0.53	0.25
- GCAPL	11.99	11.56
- GKUAEL	-	0.01
- GBPSPL	2.47	1.58
- DIAL (March 31, 2014: Rs. 49,137)	0.00	0.99
- GKEL	0.01	-
- GKSEZ	0.17	-
- GCSPL	0.02	-
Fellow Subsidiaries		
- RSSL	1.56	0.12
- GPPL	0.04	-
- RRPL	0.01	-
Enterprises where key managerial personnel or their relatives exercise significant influence		
- GFFT	1.50	0.01
- GVF	0.25	-
Key management personnel and their relatives		
- Mr. G.M.Rao	7.90	3.77
- Mr. G.Kiran Kumar	2.48	-
q) Non-Trade payables - Current		
Subsidiary Companies		
- GEL	134.43	
- GREL	10.28	9.77

33 Summary of transactions with above related parties are as follows:

Nature of Transaction	March 31, 2014 (Rs. in Crore)	March 31, 2013 (Rs. in Crore)
r) Advance from customers – Current		
Subsidiary Companies		
- GMRHL	6.28	0.18
- GKEL	20.21	20.36
- GTTEPL	2.57	1.14
- EMCO	14.84	42.43
Fellow subsidiary		
- GPPL	39.11	56.85
s) Corporate Guarantees/ Comfort Letters sanctioned on behalf of		
Subsidiary Companies		
- DIAL	395.33	280.00
- GADL	100.00	-
- GAPL	218.39	190.00
- GCORRPL	786.78	787.67
- GCRPL	3,127.33	2,833.16
- GEL	1,630.00	1,600.00
- GENBV	290.35	263.04
- GHIAL	542.00	542.00
- GHVEPL	1,690.00	1,690.00
- GIML	1,421.52	1,343.49
- GISPL	1,808.14	3,872.64
- GMIAL	2,374.23	2,301.60
- GMRHL	450.00	450.00
- GOSEHHHPL	1,080.00	1,080.00
- GPEPL	8.00	8.00
- GVPGL	-	100.00
- HEGL	-	164.40
- KSPL	250.00	250.00
- GGSPPL	25.00	25.00
- PTBSL	286.12	-
- GPCL	275.00	-
- GETL	60.00	-
- GAL	500.00	-
- GCHEPL	1,768.15	-
- GTTEPL	105.00	105.00
- GTAEPL	45.00	45.00
- GBHHPL	1,545.00	-
Fellow subsidiary		
- GHML	205.66	186.32
Jointly controlled entity		
- ISG	-	1,842.12
Enterprises where significant influence exists		
- GUEPL	596.25	596.25
- GJEPL	353.48	353.48
- LGM	56.23	47.26
t) Bank Guarantee outstanding on behalf of		
Subsidiary Companies		
- GKSEZ	45.66	45.66
- GMRHL	10.00	-
- GPCL	85.00	-
Fellow subsidiary		
- GEOKNO	8.77	-
u) Provision for proposed final equity dividend		
Holding Company		
- GHPL	27.36	27.36
Enterprises where key managerial personnel or their relatives exercise significant influence		
- GIVLLP	0.31	0.30
- GEPL	0.17	0.17
- GWT	0.18	0.18
Key management personnel and their relatives	0.06	0.05

Notes:

a. The Company has provided securities by way of pledge of investments for loans taken by certain Companies (refer note 13).

b. The Holding Company has pledged certain shares held in the Company as security towards the borrowings of the Company.

c. A charge has been created over the deposits of Rs. 424.65 Crore (March 31, 2013: 329.00 Crore) for loan against deposits availed by KSPL.

d. A charge has been created over the deposits of Rs. 2.98 Crore (March 31, 2013: Rs 2.77 Crore) for the purpose of DSRA maintained by the Company Company for loan availed by GMRHL.

e. Also refer note 13 on non-current investments and note 16 on current investments.

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34 Capital and other commitments

Capital commitments

a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances Rs. 0.01 Crore (March 31, 2013: Rs. 0.13 Crore).

Other commitments

1. The Company has committed to provide financial assistance as tabulated below:

(Rs. in Crore)

Nature of relationship	Outstanding commitment for financial assistance	
	March 31, 2014	March 31, 2013
Subsidiaries	2,941.02	2,634.41
Jointly controlled entity	-	18.01
Total	**2,941.02**	**2,652.42**

2. The Company has provided commitment to fund the cost overruns over and above the estimated project cost or cash deficiency, if any, to the lenders of the following subsidiaries, to the extent as defined in the agreements executed with the respective lenders:

March 31, 2014	March 31, 2013
· GMIAL	· GMIAL

3. The Company has extended comfort letters to provide continued financial support to the following subsidiaries, to ensure that these subsidiaries are able to meet their debts and liabilities as they fall due and they continue as going concerns:

March 31, 2014	March 31, 2013
· GADL	· GIOL
· GEL	· GEGL
· GAGL	· GIGL
· GICL	· GICL
· GHIAL	

4. The Company has entered into agreements with the lenders of the following subsidiary Companies wherein it has committed to hold directly or indirectly at all times at least 51% of the equity share capital of the below mentioned subsidiary Companies and not to sell, transfer, assign, dispose, pledge or create any security interest except pledge of shares to the respective lenders as covered in the respective agreements with the lenders:

March 31, 2014	March 31, 2013
· GIML	· GIML
· GCRPL	· GCRPL
· GENBV	· GISPL
· GMIAL	· GENBV
· GEL	· HEGL
· GAL	· GMIAL
· DIAL	· GEL
· GMRHL	· GAL
	· DIAL
	· GMRHL

5. For commitments relating to purchase of equity/ preference shares (refer note 35(b) and (c)).

6. For commitment relating to lease arrangements (refer note 29).

7. The Company has certain long term unquoted investments which have been pledged as security towards loan facilities sanctioned to the Company and the investee Companies (refer note 13).

8. Refer note 26 (3) for tax commitment relating to sale of investment in ISG.

9. Refer note 3 (c) for commitments relating to CCPS issued by the Company.

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35 Contingent liabilities

a) Contingent liabilities include (Rs. in Crore)

Particulars	As at March 31, 2014	As at March 31, 2013
Corporate guarantees availed by the group Companies		
(a) sanctioned	21,508.80	20,881.87
(b) outstanding	15,566.28	16,224.86
Bank guarantees		
(a) sanctioned	300.00	300.00
(b) outstanding	149.43	60.53
Letter of comfort availed by the group Companies		
(a) sanctioned	1,435.00	72.78
(b) outstanding	74.19	72.27
Matters relating to indirect taxes under dispute	26.72	26.72

b) GEL has issued following fully paid up CCCPS:

Investors	No. of CCCPS		March 31, 2014 (Rs. in Crore)	March 31, 2013 (Rs. in Crore)
	March 31, 2014	March 31, 2013		
CCCPS - Portion B Securities of Rs. 1,000 each				
Claymore Investments (Mauritius) Pte Limited	3,705,749	9,300,000	370.57	930.00
IDFC Private Equity Fund III	999,940	2,500,000	99.99	250.00
Infrastructure Development Finance Company Limited	199,988	500,000	20.00	50.00
IDFC Investment Advisors Limited	449,988	500,000	45.00	50.00
Ascent Capital Advisors India Private Limited	199,988	500,000	20.00	50.00
Argonaut Ventures	-	650,000	-	65.00
GKFF Capital	325,000	-	32.50	-
CCCPS - Portion A Securities of Rs. 1,000 each				
GREEL	6,400,000	-	640.00	-
GEPML	650,000	-	65.00	-

During the year ended March 31, 2011, GEL had issued 13,950,000 CCCPS of Rs. 1,000 each. These preference shares were held by Claymore Investments (Mauritius) Pte Limited, IDFC Private Equity Fund III, Infrastructure Development Finance Company Limited, IDFC Investment Advisors Limited, Ascent Capital Advisors India Private Limited, and Argonaut Ventures (collectively called as Investors). These preference shares were convertible upon the occurrence of QIPO of equity shares of GEL. In case of non-occurrence of QIPO within 3 years of the closing date, as defined in the terms of share subscription and shareholders agreement between the parties, investors had the right to require the Company to purchase the preference shares or if converted, the equity shares in GEL at an agreed upon internal rate of return ('IRR'). In case the Company failed to purchase the preference shares within 180 days from the date of notice by the Investors, the CCCPS holder had the sole discretion to exercise the various rights under clause 11.18 of the share subscription and shareholders agreement including the conversion of CCCPS into equity shares of GEL / buyback of the converted shares by GEL.

During the year ended March 31, 2014, GEL has entered into an amended and restated share subscription and shareholders agreement ('Amended SSA') with the investors, the Company and other GMR group companies, in accordance to which the Investors continue to hold 6,900,000 CCCPS in GEL and a new investor GKFF Capital has subscribed to additional 325,000 CCCPS of Rs. 1,000 each (collectively referred to as 'Portion B securities'). Further on March 27, 2014, GEL converted 1,344,347 portion B securities of Investors into 110,554,848 equity shares of Rs. 10 each at a premium of Rs. 2.16 per share as per the terms of clause 4.2 of the Amended SSA so as to enable the Portion B securities investors to participate in proposed QIPO by way of an offer for sale whenever such QIPO is made.

As per the Amended SSA and Share Purchase Agreement ('SPA') between the investors, GEL and other GMR Group Companies, 7,050,000 CCCPS with a face value of Rs. 705.00 Crore ('Portion A Securities') have been bought by GREEL and GEPML for a consideration of Rs. 1,169.17 Crore. Portion A securities shall be converted into equity shares of GEL as per the terms prescribed in clause 5 of the SPA not later than the date of conversion of Portion B securities. As defined in the terms of Amended SSA, GEL has to provide an exit to the Portion B Securities investors within 30 months from last return date (November 29, 2013) at the agreed price of Rs. 1,278.67 Crore ("Investor exit amount"). In case of non-occurrence of QIPO within 24 months from the last return date, GMR Group may give an exit to Portion B securities investors at investor exit amount by notifying them the intention to purchase the preference shares within 30 days from the expiry of the 24th month. In case of non-occurrence of QIPO or no notification from GMR group companies as stated aforesaid, the Portion B securities investors have the sole discretion to exercise the various rights under clause 10 of the Amended SSA.

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c) During the year ended March 31, 2011 GAL has issued 2,298,940 non-cumulative compulsory convertible non-participatory preference shares (CCPSI) bearing 0.0001% dividend on the face value of Rs. 1,000 each fully paid up amounting to Rs. 229.89 Crore at a premium of Rs. 2,885.27 each totaling to Rs. 663.31 Crore to Macquaire SBI Infrastructure Investments 1 Limited, ("Investor I") for funding and consolidation of airport related investments by the Group. Further, during the year ended March 31.2013 GAL issued 1,432,528 non-cumulative compulsory convertible non-participatory preference shares (CCPS 2) bearing 0.0001% dividend on the face value of Rs. 1,000 each fully paid up amounting to Rs. 143.25 Crore at a premium of Rs. 3,080.90 each totaling to Rs. 441.35 Crore to Standard Chartered Private Equity (Mauritius) III Limited, JM Financial - Old Lane India Corporate Opportunities Fund I Limited, JM Financial Trustee Company Private Limited, JM Financial Products Limited and Build India Capital Advisors LLP ("Investors II"). The Company and GAL have provided Investor I and Investors II various conversion and exit options at an agreed internal rate of return as per the terms of the Restructuring Options Agreements and Investment agreements executed between the Company, GAL, Investor I and Investor II.

d) Refer note 26 (3) in respect of future claims if any arising on account of the divestment of shareholding in ISG.

36 (a) Earnings in foreign currency

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013
Interest income	-	10.09
Profit on sale of investments (refer note 26)	471.21	75.83
Income from management and other services	9.90	6.58
Total	**481.11**	**92.50**

(b) Imported and indigenous materials consumed

Particulars	Value (Rs. in Crore) March 31, 2014	% of total consumption March 31, 2014	Value (Rs. in Crore) March 31, 2013	% of total consumption March 31, 2013
Raw materials				
Imported	-	0.00%	0.10	0.03%
Indigenously obtained	92.08	100.00%	289.15	99.97%
Total	**92.08**	**100.00%**	**289.25**	**100.00%**

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37 Disclosure as per clause 32 of the Listing agreement of the loans and advances in nature of loan (including debenture and share application money) granted to subsidiaries, fellow subsidiaries, joint controlled entities and associates.

(Rs. in Crore)

Name of the entity	Amount outstanding as at March 31,		Maximum amount outstanding during the year		Interest rate during the year		Investment by loanee in the Company/ subsidiary Companies Shares
	2014	2013	2014	2013	2014	2013	
Loans given/ debentures subscribed							
- GEL[1]^	1,095.00	1,784.46	2,274.46	1,846.76	0% to 16.50%	0% to 16.50%	Refer note 1
- GMRHL[1]^	775.90	710.93	1,065.74	718.73	0% to 14.75%	0% to 12%	Refer note 2
- GKSEZ[2]^	96.25	182.20	208.40	182.20	12%	12%	Refer note 4
-CPPL[1]^	25.00	-	25.00	-	12%	-	Nil
- GKSEZ[1]^	4.00	-	150.00	-	12%	-	Refer note 4
-GPL[1]^	26.03	-	26.03	-	12%	-	Nil
-GSPHPL[1]^	46.62	-	46.62	-	14.75%	-	Refer note 7
- GAPL[2]^	98.65	185.65	185.65	185.65	12.50%	2% to 12.5%	Nil
- GSPHPL[2]^	243.76	244.70	260.76	244.70	0.10% to 12%	0.10% to 12%	Refer note 7
- GWT[1]^	115.00	115.00	115.00	115.00	0%	0%	Refer note 14(2) on loans and advances
- DSPL[1]^	27.00	334.55	586.22	874.25	0.00% to 15%	8.50% to 13%	Refer note 3
- GAPL[1]^	-	27.63	27.63	27.63	12.5% to 14%	12.50%	Nil
- GBPSPL[1]^	5.37	5.64	7.04	6.74	12%	8.50% to 12%	Nil
- GEL[2]^	977.50	987.50	987.50	999.13	14.25% to 14.50%	14.25% to 14.50%	Refer note 1
- DPPL[2]^	1.50	3.00	3.00	10.00	0.10%	0.10%	Nil
- PAPPL[2]^	-	7.50	7.50	12.30	0.10%	0.10%	Nil
- GPIL[1]^	3.80	3.80	3.80	3.80	10%	10%	Refer note 10
- ISG[1]^	-	-	-	65.99	-	5.32% to 6.95%	Nil
- GKUAEL[1]^	-	-	-	197.50	-	0%	Nil
- GIML[1]^	-	-	-	360.71	-	11.75%	Refer note 6
- GCAPL[2]^	150.00	150.00	150.00	150.00	1% to 5%	1% to 5%	Refer note 5
-GTAEPL[1]^	-	3.00	3.00	3.00	12%	12%	Refer note 8
-GBHPL[1]^	-	-	50.00	-	12%	-	Nil
-GTTEPL[1]^	-	7.00	7.00	7.00	12%	12%	Refer note 09
-GOSEHHHPL[1]^	-	20.00	20.00	20.00	0%	0%	Nil
-KSPL[1]^	241.00	258.00	276.00	258.00	14% to 14.75%	14%	Nil
-SJK[1]^	-	-	-	51.00	-	12%	Nil
-GHVEPL[1]^	-	60.46	66.46	110.00	0% to 12%	0% to 12%	Nil
-GBHHPL[1]^	-	43.00	43.00	43.00	12%	12%	Nil

1. Loans given
2. Debentures subscribed

^ Excludes interest accrued.

(Rs. in Crore)

Name of the entity	Amount outstanding as at March 31,		Maximum amount outstanding during the year		Investment by loanee in the Company/ subsidiary Companies Shares (Nos)
	2014	2013	2014	2013	
Investment in share/ debenture application money					
- GMRHL	-	-	-	80.00	Refer note 2
- GHVEPL	-	4.70	-	72.54	Nil
- GEL	-	-	-	225.00	Refer note 1
- DSPL	-	-	-	160.00	Refer note 3
- GKUAEL	-	-	-	6.95	Nil
- GSPHPL	-	-	16.06	15.85	Refer note 7
- GKSEZ	-	-	37.25	24.40	Refer note 4
- GETL	-	-	-	8.10	Nil

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Note:

1. GEL has invested in following subsidiary Companies:

(Rs. in Crore)

Name of the Company	March 31, 2014	March 31, 2013
Equity Shares		
GVPGL	295.90	295.90
GPCL	164.98	164.98
GMEL	0.05	0.05
GBHPL	5.00	5.00
GKEL	1,557.02	1,096.17
GCSPL	0.01	0.01
GBHHPL	182.54	161.61
GKEPL	0.01	0.01
GCEPL	0.01	0.01
GLHPPL	0.01	0.01
BHPL	-	0.01
EMCO	563.75	563.75
GCHEPL	1,577.20	822.87
GREL	520.00	520.00
SJK	65.00	65.00
GMAEL	0.05	0.05
GUPEPL	0.01	0.01
GGSPPL	73.60	73.60
GBEPL	0.01	0.01
GHOEL	0.05	0.05
ATSCL	5.48	5.48
MTSCL	9.39	9.39
GINELL	0.05	0.05
GINPCL	0.05	0.05
GEML [Rs. 3,954 (March 31, 2013: Rs. 3,954)]	0.00	0.00
HHPPL	31.79	31.79
GCRPL	2.10	2.10
GETL	14.06	11.78
HEGL (net of provision of Rs. 167.94 Crore (March 31, 2013: Rs. 167.94 Crore))	-	-
GJEPL	0.59	0.59
GPEPL	0.69	0.69
DIAL [Rs. 1,000]	0.00	245.00
GUEPL	0.99	0.99
GCORRPL	3.00	3.00
GACEPL	24.22	24.22
Preference Shares		
GEML	354.03	353.44
GCRPL	30.18	30.18
GCORRPL	12.00	12.00

2. GMRHL has invested in following subsidiary Companies:

(Rs. in Crore)

Name of the Company	March 31, 2014	March 31, 2013
Equity shares		
GJEPL	47.35	116.06
GPEPL	135.93	135.93
GUEPL	85.83	195.77
GACEPL	45.63	45.63
GKUAEL	134.95	134.95
GTAEPL	23.76	23.76
GTTEPL	30.25	30.25
GHVEPL	2.45	2.45
GCORRPL	14.70	14.70
GOSEHHHPL	57.50	57.50
GHPPL	0.01	0.01
Preference shares		
GACEPL	0.80	0.80
GHVEPL	216.00	216.00
GCORRPL	74.08	74.08
GJEPL	-	1.08
GKUAEL	558.05	558.05
GUEPL	-	0.40

3. DSPL has invested in following subsidiary Companies:

(Rs. in Crore)

Name of the Company	March 31, 2014	March 31, 2013
Preference shares		
GREEL	-	1,013.44

4. GKSEZ has invested in following subsidiary Companies:

(Rs. in Crore)

Name of the Company	March 31, 2014	March 31, 2013
equity shares		
GHEMCPL	0.10	-

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5. GCAPL has invested in following subsidiary Companies:

(Rs. in Crore)

Name of the Company	March 31, 2014	March 31, 2013
Equity shares		
GBPSPL	0.01	0.01

6. GIML has invested in following subsidiary Companies:

(USD in Crore)

Name of the Company	March 31, 2014	March 31, 2013
Equity shares		
GICL	1.06	1.06
GIUL	0.90	0.90
GIOL [USD 4,702 (March 31, 2013: USD 4,702)]	0.00	0.00
GISPL	4.80	4.80
GMIAL	2.31	2.31

7. GSPHPL has invested in following subsidiary Companies:

(Rs. in Crore)

Name of the Company	March 31, 2014	March 31, 2013
Equity shares		
APPL	1.00	1.00
AKPPL	1.00	1.00
AMPPL	1.00	1.00
BPPL	1.00	1.00
BOPPL	1.00	1.00
CPPL	1.00	1.00
DPPL	1.00	1.00
DSPL [Rs. 5,000 (March 31, 2013: Rs. 5,000)]	0.00	0.00
EPPL	1.00	1.00
GPL	1.00	1.00
LPPPL	1.00	1.00
LAPPL	1.00	1.00
HPPL	1.00	1.00
HFEPL	33.26	-
IPPL	1.00	1.00
KSPL	47.94	47.94
KPPL	1.00	1.00
NPPL	1.00	1.00
PPPL	1.00	1.00
PUPPL	1.00	1.00
PAPPL	1.00	1.00
SPPL	1.00	1.00
PRPPL	1.00	1.00
RPPL	1.00	1.00
AREPL	0.03	0.03
SRPPL	1.00	1.00
NREPL	0.01	-
LPPL	0.01	0.01

8. GTAEPL has invested in following subsidiary Companies:

(Rs. in Crore)

Name of the Company	March 31, 2014	March 31, 2013
Preference shares		
GACEPL	76.51	53.51
GJEPL	-	12.50
GUEPL	-	50.00

9. GTTEPL has invested in following subsidiary Companies:

(Rs. in Crore)

Name of the Company	March 31, 2014	March 31, 2013
Preference shares		
GACEPL	68.49	68.49
GJEPL	-	12.50
GUEPL	-	75.00

10. GPIL has invested in following subsidiary Companies:

(Rs. in Crore)

Name of the Company	March 31, 2014	March 31, 2013
Equity shares		
GETL	9.72	-

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38 Unhedged foreign currency exposure

Particulars	Amount
Loans and advances	- Rs. Nil (SGD Nil) [March 31, 2013: Rs. 86.24 Crore (SGD 1.97 Crore)]
Investments (net of provision)	- Rs. 1,477.99 Crore (USD 32.06 Crore) [March 31, 2013: Rs. 1,477.99 Crore (USD 32.06 Crore)]
	- Rs. 0.11 Crore (SGD 0.00 Crore) [March 31, 2013: Rs. 0.11 Crore (SGD 0.00 Crore)]
	- Rs. Nil Crore (YTL Nil Crore) [March 31, 2013: Rs. 335.89 Crore (YTL 11.01 Crore)]
	Rs. 0.00 Crore (Rs. 3,924) (EURO 0.00 Crore) (EURO: 58) [March 31, 2013: Rs. 0.00 Crore (Rs. 3,924) (EURO 0.00 Crore) (EURO: 58)]
	Rs. 0.00 Crore (Rs. 4,917) (MRF 0.00 Crore) (MRF 154) [March 31, 2013: Rs. 0.00 Crore (Rs. 4,917) (MRF 0.00 Crore) (MRF 154)
Payables	- Rs.1.46 Crore (USD 0.02 Crore) [March 31, 2013: Rs. Nil (USD Nil)]
	- Rs.12.43 Crore (EURO 0.15 Crore) [March 31, 2013: Rs. Nil (EURO Nil)]
Trade receivables	- Rs.Nil (USD Nil) [March 31, 2013: Rs. 6.58 Crore (USD 0.12 Crore)]
Other current assets	- Rs. 0.06 Crore (USD 0.00 Crore) [March 31, 2013: Rs. 46.42 Crore (USD 0.85 Crore)]
	- Rs. 805.80 Crore (EURO 9.75 Crore) [March 31, 2013: Rs. Nil Crore (EURO Nil Crore)]

Foreign currencies
USD = United States Dollar
SGD = Singapore Dollar
YTL = Turkish Lira
MRF = Maldivian Rufiyaa
EURO

39 Based on information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under 'The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2014.

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40 Value of imports calculated on CIF basis

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013
Capital goods	-	1.49
Raw materials	-	0.1
Total	-	**1.59**

41 **Disclosure in terms of Accounting Standards 7 - Construction contracts**

(Rs. in Crore)

Particulars	March 31, 2014	March 31, 2013
Contract revenue recognised during the year	463.63	1,142.17
Aggregate cost incurred and recognised profits (less recognised losses) up to the reporting date for contracts in progress	2,127.62	2,667.96
Amount of customer advances outstanding	118.45	270.28
Retention money due from customers for contracts in progress	173.42	158.28
Gross amount due from customers for contract works as an asset (unbilled portion)	107.46	152.96
Gross amount due to customers for contract works as a liability	7.77	1.67

42 The investment by GEL in equity shares/ preference shares of the following subsidiary Companies has been funded by the Company against an agreement to pass on any benefits or losses out of investments by GEL to the Company and has been approved by the Board of Directors of both the Companies. During the current year, GEL has disposed off its investments in DIAL at par to GAL.

(Rs. in Crore)

Name of the subsidiaries	March 31, 2014	March 31, 2013
Equity Shares		
GJEPL [589,125 (March 31, 2013: 589,125) equity shares of Rs.10 each fully paid-up]	0.59	0.59
GPEPL [690,000 (March 31, 2013: 690,000) equity shares of Rs.10 each fully paid-up]	0.69	0.69
DIAL [100 (March 31, 2013: 245,000,000) equity shares of Rs.10 each fully paid-up]	0.00	245.00
GUEPL [993,750 (March 31, 2013: 993,750) equity shares of Rs.10 each fully paid-up]	0.99	0.99
GCORRPL [3,000,000 (March 31, 2013: 3,000,000) equity shares of Rs.10 each fully paid-up]	3.00	3.00
GACEPL [24,222,593 (March 31, 2013: 24,222,593) equity shares of Rs.10 each fully paid-up]	24.22	24.22
Preference Shares		
GCORRPL [1,200,000 (March 31, 2013: 1,200,000) preference shares of Rs.100 each fully paid-up]	12.00	12.00

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43 The Company through its subsidiary GIML has made an investment of Rs. 190.97 Crore (USD 3.16 Crore) (including equity share capital of Rs. 139.73 Crore and share application money, pending allotment of Rs. 51.24 Crore) towards 77% holding in GMIAL and GIML has pledged deposits of Rs 871.06 Crore (USD 14.40 Crore) towards loan taken by GMIAL from its lenders. Further the Company has given a corporate guarantee of Rs. 2,540.58 Crore (USD 42.00 Crore) to the lenders in connection with the borrowings made by GMIAL.

GMIAL entered into an agreement on June 28, 2010 with Maldives Airports Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years ("the Concession Agreement"). On November 27, 2012, MACL and MoFT issued notices to GMIAL stating that the concession agreement was void ab initio and that neither MoFT nor MACL had authority under the laws of Maldives to enter into the agreement. It was also stated that MACL would take over the possession and control of MIA within 7 days of the said letter. Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the MIA and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. On March 15, 2014, Government of Maldives ('GoM') and MACL have served a case summary which sets out a new case that the claimants wish to advance at trial and amended pleadings have been received on March 24, 2014. Subsequent to March 31, 2014, the hearings of liability issues have taken place from April 10, 2014 to April 16, 2014 and the tribunal has not specified any timescales to produce any award. GMIAL is in the process of seeking remedies under the aforesaid concession agreement and the outcome of the arbitration is uncertain as at March 31, 2014. In view of the aforesaid matter, GMIAL continues to reflect assets amounting to Rs. 1,431.50 crore (USD 23.66 crore) including claim recoverable of Rs. 1,062.90 crore (USD 17.57 crore) at their carrying values as at March 31, 2014, net of assets written off of Rs. 202.61 crore during the year ended March 31, 2013. GMIAL's ability to continue its future business operations and consequential impact on investments made / guarantees given by the Company and GIML is solely dependent on the outcome of arbitration and / or a negotiated settlement.

Further, GMIAL had executed work construction contracts with GADLIL and other service providers for rehabilitation, expansion, modernization of Male International Airport. Pursuant to aforesaid takeover of airport, GMIAL has terminated the contracts with GADLIL and these service providers. As per the terms of contracts, in the event of discontinuation of construction, GMIAL is required to pay termination payment to the service providers. GMIAL has received claims of around USD 8.00 crore as at March 31, 2014 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognised as at March 31, 2014 since the amounts payable are not certain.

Based on an internal assessment and a legal opinion obtained by GMIAL, the management of the Company is confident of proving that the concession agreement was not void ab initio and that GMIAL would be entitled for compensation under the concession agreement atleast to the extent of the carrying value of the assets taken over by the GoM / MACL and the subsequent expenditure incurred by GMIAL as at March 31, 2014 and accordingly these financial statements of the Company do not include any adjustments that might result from the outcome of this uncertainty.

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GMR Infrastructure Limited

44 The Company's subsidiaries GEL and GVPGL are engaged in the business of generation and sale of electrical energy from its two gas based power plants of 220 MW and 387 MW situated at Kakinada and Vemagiri respectively. Further, GREL a subsidiary is constructing a gas based power plant. In view of lower supplies/ availability of natural gas to the power generating companies in India, these aforesaid entities' are facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL and GVPGL have not generated and sold electricity since April 2013 and May 2013 respectively and have been incurring losses on account of the aforesaid shortage of natural gas supply, thereby resulting in erosion of net worth and usage of short term funds for long term purposes. The Gas Sales and Purchase Agreements for supply of natural gas in GEL and GVPGL have expired on March 31, 2014 and GEL and GVPGL are in the process of renewal of the same. Further, GREL has not yet commenced commercial operations pending linkages of natural gas supply. These aforesaid entities are actively pursuing / making representations with various government authorities to secure the natural gas linkage / supply as the natural gas supplies from KG D6 basin have dropped significantly from September 2011 onwards. GREL, for its 768 MW gas based power plant, which is under construction at Rajahmundry, has applied for allocation of gas and the Ministry of Petroleum and Natural Gas ('MoPNG') is yet to allocate the gas linkage.

The consortium of lenders have approved the reschedulement of Commercial Operation Date ('COD') of the plant under construction to April 1, 2014 and repayment of project loans. GREL has sought further extension of COD and repayment of project loans with the consortium of lenders in the absence of gas linkage. The Company, these aforesaid entities and the Association of Power Producers are closely monitoring the macro situation and are evaluating various approaches / alternatives to deal with the situation and the management is confident that the Government of India would take necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. Despite the aforementioned reasons, based on business plan and valuation assessment, the management is confident that GEL and GVPGL will be able to generate sufficient profits in future years, GREL will get a further extension of COD and these gas based power generating companies would meet their financial obligations as they arise and hence the going concern assumption of the aforesaid entities and carrying value of the investments (including advances) made by the Company directly or indirectly through its subsidiaries ('investments'), in GEL, GVPGL and GREL as at March 31, 2014 is appropriate and the financial statements of the Company do not include any adjustments that might result from the outcome of this uncertainty. In the meantime, the Company has also committed to provide necessary financial support to GEL, GVPGL and GREL as may be required by these Companies for continuance of their normal business operations.

45 During the year ended March 31, 2014, with a view to restructure its shareholdings in airport business, the Company has transferred 244,999,900 equity shares of Rs. 10 each held in DIAL to GAL, a 97.15% subsidiary of the Company, at cost.

46 During the year ended March 31, 2013 with a view to restructure the equity holdings in road business, the Company had transferred 55,752,000 equity shares, 47,601,300 equity shares and 80,295,000 equity shares held in GPEPL, GJEPL and GUEPL respectively to GMRHL at cost. GMRHL is a 100.00% subsidiary of the Company.

Further the Company has transferred 4,798,600 8% non-cumulative redeemable preference shares and 3,201,400 8% non-cumulative redeemable preference shares held in GUEPL to GTTEPL and GTAEPL at cost.

During the year ended March 31, 2014, the Company has transferred 2,002,000 8% non-cumulative, redeemable preference shares of Rs. 100 each held in GMR Ulundurpet Expressways Private Limited ('GUEPL') to a wholly owned subsidiary of the Company, GMRHL at cost.

47 A search under Section 132 of the Income Tax Act, 1961 was carried out at the premises of the Company by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates thereafter, to check the compliance with the provisions of the Income Tax Act, 1961. The Income Tax Department has subsequently sought certain information / clarifications. The Company has not received any show cause notice / demand from the Income Tax Authorities. The management of the Company believes that it has complied with all the applicable provisions of the Income Tax Act, 1961 with respect to its operations.

48 As per the transfer pricing rules prescribed under the IT Act, the Company is examining domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustments with regard to the transaction involved.

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GMR INFRASTRUCTURE LIMITED

S.R. Batliboi & Associates LLP Bengaluru

49 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

50 Previous year's figures have been regrouped and reclassified, wherever necessary, to conform to the current year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI firm registration number: 101049W
Chartered Accountants

S. R. Batliboi & Associates LLP
Bengaluru

per Sunil Bhumralkar
Partner
Membership number. 35141

Place: Bengaluru
Date : May 29, 2014

For and on behalf of the Board of Directors of
GMR Infrastructure Limited

G.M. Rao
Executive Chairman

Grandhi Kiran Kumar
Managing Director

Madhava Bhimacharya Terdal
Group CFO

C.P. Sounderarajan
Company Secretary

Place: Bengaluru
Date : May 29, 2014

GMR Infrastructure Limited

WORKING RESULTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the MoF, Government, as amended by MoF, Government through its circular dated March 8, 1977, working results of our Company on a standalone basis for the period from April 1, 2014 to July 31, 2014 are set out in the table below:

Particulars	For the period April 1, 2014 to July 31, 2014 (₹ in crore)
Sales	76.65
Operating Income	133.59
Other Income	6.88
Total Income	217.12
Earnings before depreciation and taxes	(56.24)
Provision for depreciation	6.91
Provision for taxes	2.29
Net profit	(65.44)

Note: As certified by Chatterjee & Chatterjee, Chartered Accountants (Firm Registration Number: 001109C) vide its certificate dated September 17, 2014.

Material changes and commitments, if any, affecting our financial position

For details in relation to material changes affecting the financial position of our Company, see the section "Material Developments" on page 322.

MATERIAL DEVELOPMENTS

Except as stated in this Draft Letter of Offer, to our knowledge, no circumstances have arisen since March 31, 2014 which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

Recent Developments

Set out below are some key recent developments in our businesses after March 31, 2014:

- In June 2014, we won projects for carrying out various works for railway tracks between Ghatkeskar-Moulali, Moulali-Seethafalmandi, Sanathnagar-Moulali, Telapur-Ramachandrapuram, Medchal-Bolarum and Falaknuma-Umdanagar including, quadrupling of track, patch doubling, restoration and construction of roadbed, bridges, track linking, yard arrangements as well as for construction of booking offices, service buildings, platforms, platform shelters, electrical, signalling and communication works, in the Secundrabad and Hyderabad Divisions of South Central Railway, Andhra Pradesh; as lead member of a consortium between our Company, Kalindee Rail Nirman (Engineers) Limited and Tata Projects Limited.

- In April 2014, our Chennai Outer Ring Road project was issued a provisional certificate of completion with effect from June 15, 2013.

- In April 2014, the GMR-Megawide Consortium won the rights to plan, develop, construct, renovate, operate, maintain and expand the Cebu Airport. The concession agreement was signed on April 22, 2014 by GMCAC for a period of 25 years. The GMR-Megawide Consortium paid an amount of 14.4 billion Philippine Pesos (approximately US$320,000,000) to the Mactan Cebu International Airport Authority in the Philippines as upfront premium for the award of the concession of the Cebu Airport.

- GPCL recently received a one-year extension of its PPA until February 14, 2015 which remains subject to approval from the TNERC.

- Recently, we have completed the divestment of our 40% equity stake in ISGIA and LGM Tourism to MAHB, for consideration of approximately Euro 209,000,000 (approximately ₹1,740 crore).

- GMIAL recently received a part final award in its favour in relation to the arbitration proceedings concerning the concession of the Male Airport. The tribunal in these arbitration proceedings declared, amongst others, that the concession agreement was valid and binding and was not void for any mistake of law or discharged by frustration, and that GoM and MACL are jointly and severally liable in damages to GMIAL for loss caused by wrongful repudiation of the agreement as per the concession agreement. For details see the section "Outstanding Litigation and Defaults" on page 358.

- In May 2014, our Hungund-Hospet Road Project commenced full commercial operations.

- On July 10, 2014, our Company issued 46,88,17,097 Equity Shares at price of ₹ 31.50 per Equity Share, including a premium of ₹ 30.50 per Equity Share, for an aggregating amount of ₹ 1,476.77 crore to eligible qualified institutional buyer pursuant to the qualified institutions placement undertaken by it in accordance with Chapter VIII of the SEBI Regulations.

- On July 11, 2014, GHIAL has entered into a share purchase agreement with MGAE and MAS for termination of the joint venture agreement dated February 27, 2009 and purchase of 9,67,50,000 equity shares, i.e. entire shareholding, held by MAS in MGAE to GHIAL for consideration amount of USD 1.00. As on date of this Draft Letter of Offer, this transaction has not been completed and is subject to fulfilment of certain conditions precedent prescribed in the said share purchase agreement.

- In August 2014, the Board approved forfeiture of 4,500 partly paid up Equity Shares, with effect from August 14, 2014, in accordance with the provision of the Articles of Association. Our Company has issued a notice to each of the erstwhile shareholders of 4,500 partly paid up Equity Shares intimating them about the forfeiture.

- In August 2014, our Company has filed the Financial Results for the three months period ended June 30, 2014 with the Stock Exchanges in terms of Clause 41 of the Listing Agreements and the same has been included in the section "Interim Financial Results" on page 326.

- In September 2014, the Company has entered into a memorandum of understanding with Japan Bank for International Corporation for providing financial assistance to Japanese companies investing in infrastructure projects of our Group.

- Our Board has in its meeting held on September 18, 2014 approved the appointment of Kameswari Vissa as an additional director (independent director) with effect from October 1, 2014 and for a term up to the conclusion of the 20th AGM of our Company. The approval of the shareholders of our Company would be obtained by our Company in due course.

For details relating to issuance of warrants on preferential allotment basis by our Company, see the section "Capital Structure" on page 88.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following tables present certain accounting and other ratios computed on the basis of audited standalone and consolidated Financial Statements of our Company as at and for the Financial Year ended March 31, 2014 included in the section "Financial Statements" on page 149:

Accounting Ratios (based on standalone Financial Statements)

Ratio	As at March 31, 2014	As at March 31, 2013
Net Asset Value per Equity Share (In ₹)	18.66	18.46
Return on Net Worth (In %)	2.30	0.74
Earnings Per Equity Share (Basic) (In ₹)	0.43	0.14
Earnings Per Equity Share (Diluted) (In ₹)	0.43	0.14

Note: As certified by Chatterjee & Chatterjee, Chartered Accountants (Firm Registration Number: 001109C) vide its certificate dated September 17, 2014.

Earning per shares (EPS) calculation is in accordance with the notified Accounting Standard 20 'Earnings per share' prescribed by the Companies (Accounting Standards) Rules, 2006.

Note: ₹ 2,250 are receivable towards equity shares and for the computation of weighted average number of equity shares outstanding during the year, these have been considered as partly paid-up shares.

Accounting Ratios (based on consolidated Financial Statements)

Ratio	As at March 31, 2014	As at March 31, 2013
Net Asset Value per Equity Share (In ₹)	16.66	18.70
Return on Net Worth (In %)	0.15	1.21
Earnings Per Equity Share (Basic) (In ₹)	0.03	0.23
Earnings Per Equity Share (Diluted) (In ₹)	0.03	0.23

Note: As certified by Chatterjee & Chatterjee, Chartered Accountants (Firm Registration Number: 001109C) vide its certificate dated September 17, 2014.

Earning per shares (EPS) calculation is in accordance with the notified Accounting Standard 20 'Earnings per share' prescribed by the Companies (Accounting Standards) Rules, 2006.

Note: ₹ 2,250 are receivable towards equity shares and for the computation of weighted average number of equity shares outstanding during the year, these have been considered as partly paid-up shares.

The ratios have been computed as below:

Ratios	Computation
Net Asset Value per Share	$\dfrac{\text{Net Worth at the end of the period}}{\text{Total number of weighted average equity share outstanding at the end of the year/ period}}$
Return on Net Worth (%)	$\dfrac{\text{Net profit / (loss) after tax attributable to equity shareholders}}{\text{Net Worth at the end of the period}}$
Basic and diluted earnings per share	$\dfrac{\text{Net profit / (loss) after tax attributable to equity shareholders}}{\text{Total number of weighted average equity shares outstanding at the end of the year/period}}$

Capitalization Statement

The following tables present the capitalisation statement of our Company as at and for the Financial Year ended March 31, 2014:

(in ₹ crore)

	As of March 31, 2014	As adjusted for the Issue(1)
Short term borrowings:		
Secured	136.64	[●]
Unsecured	79.00	[●]

	As of March 31, 2014	As adjusted for the Issue(1)
Long term borrowings:		
Secured	1,788.15	[●]
Unsecured	1,990.28	[●]
Current Maturities of Long Term Borrowings:		
Secured	367.23	[●]
Unsecured	860.05	[●]
Shareholders' funds:		
Share capital	1,525.91(2)	[●]
Securities premium	6,286.53	[●]
Reserves and surplus (excluding Securities Premium account)	588.21	[●]
Total Shareholders' funds	8,400.65	[●]
Total capitalisation	13,622.00	[●]
Long-term borrowing/equity ratio	0.45	[●]

(1) *To be updated at the time of filing of Letter of Offer.*

(2) *Our Company has issued 46,88,17,097 Equity Shares at price of ₹ 31.50 per Equity Share, including a premium of ₹ 30.50 per Equity Share, for an aggregating amount of ₹ 1,476.77 crore to eligible qualified institutional buyer on July 10, 2014 pursuant to the qualified institutions placement undertaken by it in accordance with Chapter VIII of the SEBI Regulations.*

Note: As certified by Chatterjee & Chatterjee, Chartered Accountants (Firm Registration Number: 001109C) vide its certificate dated September 17, 2014.

The following tables present the capitalisation statement of our Group as at and for the Financial Year ended March 31, 2014:

(in ₹ crore)

	As of March 31, 2014	As adjusted for the Issue(1)
Short term borrowings:		
Secured	5,083.25	[●]
Unsecured	504.92	[●]
Long term borrowings:		
Secured	32,683.75	[●]
Unsecured	915.53	[●]
Current Maturities of Long Term Borrowings:		
Secured	5,403.59	[●]
Unsecured	449.69	[●]
Shareholders' funds:		
Share capital	1,525.91(2)	[●]
Securities premium	6,460.49	[●]
Reserves and surplus (excluding Securities Premium account)	(365.31)	[●]
Total Shareholders' funds	7,621.09	[●]
Total capitalisation	52,661.82	[●]
Long-term debt/equity ratio	4.41	[●]

(1) To be updated at the time of filing of Letter of Offer.

(2) Our Company has issued 46,88,17,097 Equity Shares at price of ₹ 31.50 per Equity Share, including a premium of ₹ 30.50 per Equity Share, for an aggregating amount of ₹ 1,476.77 crore to eligible qualified institutional buyer on July 10, 2014 pursuant to the qualified institutions placement undertaken by it in accordance with Chapter VIII of the SEBI Regulations.

Note: As certified by Chatterjee & Chatterjee, Chartered Accountants (Firm Registration Number: 001109C) vide its certificate dated September 17, 2014.

INTERIM FINANCIAL RESULTS

GMR Infrastructure Limited

Registered Office: 25/1, Skip House, Museum Road, Bengaluru - 560 025

PART I

Statement of unaudited consolidated financial results for the quarter ended June 30, 2014

[in Rs. crore]

Particulars	Quarter Ended			Year Ended
	June 30, 2014 Unaudited	March 31, 2014 Refer Note 34	June 30, 2013 Unaudited	March 31, 2014 Audited
1. Income from operations				
a) Sales/ Income from operations	2,699.38	2,930.00	2,614.72	10,566.97
b) Other Operating income - **Refer Note 33**	32.01	30.75	20.29	86.25
Total Income from operations	**2,731.39**	**2,960.75**	**2,635.01**	**10,653.22**
2. Expenditure				
a) Revenue share paid/ payable to concessionaire grantors	487.14	507.74	471.28	1,943.69
b) Consumption of fuel	622.20	478.83	568.51	1,754.47
c) Cost of materials consumed	10.31	8.06	20.76	60.65
d) Purchase of traded goods	268.47	263.81	257.98	1,045.06
e) (Increase) or Decrease in stock in trade	(8.92)	14.73	(7.80)	(14.42)
f) Sub-contracting expenses	132.41	207.73	98.94	522.87
g) Employee benefits expenses	152.48	144.94	138.54	574.22
h) Depreciation and amortisation expenses	453.27	437.69	310.92	1,454.99
i) Utilisation fees	-	51.87	35.93	186.18
j) Other expenses	437.21	591.74	408.00	2,015.09
k) Foreign exchange fluctuations loss (net)	17.18	-	47.63	-
Total expenses	**2,571.75**	**2,707.14**	**2,350.69**	**9,542.80**
3. Profit/ (Loss) from operations before other income, finance costs and exceptional items (1) - (2)	**159.64**	**253.61**	**284.32**	**1,110.42**
4. Other income				
a) Foreign exchange fluctuations gain (net)	-	20.32	-	29.12
b) Other income - others	64.98	85.74	53.76	286.75
Total other income	**64.98**	**106.06**	**53.76**	**315.87**
5. Profit / (Loss) from operations before finance costs and exceptional items (3) + (4)	**224.62**	**359.67**	**338.08**	**1,426.29**
6. Finance costs	831.65	918.51	609.75	2,971.88
7. (Loss) / Profit after finance costs but before exceptional items (5) - (6)	**(607.03)**	**(558.84)**	**(271.67)**	**(1,545.59)**
8. Exceptional items				
a) Profit on dilution in subsidiaries - **Refer Note 12 and 13**	-	14.65	55.08	69.73
b) Profit on sale of jointly controlled entities - **Refer Note 2**	-	1,658.93	-	1,658.93
c) Profit on sale of assets held for sale - **Refer Note 11**	-	63.52	-	100.54
d) Loss on impairment of assets in subsidiaries - **Refer Note 27**	-	(8.95)	-	(8.95)
e) Loss on impairment of assets in jointly controlled entities - **Refer Note 29**	(18.12)	-	-	-
9. (Loss) / Profit from ordinary activities before tax (7) ± (8)	**(625.15)**	**1,169.31**	**(216.59)**	**274.66**
10. Tax expenses/ (credit)	26.50	(15.05)	65.24	166.25
11. Net (Loss) / Profit from ordinary activities after tax and before minority interest (9) ± (10)	**(651.65)**	**1,184.36**	**(281.83)**	**108.41**
12. Minority interest - share of (profit) / loss	58.45	(14.18)	(44.20)	(98.40)
13. Net (Loss) / Profit after tax and minority interest (11) ± (12)	**(593.20)**	**1,170.18**	**(326.03)**	**10.01**
14. E B I T D A (3) + (2(h)) + (4(a))	**612.91**	**711.62**	**595.24**	**2,594.53**
15. Paid-up equity share capital (Face value - Re. 1 per share)	**389.24**	**389.24**	**389.24**	**389.24**
16. Reserves excluding revaluation reserves as per consolidated balance sheet of previous accounting year				**6,095.18**
17. Weighted average number of shares used in computing Earnings per share	**3,892,432,532**	**3,892,432,532**	**3,892,432,532**	**3,892,432,532**
18. Earnings per share - Basic and Diluted - (Rs.) (not annualised)	**(1.52)**	**3.01**	**(0.84)**	**0.03**

S.R. Batliboi & Associates LLP Bengaluru

GMR Infrastructure Limited

PART II

Select Information for the quarter ended June 30, 2014

Particulars	As at quarter ended June 30, 2014	March 31, 2014	June 30, 2013	As at year ended March 31, 2014
A. PARTICULARS OF SHAREHOLDING				
1. Public Shareholding				
- Number of shares	1,101,590,935	1,101,590,935	1,103,702,750	1,101,590,935
- Percentage of shareholding	28.30%	28.30%	28.36%	28.30%
2. Promoters and promoter group shareholding				
a) Pledged/ Encumbered				
- Number of shares	1,664,235,438	1,785,342,465	1,115,108,239	1,785,342,465
- Percentage of shares (as % of the total shareholding of promoter and promoter group)	59.63%	63.97%	39.99%	63.97%
- Percentage of shares (as % of the total share capital of the Company)	42.76%	45.87%	28.65%	45.87%
b) Non-Encumbered				
- Number of shares	1,126,608,409	1,005,501,382	1,673,623,793	1,005,501,382
- Percentage of shares (as % of the total shareholding of promoter and promoter group)	40.37%	36.03%	60.01%	36.03%
- Percentage of shares (as % of the total share capital of the Company)	28.94%	25.83%	42.99%	25.83%

Particulars	Quarter Ended June 30, 2014
B. INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	-
Received during the quarter	20
Disposed of during the quarter	20
Remaining unresolved at the end of the quarter	-

GMR Infrastructure Limited

Report on Unaudited Consolidated Segment Revenue, Results and Capital Employed

Particulars	Quarter Ended June 30, 2014 Unaudited	March 31, 2014 Refer Note 34	June 30, 2013 Unaudited	Year Ended March 31, 2014 Audited
1. Segment Revenue				
a) Airports	1,289.33	1,548.05	1,394.58	6,023.01
b) Power	1,152.55	984.60	932.20	3,342.61
c) Roads	183.18	249.55	164.70	737.88
d) EPC	68.56	139.80	170.89	468.67
e) Others	151.92	150.19	169.41	570.98
	2,845.54	3,072.19	2,831.78	11,143.15
Less: Inter Segment	114.15	111.44	196.77	489.93
Segment revenue from operations	**2,731.39**	**2,960.75**	**2,635.01**	**10,653.22**
2. Segment Results				
a) Airports	203.52	324.39	331.19	1,309.33
b) Power	(111.01)	(96.33)	(163.30)	(438.37)
c) Roads	67.75	99.60	77.49	324.30
d) EPC	(8.09)	(27.52)	(2.17)	(40.84)
e) Others	97.15	61.84	115.10	271.52
	249.32	361.98	358.31	1,425.94
Less: Inter Segment	57.76	47.44	49.26	149.73
Net Segment Results	**191.56**	**314.54**	**309.05**	**1,276.21**
Less: Finance costs (net)	798.59	873.39	580.72	2,821.80
Add/ (Less) : Exceptional items				
a) Profit on dilution in subsidiaries - **Refer Note 12 and 13**	-	14.65	55.08	69.73
b) Profit on sale of jointly controlled entities - **Refer Note 2**	-	1,658.93	-	1,658.93
c) Profit on sale of assets held for sale - **Refer Note 11**	-	63.52	-	100.54
d) Loss on impairment of assets in subsidiaries - **Refer Note 27**	-	(8.95)	-	(8.95)
e) Loss on impairment of assets in jointly controlled entities - **Refer Note 29**	(18.12)	-	-	-
(Loss) /Profit before tax	**(625.15)**	**1,169.31**	**(216.59)**	**274.66**
3. Capital employed				
(Segment Assets - Segment Liabilities)				
a) Airports	14,847.16	15,147.06	16,480.28	15,147.06
b) Power	28,077.37	26,936.82	24,130.77	26,936.82
c) Roads	5,740.77	5,868.42	6,524.83	5,868.42
d) EPC	308.34	385.11	333.71	385.11
e) Others	14,921.44	15,082.99	11,715.57	15,082.99
	63,895.08	63,420.40	59,185.16	63,420.40
Less: Inter Segment	6,819.68	6,187.27	4,813.07	6,187.27
Unallocated Assets / (Liabilities)	(47,013.01)	(46,447.80)	(43,537.47)	(46,447.80)
Total	**10,062.39**	**10,785.33**	**10,834.62**	**10,785.33**

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GMR INFRASTRUCTURE LIMITED

Notes to the unaudited consolidated financial results for the quarter ended June 30, 2014

1. **Consolidation and Segment Reporting**

a. GMR Infrastructure Limited ('the Company' or 'GIL') carries on its business through various subsidiaries, jointly controlled entities and associates (hereinafter referred to as 'the Group'), being special purpose vehicles exclusively formed to build and operate various infrastructure projects. The consolidated results have been prepared in accordance with the principles and procedures as set out in the Accounting Standard ('AS') - 21 on 'Consolidated Financial Statements', AS – 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' and AS – 27 on 'Financial Reporting of Interests in Joint Ventures'.

b. The segment reporting of the Group has been prepared in accordance with AS - 17 on Segment Reporting.

The business segments of the Group comprise of the following:

Segment	Description of Activity
Airports	Development and operation of airports
Power	Generation of power, mining and exploration and provision of related services
Roads	Development and operation of roadways
EPC	Handling of engineering, procurement and construction solutions in the infrastructure sector
Others	Urban infrastructure and other residual activities

c. Investors can view the standalone results of the Company on the Company's website www.gmrgroup.in or on the websites of BSE (www.bseindia.com) or NSE (www.nse-india.com).

2. During the year ended March 31, 2014, the Company along with its subsidiaries GMR Infrastructure (Global) Limited and GMR Infrastructure Overseas Limited had entered into a definitive agreement ('SPA') with Malaysia Airports MSC Sdn Bhd ('the buyer') for sale of their 40% equity stake in their jointly controlled entities Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi ('ISG') and LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi ('LGM') for a sale consideration of Euro 20.90 crore (net of equity gap adjustment of Euro 1.60 crore and subject to debt and other working capital adjustments). The management based on its internal assessment and a legal opinion was of the view that all "Conditions Precedent" were either fulfilled or waived or agreed to be not applicable as at March 31, 2014 except for the buyer to obtain approval from Bank Negara Malaysia which was obtained on April 3, 2014. Subsequently after receipt of the consideration, the shares were transferred to the buyer on April 30, 2014, in view of which, the Group recognized the profit on the sale of its investment in ISG (net of costs of Rs. 164.98 crore incurred towards sale of such investments) of Rs. 1,658.93 crore, which was disclosed as an exceptional item in the consolidated financial results of the Group for the quarter and year ended March 31, 2014.

Further, pursuant to the SPA entered with the buyer, the Group has provided a guarantee of Euro 4.50 crore towards claims, as specified in the SPA for a period till December 2015 and in respect of tax claim, if any, the guarantee period is upto May 2019. The statutory auditors of the Company have modified their Limited Review Report in this regard.

The details of the results of ISG consolidated till quarter ended March 31, 2014 are as follows:

(in Rs. crore)

	Quarter ended March 31, 2014	**Quarter ended June 30, 2013**	**Year ended March 31, 2014**
Total income	157.97	140.61	674.10
Loss after tax (before consolidation adjustments)	(14.54)	(18.77)	(70.23)

The details of the results of LGM consolidated till quarter ended March 31, 2014 are as follows:

(in. Rs. Crore)

	Quarter ended March 31, 2014	**Quarter ended June 30, 2013**	**Year ended March 31, 2014**
Total income	18.72	15.70	70.13
Profit/ (loss) after tax (before consolidation adjustments)	(2.55)	(0.11)	(2.30)

S.R. Batliboi & Associates LLP Bengaluru

GMR Infrastructure Limited

The details of the results of Istanbul Sabiha Gokcen Uluslararasi Havalimani Yer Hizmetleri consolidated till quarter ended March 31, 2014 are as follows:

(in Rs. crore)

	Quarter ended March 31, 2014	Quarter ended June 30, 2013	Year ended March 31, 2014
Total income	-	-	-
Profit/ (loss) after tax (before consolidation adjustments)	(0.37)	0.63	3.54

3. The Group has an investment of Rs. 362.53 crore (including loans of Rs. 122.94 crore and investment in equity / preference shares of Rs. 239.59 crore made by the Company and its subsidiaries) in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company as at June 30, 2014. GACEPL has been incurring losses since the commencement of commercial operations. The management of the Group believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the year ended March 31, 2014. Based on an internal assessment and a legal opinion, the management of the Group is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly, the carrying value of net assets of Rs.217.77 crore (after providing for losses till date of Rs. 144.76 crore) as regards investment in GACEPL as at June 30, 2014 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

4. a) GMR Male International Airport Private Limited ('GMIAL'), a subsidiary of the Company, entered into an agreement on June 28, 2010 with Maldives Airports Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years ('the Concession Agreement'). On November 27, 2012, MACL and MoFT issued notices to GMIAL stating that the concession agreement was void ab initio and that neither MoFT nor MACL had authority under the laws of Maldives to enter into the agreement. It was also stated that MACL would take over the possession and control of MIA within 7 days of the said letter.

Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the MIA and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL's principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. On June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and is valid and binding on the parties. Further, the tribunal declared that the Government of Maldives ('GoM') and MACL are jointly and severally liable in damages to GMIAL for loss caused by repudiation of the contract. However, the quantum of the damages is yet to be decided and the damages is limited to the sum which would have been recovered under clause 19.4.3 (b) had the Concession Agreement been terminated on grounds of public interest pursuant to clause 19.2.1 (h). However, the final outcome of the arbitration is pending as at June 30, 2014. In view of the aforesaid matter, GMIAL continues to reflect assets amounting to Rs. 1,430.26 crore (USD 23.64 crore) including claim recoverable of Rs. 1,074.53 crore (USD 17.76 crore) at their carrying values as at June 30, 2014, net of assets written off of Rs. 202.61 crore during the year ended March 31, 2013. GMIAL's ability to continue its future business operations and consequential impact on net assets / guarantees given by the Company and GIML is solely dependent on the outcome of arbitration and / or a negotiated settlement. However financial statements of GMIAL as at and for the quarter ended June 30, 2014 have been prepared and accordingly consolidated on a going concern basis.

Further, GMIAL has executed work construction contracts with GADL International Limited ('GADLIL') and other service providers for rehabilitation, expansion, modernization of MIA. Pursuant to the aforesaid takeover of airport, GMIAL has terminated the contracts with GADLIL and these service providers. As per the terms of contracts, in the event of discontinuation of construction, GMIAL is required to pay termination payment to the service providers. GMIAL has received claims of around USD 8.00 crore as at June 30, 2014 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognised as at June 30, 2014 since the amounts payable are not certain.

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Based on the aforesaid award by the tribunal, internal assessment and a legal opinion obtained by GMIAL, the management of the Group is confident that GMIAL would be entitled for compensation under the concession agreement atleast to the extent of the carrying value of the assets taken over by the GoM / MACL and the subsequent expenditure incurred by GMIAL up to June 30, 2014 and accordingly, the unaudited consolidated financial results of the Group do not include any adjustments that might result from the outcome of this uncertainty. The statutory auditors of the Company have modified their Limited Review Report in this regard.

The results of GMIAL do not reflect results of the airport operations post December 7, 2012. The details of its results consolidated till quarter ended June 30, 2014 are as follows:

(in Rs. crore)

	Quarter ended June 30, 2014	Quarter ended March 31, 2014	Quarter ended June 30, 2013	Year ended March 31, 2014
Total income	0.13	0.07	0.33	1.51
Profit/ (loss) after tax and minority interest (before consolidation adjustments)	(8.86)	(91.48)	(9.21)	(132.86)

b) GADLIL, a subsidiary of the Company, is re-registered in the Republic of Maldives for upgrading of existing terminal and construction of new terminal at the MIA. As per the work construction contract dated October 25, 2010 entered into with GMIAL, the expected substantial completion date of the construction was July 01, 2014, and GADLIL's registration in the Republic of Maldives is valid till December 31, 2016. However, pursuant to the takeover of MIA by MACL, GMIAL has terminated the work construction contract with GADLIL on December 10, 2012. These conditions indicate the existence of a material uncertainty about the going concern of GADLIL which is fully dependent on the outcome of the arbitration process between GMIAL and GoM and MACL. However, based on internal assessment and certain business plans the financial statements of GADLIL as at and for the quarter ended June 30, 2014 have been prepared and accordingly consolidated on a going concern basis. The statutory auditors of the Company have modified their Limited Review Report in this regard.

5. GMR Kishangarh Udaipur Ahmedabad Expressways Limited, a subsidiary of the Company ('GKUAEL'), had entered into a Concession Agreement with National Highways Authority of India ('NHAI') on November 30, 2011 for six laning of Kishangarh-Udaipur-Ahmedabad section of National Highways 79A, 79, 76 and 8. Pursuant to non-fulfillment of mandatory 'Conditions Precedent' specified under the Concession Agreement within the due date, GKUAEL has issued a notice to NHAI dated December 21, 2012 of its intention to terminate the Concession Agreement. In response, NHAI vide their letter dated January 1, 2013 termed the notice not maintainable both in law and in facts. Further, NHAI in their letter dated January 17, 2013 to GKUAEL had also indicated of making good the alleged defaults of NHAI within the cure period of 90 days. Further, the management of the Group has submitted the proposal for the continuance of the project subject to certain modifications in the financial and other terms in the Concession Agreement and is confident of obtaining approval of these modifications by NHAI.

   The Company along with its subsidiary has made an investment of Rs. 725.63 crore in GKUAEL (including loans of Rs. 25.63 crore and investment in equity shares of Rs. 700.00 crore made by the Company and its subsidiaries), which is primarily utilised towards payment of capital advance of Rs. 590.00 crore to its EPC contractors and Rs. 126.38 crore (including Rs. 1.96 crore during the quarter ended June 30, 2014) towards indirect expenditure attributable to the project and borrowing costs ('project expenses'). The management of the Group is confident of recovering the aforesaid capital advance and does not anticipate any compensation to be payable to NHAI in view of the aforesaid dispute and continue to carry such project expenses as 'intangible assets under development' pending satisfactory resolution of the matter. The statutory auditors of the Company have modified their Limited Review Report in this regard.

6. GMR Energy Limited ('GEL'), a subsidiary of the Company had entered into a Power Purchase Agreement ('PPA') with Karnataka Power Transmission Corporation Limited for supply of energy during the period December 15, 1997 to July 7, 2008. GEL had a Fuel Supply Agreement ('FSA') with a fuel supplier towards purchase of Naptha for generation of electricity during the aforementioned period. The FSA provided for payment of liquidated damages to the fuel supplier in the event that there was a shortfall in the purchase of the annual guaranteed quantity.

   During the year ended March 31, 2013, GEL received a notice for Good Faith Negotiation under erstwhile FSA entered into between GEL and the fuel supplier with respect to dispute regarding liquidated damages amounting to Rs. 296.16 crore along with an interest of Rs. 5.55 crore towards failure of GEL to purchase the

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annual guaranteed quantity for the period from November 21, 2001 to June 6, 2008. GEL vide its letter dated October 31, 2012 had disputed the demand from the fuel supplier towards the aforementioned damages.

Further, GEL received a notice of arbitration from the fuel supplier's legal representative requesting the appointment of arbitrator for the dispute resolution which has been disputed by GEL in their reply dated February 15, 2013.

During the year ended March 31, 2014, the fuel supplier has filed a petition in the Hon'ble High Court of Karnataka seeking appointment of a sole arbitrator for the resolution of the dispute. GEL has filed its reply on January 8, 2014 and the final outcome of the arbitration is pending conclusion. However based on its internal assessment and a legal opinion, the management of the Group is confident that the claim of the fuel supplier towards such liquidated damages is not tenable and accordingly no adjustments have been made to the unaudited consolidated financial results of the Group and the claim from the fuel supplier has been considered as a contingent liability as at June 30, 2014.

7. GMR Power Corporation Limited ('GPCL'), a subsidiary of the Company, approached Tamil Nadu Electricity Regulatory Commission ('TNERC') to resolve the claims / counterclaims arising out of the PPA and Land Lease Agreement ('LLA') in respect of the dues recoverable from Tamil Nadu Generation and Distribution Corporation Limited ('TAGENDCO') (formerly known as Tamil Nadu Electricity Board 'TNEB') on account of sale of energy including reimbursement towards interest on working capital, Minimum Alternate Tax ('MAT'), rebate, start/ stop charges and payment of land lease rentals to TAGENDCO. GPCL had received a favourable Order from TNERC on April 16, 2010 and in pursuance of the Order, GPCL had filed its claim on April 30, 2010 amounting to Rs. 481.68 crore and recognised Rs. 79.55 crore as income in the books of account.

   TAGENDCO filed a petition against TNERC Order in Appellate Tribunal for Electricity ('APTEL'). In terms of an interim Order on November 19, 2010 from APTEL, TAGENDCO deposited Rs. 537.00 crore including interest on delayed payment of the claim amount. APTEL vide its Order dated February 28, 2012, upheld the claim of GPCL and further directed GPCL to verify and pay counter claims of TAGENDCO in respect of the benefits earned if any, by GPCL with regard to the delayed payment towards fuel supply that are not as per the terms of the FSA. GPCL had appealed to the Hon'ble Supreme Court in Civil Appeals seeking certain interim relief with respect to the benefits pointed out by APTEL on credit period of Fuel Supplies in terms of the FSA. The legal counsel handling the matter has confirmed that on April 24, 2014, the Hon'ble Supreme Court has disposed off the appeal of TANGEDCO and directed GPCL and TANGEDCO to file their respective claim / account statement before TNERC within one month for adjudication. GPCL has received the copy of the aforesaid order on July 15, 2014. The management does not expect any cash outflow in this regard.

   GPCL is availing tax holiday under Section 80IA of the Income Tax Act, 1961 ('IT Act') in respect of its income from power generation. Considering that the substantial amount, though under protest, has been received by GPCL, based on an expert opinion, GPCL has offered the claims upto March 31, 2013 as income in its tax returns and has claimed the deduction as available under Section 80IA of the IT Act.

   However, in accordance with the Group's accounting policy, pending acceptance of claims by TAGENDCO and pending adjudication of petition before the Hon'ble Supreme Court, the Group has not recognised such balance claim in the books of account.

   In accordance with the above, the amount received towards the above mentioned claims after the date of Order is being disclosed as advance from the customer in the books of account. Further, GPCL has been legally advised that pending adjudication of petition, the entire matter is now subjudice and has not attained the finality. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

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8. The PPA entered into by GPCL with TAGENDCO on September 12, 1996 has expired on February 14, 2014 and the same was extended for a period of one year from February 15, 2014 with revised commercial terms and conditions. However, TAGENDCO has filed petition before TNERC for approval of Tariff. GPCL is recognising the income on a provisional basis from February 15, 2014 based on the revised commercial terms pending approval of TNERC. In view of the pending approval of the revised agreed commercial terms, TANGENDCO has withheld 1.25% of variable costs and 11% of fixed costs while settling the tariff invoices.

9. a. The Group is engaged in the business of generation and sale of electrical energy from its two gas based power plants of 220MW and 387.63MW situated at Kakinada and Vemagiri respectively. Further, the Group has investments in a subsidiary, GMR Rajahmundry Energy Limited ('GREL') which is constructing a gas based power plant. In view of lower supplies / availability of natural gas to the power generating companies in India, the Group is facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL and GMR Vemagiri Power Generation Limited ('GVPGL') have not generated and sold electrical energy since April 2013 and May 2013 respectively and have been incurring losses on account of the aforesaid shortage of natural gas supply, thereby resulting in erosion of networth and usage of short term funds for long term purposes. GREL has not yet commenced commercial operations pending linkages of natural gas supply. The Group is actively pursuing / making representations with various government authorities to secure the natural gas linkage / supply as the natural gas supplies from KG D6 basin have dropped significantly from September 2011 onwards. The Group, for its 768 MW gas based power plant, which is under construction at Rajahmundry, has applied for allocation of gas and Ministry of Petroleum and Natural Gas ('MoPNG') is yet to allocate the gas linkage. The consortium of lenders has approved the reschedulement of COD of the plant under construction to April 1, 2014 and repayment of project loans. GREL in absence of gas linkage has sought further extension of COD by one year which has been approved by the lead bank and the management is confident of getting the approval from the other banks to the consortium. The Group and the Association of Power Producers are closely monitoring the macro situation and are evaluating various approaches / alternatives to deal with the situation and the management of the Group is confident that the Government of India ('GoI') would take necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. Despite the aforementioned reasons, based on business plan and valuation assessment, the management of the Group is confident that GEL and GVPGL will be able to generate sufficient profits in future years, GREL will get an extension of COD as stated aforesaid and these gas based power generating companies would meet their financial obligations as they arise. The management of the Group considers that the going concern assumption and the carrying value of the net assets of the aforesaid entities as at June 30, 2014 is appropriate and these unaudited consolidated financial results of the Group do not include any adjustments that might result from the outcome of this uncertainty. In the meantime, the Company has committed to provide necessary financial support to these companies as they may require for continuance of their normal business operations. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

   b. In respect of plant under construction at Rajahmundry, pending securing supply of requisite natural gas, the Group has put on hold the active construction work of the plant. The management of the Group believes that the indirect expenditure attributable to the construction of the project and borrowing costs incurred during the period of uncertainty around securing gas supplies qualifies for capitalisation under paragraphs 9.3 and 9.4 of AS -10 and paragraphs 18 and 19 of AS -16. The subsidiary setting up the plant has approached the Ministry of Corporate Affairs seeking clarification / relaxation on applicability of the aforementioned paragraphs to the gas availability situation referred in 10(a) above. The management of the Group is confident of obtaining necessary clarification / relaxation allowing such capitalisation. Pending receipt of requisite clarification / relaxation, the Group has capitalised aforesaid expenses amounting to Rs. 104.76 crore and Rs. 784.71 crore for the quarter ended June 30, 2014 and cumulatively upto June 30, 2014 respectively towards cost of the plant under construction. The statutory auditors of the Company have modified their Limited Review Report in this regard.

10. As at June 30, 2014, the Group has an investment of Rs. 2.83 crore (including equity shares capital of Rs. 2.44 crore and share application money, pending allotment of Rs. 0.39 crore) in Rampia Coal Mine and Energy Private Limited ('RCMEPL') and has provided bank guarantees of Rs. 22.18 crore on behalf of RCMEPL to the Ministry of Coal ('MoC'). MoC vide its letter dated January 15, 2014 asked the allocatees of 61 coal blocks including RCMEPL to obtain certain necessary approvals within the stipulated time specified in the letter and indicated that the absence of obtaining such approvals would result in de-allocation of these coal blocks. RCMEPL has filed a writ petition in the Hon'ble High Court of Delhi, New Delhi against Union of India whereby RCMEPL has requested the Hon'ble High Court to quash the letter by MoC dated January 15, 2014 and directed the State Government of Orissa to expedite the grant of requisite approvals. The Hon'ble High Court has passed an interim order maintaining status quo of the block. MoC vide their letter dated February 17, 2014 to the joint venture partners of RCMEPL has indicated that the Inter-Ministerial Group has

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recommended de-allocation of the said blocks which has been accepted by MoC, but further action is put on hold in view of the interim order of the Hon'ble High Court. The management of the Group, based on the filed writ petition and its internal assessment is of the view that the reasons for delay in obtaining the said approvals were beyond the control of RCMEPL, that it would obtain the necessary approvals in the foreseeable future and the aforesaid de-allocation of coal blocks by MoC is not tenable.

RCMEPL has filed an application with the District Collector, Government of Orissa, for obtaining the Prospecting License ('PL') in line with the Milestone chart set out in the Letter of Allocation dated January 17, 2008, issued by MoC which has been forwarded by the District Collector to Secretary Mines, Government of Orissa. RCMEPL is awaiting the approval in this regard to start further exploration activities and preparation of the Geological Reports for determination of commercially recoverable reserves. Presently all the activities are towards acquiring the mining lease and the management of the Group is of the opinion that PL will be issued in the near future. Further, RCMEPL has been intimated of overlapping to the extent of 30% of land allotted to it, being also allotted to Mahanadi Coalfields Limited ('MCL'). RCMEPL has initiated action to get the clearance of overlapping lands from MCL and has also applied for approval of mining plan in the part of the area where prospecting has been completed by Central Mine Planning and Design Institute Limited ('CMPDIL') in respect of land also allotted to MCL. The management of the Group is confident of obtaining the aforesaid approvals. Accordingly, no adjustments have been made in these unaudited consolidated financial results in this regard.

11. The Group has an investment of Rs. 167.94 crore and has given a loan of Rs. 222.15 crore to Homeland Energy Group Limited ('HEGL'), a subsidiary of the Company. During the year ended March 31, 2013 the Group had entered into agreements for divestment of the key coal mines held by certain subsidiaries and jointly controlled entities of HEGL subject to obtaining necessary approvals. During the year ended March 31, 2014, the sale transaction was completed for the coal mines of Homeland Energy Group Limited ('HEGL'), a subsidiary of the Company after obtaining the requisite approvals and the Group has realised a profit of Rs. 37.02 crore on sale of one of such mines, which had been disclosed as an 'exceptional item' in the consolidated financial results for the year ended March 31, 2014. On account of the disposal of the shares in the entities having the abovementioned mining rights, the Group has recognised foreign exchange gain (inclusive of Foreign Currency Translation Reserve) of Rs. 63.52 crore for the quarter and year ended March 31, 2014, which had been disclosed as an 'exceptional item' in these unaudited consolidated financial results. The management of the Group is confident that the carrying value of balance net assets as at June 30, 2014 in HEGL is appropriate.

The details of the results of HEGL consolidated till quarter ended June 30, 2014 are as follows:

(in Rs. crore)

	Quarter ended June 30, 2014	Quarter ended March 31, 2014	Quarter ended June 30, 2013	Year ended March 31, 2014
Total income	0.50	51.39	1.25	89.27
Profit/(loss) after tax and minority interest (before consolidation adjustments)	(11.01)	79.75	(31.29)	64.12

12. During the year ended March 31, 2013, the Group had entered into definitive sale agreements for divestment of 74% stake in GMR Jadcherla Expressways Private Limited ('GJEPL'), an erstwhile subsidiary of the Company to Macquarie SBI Infrastructure Investments Pte Limited and SBI Macquarie Infrastructure Trustee Limited. During the year ended March 31, 2014, the sale transaction has been completed and the Group had realised a profit of Rs. 55.08 crore on such sale of shares which had been disclosed as an 'exceptional item' in the consolidated financial results of the Group for the year ended March 31, 2014.

The Group has also entered into a definitive sale agreement for the balance 26% stake in GJEPL subject to obtaining regulatory approvals. As such, the Group has accounted for investment in such associate in accordance with AS – 13 'Accounting for Investments'.

13. During the year ended March 31, 2014, the Group had divested 74% of its stake in GMR Ulundurpet Expressways Private Limited ('GUEPL'), an erstwhile subsidiary of the Company to India Infrastructure Fund and realised a profit of Rs. 14.65 crore on such divestment, which was disclosed as an 'exceptional item' in the consolidated financial results for the quarter and year ended March 31, 2014. Further, as at June

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30, 2014, the Group has provided a loan of Rs.74.43 crore to GUEPL carrying an interest rate of 0.01% p.a. The loan is repayable by January 22, 2027.

The details of the results of GUEPL consolidated till quarter ended March 31, 2014 are as follows:

(in Rs. crore)

	Quarter ended March 31, 2014	Quarter ended June 30, 2013	Year ended March 31, 2014
Total income	12.60	24.21	83.37
Profit/ (loss) after tax and minority interest (before consolidation adjustments)	0.90	0.22	3.07

14. During the quarter ended June 30, 2014, GMR Kamalanga Energy Limited ('GKEL'), a subsidiary of the Company has recognised Rs. 59.35 crore crore as revenue which has been billed based on a provisional tariff, pending petition filed by the Company with Central Electricity Regulatory Commission ('CERC') for 'Tariff Determination' and Rs. 77.19 crore as revenue which has been billed based on PPA tariff for which GKEL has filed petition with CERC for Tariff Review. Further during the year ended March 31, 2014, GKEL has recognized Rs. 96.07 crore as revenue which has been billed on a provisional tariff basis in view of 'Tariff Determination Petition' and 'Tariff Review Petition' filed by GKEL which are pending before CERC and APTEL.

15. During the quarter ended June 30, 2014, GMR Hotels and Resorts Limited ('GHRL'), a subsidiary of GMR Hyderabad International Airport Limited ('GHIAL'), has incurred net loss of Rs. 6.18 crore and has accumulated losses of Rs. 114.72 crore as at June 30, 2014, which has resulted in a substantial erosion of GHRL's net worth. Further, GHRL has incurred cash losses during the quarter ended June 30, 2014 and year ended March 31, 2014. The management of the Group expects that there would be a significant increase in the operations of GHRL that will lead to improved cash flows and long term sustainability. The Group has undertaken to provide such financial support as necessary, to enable GHRL to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these unaudited consolidated financial results of the Group do not include any adjustments relating to the recoverability and classification of carrying amount of assets or the amounts and classification of liabilities that may be necessary if GHRL were unable to continue as a going concern.

16. During the quarter ended June 30, 2014, EMCO Energy Limited ('EMCO'), a subsidiary of the Company has incurred a net loss of Rs. 139.05 crore and has accumulated losses of Rs. 694.55 crore as at June 30, 2014, which has resulted in erosion of EMCO's entire net worth. EMCO has achieved the COD of Unit I in March 2013 and of Unit II in September 2013 and hence is in the stabilization phase of its operations. The management of the Group expects that the plant will generate sufficient profits in the future years in view of which the unaudited financial results of EMCO have been prepared and accordingly consolidated on a going concern basis.

17. During the quarter ended March 31, 2014, EMCO has recognized a deferred tax asset of Rs. 30.07 crore on its carry forward losses to the extent it is available for set-off from future taxable income before the commencement of the expected tax holiday period. The deferred tax asset on carry forward losses is accounted net of the deferred tax liability arising out of the difference between tax depreciation and depreciation/ amortization charged as per the books of account of EMCO and is restricted to the extent there is virtual certainty of taxable profits under the IT Act before the commencement of expected tax holiday period. The management of the Group believes that there is virtual certainty with convincing evidence of availability of such future taxable income in view of the power pricing mechanism in the PPAs entered into by EMCO with Maharashtra State Electricity Distribution Company Limited for 200MW capacity, with Union Territory of Dadra Nagar Haveli for 200 MW capacity, with GMR Energy Trading Limited for 150 MW capacity based on back-to-back power sale agreement with Tamil Nadu Generation and Distribution Corporation Limited and fuel linkage for full capacity of its plant. The management has recognized deferred tax asset / liability is respect of all the timing differences which have originated upto March 31, 2014 and are expected to reverse either before commencement of the expected tax holiday period or after the expiry of such holiday period.

18. The Group has an investment of Rs. 429.70 crore (USD 7.10 crore) including loan and interest accrued thereon of Rs. 20.85 crore (USD 0.35 crore) in PT Dwikarya Sejati Utama ('PTDSU')). The Group acquired PTDSU for a consideration of USD 4.00 crore and a deferred consideration to be determined and paid on achievement

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of certain conditions as specified in the share purchase agreement. PTDSI, a step down subsidiary of PTDSU had pledged 60% shares of PTBSL with the sellers of PTDSU. The achievement of aforementioned conditions for settlement of deferred consideration had been under dispute and the matter was under arbitration and PTDSI had initiated a civil suit seeking direction to the sellers of PTDSU not to act on the pledge agreement provided as security earlier. Pursuant to a settlement agreement dated June 25, 2014, the Group has agreed to pay USD 2.00 crore towards the deferred consideration to the sellers of PTDSU. As per the settlement agreement, the Group has agreed to make an upfront payment of USD 0.50 crore and the balance USD 1.50 crore are to be repaid in 16 equal quarterly installments commencing from June 30, 2015. Further the Group has pledged 35% shares of PTBSL as a security towards the payment of the balance instalments.

The consolidated financial statements of PTDSU and its subsidiaries PTBSL and PTDSI as at June 30, 2014 have accumulated deficit of Rs. 28.48 crore (USD 0.48 crore). PTBSL, a coal property Company remains in the exploration phase and is consistently in the need of capital injection for its exploration costs. The management of PTDSU has committed to provide financial support until PTBSL commences commercial operations and generates income on its own. The management of PTDSU is not aware of any material uncertainties that may cast significant doubt upon these entities' ability to continue as a going concern and accordingly the management of the Group believes that the carrying value of the net assets in PTDSU and its subsidiaries as at June 30, 2014 is appropriate.

19. In accordance with the provisions of Schedule II of the Companies Act, 2013, the Group has revised the estimated useful lives of its fixed assets of its domestic companies with effect from April 01, 2014 except for certain power sector companies which are following the rates prescribed as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, and certain assets in Companies in airport sector as stated below. Accordingly, the net book value of the fixed assets as at April 01, 2014, is being depreciated on a prospective basis over the remaining useful life, wherever applicable. This change in accounting estimate has resulted in increase in depreciation and amortisation expenses for the quarter ended June 30, 2014 by Rs. 72.95 crore. Further, in case of fixed assets whose useful life on such reassessment had expired as of April 01, 2014, net book value of Rs. 35.10 crore (net of deferred tax charge of Rs. 9.17 crore) is adjusted with the deficit in the consolidated statement of profit and loss as of April 01, 2014.

    On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") has issued a consultation paper whereby it proposes to lay down, to the extent required, the depreciation rates for certain airport assets. Pending issuance of final notification by the Authority on the useful lives of airport specific assets, the Group has continued to depreciate these assets over their estimated useful lives as determined by the management of the Group based on technical evaluation.

20. The Comptroller and Auditor General of India ('CAG') had conducted the performance audit of Public Private Partnership ('PPP') project of Airport Authority of India ('AAI') at Delhi Airport, for the period 2006 to 2012. CAG has presented its report before the Rajya Sabha on August 17, 2012 wherein they have made certain observations on DIAL. The Public Accounts Committee (PAC), constituted by the Parliament of India, has examined the CAG report and submitted its observations and recommendations to Lok Sabha vide its ninety fourth report in February 2014. The management of the Group is of the opinion that the observations in the CAG report and the PAC report do not have any financial impact on the unaudited consolidated financial results of the Group for the quarter ended June 30, 2014.

21. A search under Section 132 of the IT Act was carried out at the premises of the Company and certain entities of the Group by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates during the year ended March 31, 2013, to check the compliance with the provisions of the IT Act. The Income Tax Department has subsequently sought certain information / clarifications. The Group has not received any demand from the Income Tax Authorities. The management of the Group believes that it has complied with all the applicable provisions of the IT Act with respect to its operations.

22. The Company has given an interest free loan of Rs. 115.00 crore to Welfare Trust of GMR Infra Employees ('GWT') during the year ended March 31, 2011 for the purpose of employee benefit scheme. GWT has utilised the proceeds of the loan received from the Company in the following manner and the position as at June 30, 2014 is:

(in Rs. crore)

Equity shares of the Company	101.55
Equity shares of GMR Airports Limited ('GAL') (a subsidiary of the Company)	11.28
Others	2.17
Total	**115.00**

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Securities and Exchange Board of India ('SEBI') had issued Circular No. CIR/CFD/DIL/3-2013 dated January 17, 2013 prohibiting listed entities from framing any employee benefit scheme involving acquisition of own securities from the secondary market. SEBI had issued Circular No. CIR/CFD/POLICYCELL/14/2013 dated November 29, 2013 extending the date of compliance to June 30, 2014. The management of the Company submitted the details of the GWT to the stock exchanges.. However, SEBI issued Circular No. CIR/CFD/POLICYCELL/3/2014 dated June 27, 2014 stating that SEBI Board has approved certain proposals for framing a new set of regulations concerning employee benefit schemes dealing in shares of the Company which will come into force as and when notified. In view of the above, SEBI extended the timeline for aligning the existing employee benefit scheme with SEBI (ESOS and ESPS) Guidelines, 1999 till the new regulations are notified. Further, as per the trust deed, GWT is constituted for undertaking only employee benefit schemes and hence the Group has not consolidated the financial results of GWT in these unaudited consolidated financial results of the Group.

23. As at June 30, 2014, the Group has an investment of Rs. 442.35 crore (including investment in equity share capital of Rs 5.00 crore and subordinate loan of Rs. 437.35 crore) in GMR Badrinath Hydro Power Generation Private Limited (GBHPL), a subsidiary of the Company. GBHPL is in the process of setting up 300 MW hydro based power plant in Alaknanda river, Chamoli District of Uttarakhand. The Honorable Supreme Court of India, while hearing a civil appeal in the matters of Alaknanda Hydro Power Company Limited, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by the 24 projects coming up on the Alaknanda and Bhagirati basins until further orders. The management of the Group is confident of obtaining the requisite clearances and is of the view that the carrying value of net assets of Rs. 432.52 crore of GBHPL is appropriate. Accordingly, no adjustments have been made in these unaudited consolidated financial results of the Group. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

24. GMR Infrastructure (Cyprus) Limited, a subsidiary of the Company, has fixed deposits of Rs. 675.66 crore with Eurobank, Cyprus (net of Rs. 108.88 crore received subsequent to the quarter ended June 30, 2014). The Republic of Cyprus is presently facing economic difficulties. The management is of the view that inspite of such economic difficulties, the amount held as fixed deposit with Eurobank is good for recovery though withdrawal of the amount from the Republic of Cyprus would be subject to restriction as may be imposed by the Central Bank of Cyprus.

25. The Group has an investment of Rs. 2,532.42 crore, (including share application money pending allotment of Rs. 386.37 crore, subordinate loan of Rs. 414.60 crore and interest accrued thereon of Rs. 135.25 crore) in GMR Chhattisgarh Energy Limited ('GCHEPL'), a subsidiary of the Company as at June 30, 2014 and has also provided corporate / bank guarantee towards loan taken by GCHEPL from the project lenders. GCHEPL is in the advanced stage of construction of 1,370 MW coal based thermal power plant at Raipur district, Chhattisgarh and is expected to commence operations in the current financial year. GCHEPL has obtained provisional Mega Power status certificate from the Ministry of Power, GoI vide letter dated September 8, 2011 and accordingly has availed exemptions of customs and excise duty against bank guarantees and pledge of deposits. The management of the Group is certain of obtaining Mega Power status, pending which cost of customs and excise has not been considered as cost of the project.

    The Group expects certain delays in the completion of construction and costs overruns including additional claims from the EPC contractor which are pending settlement as at June 30, 2014. As per the management of the GCHEPL, the additional claims are not expected to be material and the cost overrun funding of the project is dependent on fulfilment of various conditions of the lending bankers including obtaining of coal linkage for the project and tying up of entire power generation capacity with State Discoms or Power Trading Companies with back to back PPA with creditworthy State Discoms which needs to be fulfilled by the end of the financial year. Further GCHEPL had entered into a PPA with Chhattisgarh State Power Trading Company Limited ('CSPTA') for supply of 35% of the plant capacity. On September 25, 2013, CSPTA has intimated GCHEPL that under the PPA, CSPTA has a right rather than an obligation to purchase 30% of the plant capacity, which has been disputed by GCHEPL. In view of the recent directives and latest announcements by Ministry of Power, the management of the Group is confident of obtaining the linkage of domestic coal prior to the completion of construction of the plant and is also confident of executing the PPA for its entire capacity within the stipulated time. The lead banker has also assessed the viability of the project based on revised estimates and hence the management of the Group is of the view that the carrying value of net assets of GCHEPL as at June 30, 2014 is appropriate.

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26. In case of GHIAL, the Airport Economic Regulatory Authority ('AERA'), vide its powers conferred by section 13(1)(a) of AERA Act, 2008, passed an Aeronautical tariff order No. 38 issued on February 24, 2014, in respect of control period from April 1, 2011 to March 31, 2016. As per the aforesaid order, there will be no Passenger Service Fee (Facilitation Component) ('PSF (FC)') for embarking passengers and the same will be considered as part of User Development Fee ('UDF'). Further, the UDF for the period from April 1, 2014 to March 31, 2016 has been determined to be Rs. Nil.

    This has significantly impacted the profitability and cash flows of GHIAL for the period ended on June 30, 2014 and will continue to have significant impact on the profitability and cash flows of GHIAL for the period between July 01, 2014 to March 31, 2016.

    GHIAL has initiated legal recourse challenging the aforesaid AERA order and has also initiated certain steps towards strategic cash management. Further, with the expected UDF commencing in the next tariff cycle, the financial position expected to improve thereafter. Moreover, the Company has agreed to provide the necessary financial support to GHIAL, should the necessity arise.

27. During the year ended March 31, 2014, based on a valuation assessment of its investments including unsecured loans in Aravali Transmission Service Company Limited ('ATSCL') and Maru Transmission Service Company Limited ('MTSCL'), subsidiaries of the Company, the Group has made an impairment provision of Rs. 8.95 crore towards the carrying value of the net assets of ATSCL and MTSCL which had been disclosed as an exceptional item in the consolidated financial results for the quarter and year ended March 31, 2014.

28. During the quarter ended June 30, 2014, the Group along with Megawide Construction Corporation ('GMR Megawide Consortium') signed the Concession Agreement with Department of Transportation and Communications, Republic of Philippines and Mactan - Cebu International Airport Authority ("MCIAA") to plan, develop, construct, renovate, operate and maintain Mactan Cebu International Airport for a period of 25 years. As per terms of the Concession Agreement, GMR Megawide Consortium has paid premium of Rs. 2,002.24 crore (Philippine Pesos 1,440.46 crore). As per the terms of the Shareholders Agreement dated April 8, 2014, the Group along with its affiliates will hold 40% of the share capital of the joint venture entity and the balance 60% of the share capital will be held by Megawide Construction Corporation.

    A petition has been filed before the Supreme Court of the Republic of Philippines, Manila against MCIAA, the Pre-qualifications, Bids and Awards Committee for the Mactan Cebu International Airport ("AC"), GMR Megawide Consortium seeking direction restraining MCIAA from issuing an award or executing the Concession Agreement with the GMR Megawide Consortium in relation to the Mactan-Cebu International Airport Public-Private Partnership Project. The Group has not yet received any notice from the Supreme Court of the Republic of Philippines, Manila in this matter.

29. MAS GMR Aerospace Engineering Company Limited, ('MGAECL'), a 50% a jointly controlled entity of the Group has investment in equity share capital of Rs. 25.00 crore in MAS GMR Aero Technic Limited ('MGATL'), a 100% subsidiary of MGAECL and has provided loans of Rs. 245.90 crore as at June 30, 2014. During the quarter ended June 30, 2014, MGATL, has incurred net loss of Rs. 17.61 crore and has accumulated losses of Rs. 244.07 crore as at June 30, 2014, which has resulted in erosion of entire net worth of MGATL. Subsequent to the quarter ended on June 30, 2014, the Group has entered into a definitive agreement with the joint venture partner of MGAECL to terminate the joint venture agreement and to purchase the remaining 50% equity stake in MGAECL for a purchase consideration of USD 1, consequent to which, the Group has made a provision of Rs. 18.12 crore towards impairment in the carrying value of net assets, which has been disclosed as an 'exceptional item' in the unaudited consolidated financial results for the quarter ended June 30, 2014. Further, the management of the Group expects that there will be a significant increase in the operations of MGATL that will lead to improved cash flows and long term sustainability. The Group has undertaken to provide such financial support as necessary, to enable MGATL to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these unaudited consolidated financial results of the Group do not include any adjustments relating to the recoverability and classification of carrying amounts of assets or the amounts and classification of liabilities that may be necessary if MGATL were unable to continue as a going concern.

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30. During the year ended March 31, 2013, the Group had divested its shareholding in GMR Energy (Singapore) Pte Limited ('GESPL'). GESPL was engaged in the development of a 800MW combined cycle gas turbine power plant in Jurong Island, Singapore. Further, the Company had provided a guarantee of Singapore Dollar ('SGD') 38.00 crore towards warranties as specified in the Share Purchase Agreement ('ShPA') and other ShPA transaction document for a period till September 30, 2014 and in respect of tax claims, if any, the guarantee period is up to March 31, 2018.

31. a) Subsequent to the quarter ended June 30, 2014, pursuant to the approval of the management committee dated July 10, 2014, the Company issued 468,817,097 equity shares of Re.1 each, at issue price of Rs. 31.50 per equity share (which is at a discount of Rs. 1.64 per equity share on the floor price of Rs. 33.14 per equity share and including Rs. 30.50 per share towards securities premium) aggregating to Rs. 1,476.77 crore to qualified institutional buyers under chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the "SEBI Regulations") and provisions of all other applicable laws.

    b) Subsequent to the quarter ended June 30, 2014, on July 02, 2014, the Board of Directors have approved for an issue and allotment up to 180,000,000 warrants having an option to apply for and be allotted equivalent number of equity shares of face value of Re.1/- each of an aggregate nominal amount of Rs. 180,000,000 to GMR Infra Ventures LLP (forming part of promoter group) on a preferential basis under chapter VII of the SEBI Regulations and provisions of all other applicable laws. The Shareholders have approved the aforesaid issue of warrants through postal ballot on August 12, 2014.

32. Information pertaining to the Company on a standalone basis:

(in Rs. crore)

	Quarter ended			Year ended
	June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014
	Unaudited	Refer Note 34	Unaudited	Audited
(a) Revenue from operations	161.16	205.40	263.40	786.29
(b) Profit / (loss) before tax and after exceptional items	(56.68)	221.78	20.40	188.08
(c) Profit / (loss) after tax	(59.24)	209.77	15.26	165.90

33. Other operating income comprises of:

- interest income, dividend income and profit on sale of current investments for companies which undertake investment activities; and
- other operating income for other companies.

34. The figures of the last quarter ended March 31, 2014 are the balancing figures between the audited figures in respect of the full year financial upto March 31, 2014 and the published unaudited year to date figures upto December 31, 2013.

35. The consolidated financial results of the Group for the quarter ended June 30, 2014 have been reviewed by the Audit Committee at their meeting on August 12, 2014 and approved by the Board of Directors at their meeting on August 13, 2014.

36. The statutory auditors of the Company have carried out the Limited Review of the above consolidated financial results for the quarter ended June 30, 2014.

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37. Previous year / period figures have been re-grouped / re-arranged, wherever necessary to conform to the current period's presentation.

For GMR Infrastructure Limited

G.M. Rao
Executive Chairman

Bengaluru
August 13, 2014

S.R. Batliboi & Associates LLP
Bengaluru

GMR INFRASTRUCTURE LIMITED

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Limited Review Report

Review Report to
The Board of Directors of GMR Infrastructure Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results of GMR Infrastructure Limited ('the Company'), its subsidiaries, associates and jointly controlled entities (together, 'the Group' and individually as 'components'), for the quarter ended June 30, 2014 (the 'Statement'), included in the accompanying statement of unaudited consolidated financial results, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagements ('SRE') 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. (a) The unaudited financial results and other financial information of 2 subsidiaries, with total assets of Rs. 13,748.63 crore as at June 30, 2014, total revenue (including other income) of Rs. 997.74 crore and total loss of Rs. 103.10 crore for the quarter then ended (after adjustments on consolidation) have been reviewed jointly by us along with other auditors.

   (b) We did not review the unaudited financial results and other financial information of (i) 88 subsidiaries, with total assets of Rs. 41,805.03 crore as at June 30, 2014, total revenue (including other income) of Rs. 1,153.82 crore and total loss of Rs. 373.17 crore for the quarter then ended (after adjustments on consolidation) and (ii) 19 jointly controlled entities (including 12 jointly controlled entities consolidated for the period January 1, 2014 to March 31, 2014) with Group's share of total assets of Rs. 778.47 crore as at June 30, 2014, total revenue (including other income) of Rs. 244.34 crore and total profit of Rs. 12.25 crore for the quarter then ended (after adjustments on consolidation). The unaudited financial results and financial information for these subsidiaries and jointly controlled entities have been reviewed by the other auditors whose reports have been furnished to us, and our review report on the unaudited consolidated financial results is based solely on the reports of the other auditors.

   (c) We did not review the unaudited financial results and other financial information of (i) 20 subsidiaries (including 6 subsidiaries consolidated for the period January 1, 2014 to March 31, 2014), with total assets of Rs. 580.49 crore as at June 30, 2014, total revenue (including other income) of Rs. 0.95 crore, and total loss of Rs. 26.15 crore for the quarter then ended (after adjustments on consolidation); (ii) 3 jointly controlled entities (including 1 jointly controlled entity consolidated for the period January 1, 2014 to March 31, 2014) with Group's share of total assets of Rs. 6.88 crore as at June 30, 2014, total revenue (including other income) of Rs. 1.01 crore and total profit of Rs. Nil for the quarter then ended (after adjustments on consolidation) and (iii) 3 associates with Group's share of total profit of Rs. Nil for the quarter then ended (after adjustments on consolidation). The unaudited financial results and other financial information for these subsidiaries, jointly controlled entities and associates have been incorporated in the unaudited consolidated financial results of the Group based on unaudited financial results and other financial information as certified by the management of the Group as reviewed financial results of such component entities as at and for the period ended June 30, 2014 are not available and our review report in so far as it relates to the affairs of such subsidiaries, jointly controlled entities and associates is based solely on the basis of management certified financial results and other financial information. Our conclusion is not qualified in respect of this matter.

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S.R. Batliboi & Associates (a partnership firm) converted into S.R. Batliboi & Associates LLP (a Limited Liability Partnership with LLP Identity No. AAB-4295) effective 1st April, 2013
Regd. Office : 22, Camac Street, Block 'C', 3rd Floor, Kolkata-700 016

4. *As detailed in Note 9(b) to the accompanying statement of unaudited consolidated financial results for the quarter ended June 30, 2014, GMR Rajahmundry Energy Limited ('GREL'), a subsidiary of the Company has capitalised Rs. 104.76 crore and Rs. 784.71 crore for the quarter ended and cumulatively upto June 30, 2014 respectively towards indirect expenditure and borrowing costs (net of income earned during aforementioned period) incurred on a plant under construction where active construction work has been put on hold pending securing supply of requisite natural gas and has approached the Ministry of Corporate Affairs for clarification on the applicability of / relaxation from the provisions of Accounting Standard ('AS') -10 and AS -16 to the capitalisation. However, in our opinion, the aforesaid capitalisation of such expenses is not in accordance with the relevant Accounting Standards. Had the aforesaid expenditure not been capitalised, loss after tax and minority interest of the Group for the quarter ended and cumulatively upto June 30, 2014 would have been higher by Rs. 97.01 crore and Rs.762.75 crore respectively. In respect of the above matter, our audit report for the year ended March 31, 2014 was similarly modified.*

5. *As detailed in Note 2 to the accompanying statement of unaudited consolidated financial results for the quarter ended June 30, 2014, the management of the Group has recognized the profit on sale of its investments in Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi ('ISG') and LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi ('LGM') of Rs 1,658.93 crore (net of cost incurred towards sale of such investments) during the year ended March 31, 2014. In our opinion, since the sale consideration was received, the transfer of shares and certain regulatory approvals were obtained during the quarter ended June 30, 2014, recognition of the profit on sale of such investments in the consolidated financial statements of the Group during the year ended March 31, 2014 was not in accordance with the relevant Accounting Standards and accordingly, should have been recognized in the unaudited consolidated financial results for the quarter ended June 30, 2014. Accordingly, profit before tax and minority interest of the Group for the year ended March 31, 2014 and loss before tax and minority interest of the Group for the quarter ended June 30, 2014 would have been lower by Rs.1,658.93 crore. In respect of the above matter, our audit report for the year ended March 31, 2014 was similarly modified.*

6. *As detailed in Note 5 to the accompanying statement of unaudited consolidated financial results for the quarter ended June 30 2014, GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL'), a subsidiary of the Company has issued a notice of intention to terminate the Concession Agreement with National Highways Authority of India ('NHAI') which has been disputed by NHAI. Subsequently, the management of the Group has submitted the proposal for the continuance of the project subject to certain conditions which is pending acceptance by NHAI. As at June 30, 2014, GKUAEL has incurred and capitalised indirect expenditure and borrowing costs of Rs. 126.38 crore (including Rs.1.96 crore incurred during the quarter ended June 30, 2014) and has given capital advances of Rs.590.00 crore. In our opinion, in view of the uncertainty as stated above such expenses of Rs.126.38 crore should have been charged off in the unaudited consolidated financial results. Had the aforesaid expenditure not been capitalised, loss after tax and minority interest of the Group for the quarter ended and cumulatively upto June 30, 2014 would have been higher by Rs.1.96 crore and Rs.126.38 crore respectively. Further, having regard to the uncertainty in view of the dispute, we are also unable to comment on the final outcome of the matter and its consequential impact that may arise in this regard on the unaudited consolidated financial results for the quarter ended June 30, 2014. In respect of above matter, our audit report for the year ended March 31, 2014 was similarly modified.*

7. *As detailed in Note 4(a) and 4(b) to the accompanying statement of unaudited consolidated financial results for the quarter ended June 30, 2014, the Concession Agreement entered into between GMR Male International Airport Private Limited ('GMIAL'), a subsidiary of the Company, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years was declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated arbitration process to seek remedies under the said agreement and on June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and was valid and binding on the parties. However the quantum of the damages is yet to be decided and accordingly, pending final outcome of the arbitration, GMIAL continues to recognise the assets at their carrying values of Rs. 1,430.26 crore (USD 23.64 crore) as at June 30, 2014 including the claim recoverable of Rs. 1,074.53 crore (USD 17.76 crore) as the management is of the opinion that GMIAL will be able to recover at least the carrying value of the assets.*

Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for Rehabilitation, Expansion and Modernization

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of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and has received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognised in the accompanying statement of unaudited consolidated financial results as at June 30, 2014.

The takeover of MIA by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL. However, the financial statements of GMIAL and GADLIL as at and for the quarter ended June 30, 2014 continue to be prepared and consolidated on a going concern basis.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the assets of GMIAL and GADLIL and any other consequential impact that may arise in this regard on the accompanying statement of unaudited consolidated financial results for the quarter ended June 30, 2014. In respect of above matter, our audit report for the year ended March 31, 2014 was similarly modified.

8. We draw attention to Note 3 to the accompanying statement of unaudited consolidated financial results for the quarter ended June 30, 2014 in connection with the carrying value of net assets of Rs 217.77 crore (after providing for losses till date of Rs. 144.76 crore) as regards investment in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company. Though GACEPL has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration, based on management's internal assessment and legal opinion obtained by the management of GACEPL, the management of the Group is of the view that the carrying value of the net assets (after providing for losses till date) as regards investment in GACEPL is appropriate. Accordingly, no adjustments have been made in the accompanying unaudited consolidated financial results for the quarter ended June 30, 2014. Our conclusion is not qualified in respect of this matter.

9. We draw attention to Note 7 to the accompanying statement of unaudited consolidated financial results for the quarter ended June 30, 2014 which indicate that the entire matter relating to claims / counter claim arising out of the Power Purchase Agreement and Land Lease Agreement, filed by GMR Power Corporation Limited ('GPCL'), a subsidiary of the Company and Tamil Nadu Generation and Distribution Corporation Limited, is sub-judice before the Hon'ble Supreme Court of India and has not attained finality. However, pending the resolution of matter, no adjustments have been made in the accompanying unaudited consolidated financial results for the quarter ended June 30, 2014. Considering that substantial amount, though under protest, has been received, GPCL, based on an expert opinion, has offered the amount of claims received upto March 31, 2013 as income in its income tax returns and has claimed the deduction under Section 80IA of the Income Tax Act 1961. Our conclusion is not qualified in respect of this matter.

10. We draw attention to Note 9(a) to the accompanying statement of unaudited consolidated financial results for the quarter ended June 30, 2014 regarding (i) cessation of operations and losses incurred by GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiaries of the Company, and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) rescheduling of the commercial operations date and the repayment of certain project loans by GREL pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet their short term and long term obligations. The accompanying statement of unaudited consolidated financial results for the quarter ended June 30, 2014 do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not qualified in respect of this matter.

11. We draw attention to Note 23 to the accompanying statement of unaudited consolidated financial results for the quarter ended June 30, 2014 in connection with a 300 MW hydro based power plant on Alaknanda river, of Uttarakhand being constructed by GMR Badrinath Hydro Power Generation Private Limited ('GBHPL'), a subsidiary of the Group. The Honorable Supreme Court of India, while hearing a civil appeal in the matters of a hydro power company, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by any of the 24 projects until further orders. The management of the Group is confident of obtaining the requisite clearances and is of the view that the carrying value of net assets of Rs.

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432.52 crore of GBHPL is appropriate. Accordingly, no adjustments have been made in the accompanying unaudited consolidated financial results for the quarter ended June 30, 2014. Our conclusion is not qualified in respect of this matter.

12. Based on our review conducted as above, *except for the effects of the matters described in paragraphs 4, 5 and 6 and the possible effects of the matters described in paragraphs 6 and 7* and on consideration of reports of other auditors and certification by the management of the unaudited separate quarterly financial results and the other financial information of the components nothing has come to our attention that causes us to believe that the Statement of unaudited consolidated financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 - Interim Financial Reporting [specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014) and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. Batliboi & Associates LLP
ICAI firm registration number: 101049W
Chartered Accountants

S.R. Batliboi & Associates LLP
Bengaluru

per Sunil Bhumralkar
Partner
Membership number: 35141

Place: Bengaluru
Date: August 13, 2014

GMR Infrastructure Limited

Registered Office: 25/1, Skip House, Museum Road, Bengaluru - 560 025

PART I

Statement of Standalone unaudited financial results for the quarter ended June 30, 2014

(In Rs. crore)

S.No	Particulars	Quarter ended			Year ended
		June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014
		Unaudited	Refer Note 16	Unaudited	Audited
1	**Income from operations**				
	(a) Sales/ income from operations	68.56	139.80	170.99	468.67
	(b) Other operating income (refer Note 17)	92.60	65.60	92.41	317.62
	Total income from operations	**161.16**	**205.40**	**263.40**	**786.29**
2	**Expenses**				
	(a) Cost of materials consumed	7.95	3.06	50.62	92.08
	(b) Subcontracting expenses	55.79	139.67	94.62	308.55
	(c) Employee benefits expenses	8.02	25.43	16.07	69.72
	(d) Depreciation and amortisation expenses	5.18	2.11	2.08	8.42
	(e) Foreign exchange fluctuation loss (net)	-	-	-	-
	(f) Other expenses	10.48	15.55	14.93	55.04
	Total expenses	**87.42**	**185.82**	**178.32**	**533.81**
3	**Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)**	**73.74**	**19.58**	**85.08**	**252.48**
4	Other income				
	a) Foreign exchange fluctuation gain (net)	6.71	0.01	0.65	0.85
	b) Other income - others	0.11	1.35	1.41	3.92
5	**Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)**	**80.56**	**20.94**	**87.14**	**257.25**
6	Finance costs	137.24	125.42	80.02	408.71
7	**(Loss) / Profit from ordinary activities after finance costs and before exceptional items (5 - 6)**	**(56.68)**	**(104.48)**	**7.12**	**(151.46)**
8	Exceptional items				
	Profit on sale of investment in a subsidiary (refer Note 8)	-	-	13.28	13.28
	Profit on sale of investment in a jointly controlled entity (refer Note 9)	-	458.78	-	458.78
	Loss on redeemable preference shares (refer Note 11)	-	(131.25)	-	(131.25)
	Provision for diminuition in the value of investment in a jointly controlled entity (refer Note 10)	-	(1.27)	-	(1.27)
9	**(Loss)/ Profit from ordinary activities before tax (7 ± 8)**	**(56.68)**	**221.78**	**20.40**	**188.08**
10	Tax expenses	2.56	12.01	5.14	22.18
11	**Net (Loss) / Profit from ordinary activities after tax (9 - 10)**	**(59.24)**	**209.77**	**15.26**	**165.90**
12	Paid-up equity share capital (Face value - Re. 1 per share)	389.24	389.24	389.24	389.24
13	Reserve excluding Revaluation Reserves as per balance sheet of previous year				6,874.74
14	Weighted average number of shares used in computing Earning Per Share	3,892,432,532	3,892,432,532	3,892,432,532	3,892,432,532
15	Earnings per share (of Re. 1 each) (not annualised) Basic and diluted	(0.15)	0.54	0.04	0.43

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GMR INFRASTRUCTURE LIMITED

PART II

Select Information for the quarter ended June 30, 2014

S.No	Particulars	Quarter ended			Year ended
		June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014
A	**PARTICULARS OF SHAREHOLDING**				
1	Public shareholding				
	- Number of shares	1,101,590,935	1,101,590,935	1,103,702,750	1,101,590,935
	- Percentage of shareholding	28.30%	28.30%	28.36%	28.30%
2	Promoters and Promoter Group Shareholding				
	a) Pledged / Encumbered				
	- Number of shares	1,664,235,438	1,785,342,465	1,115,108,239	1,785,342,465
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	59.63%	63.97%	39.99%	63.97%
	- Percentage of shares (as a % of the total share capital of the Company)	42.76%	45.87%	28.65%	45.87%
	b) Non - encumbered				
	- Number of shares	1,126,608,409	1,005,501,382	1,673,623,793	1,005,501,382
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	40.37%	36.03%	60.01%	36.03%
	- Percentage of shares (as a % of the total share capital of the Company)	28.94%	25.83%	42.99%	25.83%

	Particulars	Quarter ended June 30, 2014
B	**INVESTOR COMPLAINTS**	
	Pending at the beginning of the quarter	-
	Received during the quarter	20
	Disposed of during the quarter	20
	Remaining unresolved at the end of the quarter	-

GMR Infrastructure Limited

Report on Standalone Segment Revenue, Results and Capital Employed

(In Rs. crore)

S.No	Particulars	Quarter ended			Year ended
		June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014
		Unaudited	Refer Note 16	Unaudited	Audited
1	**Segment Revenue**				
	a) EPC	68.56	139.80	170.99	468.67
	b) Others	92.60	65.60	92.41	317.62
	Total	**161.16**	**205.40**	**263.40**	**786.29**
	Less: Inter Segment	-	-	-	-
	Net Segment Revenue	**161.16**	**205.40**	**263.40**	**786.29**
2	**Segment Results**				
	a) EPC	(7.55)	(25.79)	(0.76)	(30.45)
	b) Others	88.11	46.73	87.90	287.70
	Total	**80.56**	**20.94**	**87.14**	**257.25**
	Less: Finance costs	137.24	125.42	80.02	408.71
	Add/less: Exceptional items				
	Profit on sale of investment in a subsidiary (refer Note 8)	-	-	13.28	13.28
	Profit on sale of investment in a jointly controlled entity (refer Note 9)	-	458.78	-	458.78
	Loss on redeemable preference shares (refer Note 11)	-	(131.25)	-	(131.25)
	Provision for diminuition in the value of investment in a jointly controlled entity (refer Note 10)	-	(1.27)	-	(1.27)
	Profit /(Loss) before tax	**(56.68)**	**221.78**	**20.40**	**188.08**
3	**Capital employed**				
	(Segment Assets - Segment Liabilities)				
	a) EPC	198.16	234.57	285.47	234.57
	b) Others	13,012.54	13,197.04	11,166.64	13,197.04
	c) Unallocated	(4,878.91)	(5,030.96)	(4,261.88)	(5,030.96)
	Total	**8,331.79**	**8,400.65**	**7,190.23**	**8,400.65**

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GMR Infrastructure Limited

Notes to the standalone unaudited financial results for the quarter ended June 30, 2014

1. Investors can view the standalone results of GMR Infrastructure Limited ("the Company" or "GMR") on the Company's website www.gmrgroup.in or on the websites of BSE (www.bseindia.com) or NSE (www.nse-india.com).

2. **Segment Reporting**

   a. The Company carries on its business in two business verticals viz., Engineering Procurement Construction ('EPC') and Others.

   b. The segment reporting of the Company has been prepared in accordance with Accounting Standard 17 on Segment Reporting, specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014). The business segments of the Company comprise of the following:

Segment	Description of Activity
EPC	Handling of engineering, procurement and construction solutions in Infrastructure Sector
Others	Investment activity and corporate support to various infrastructure SPVs

3. The Company through its subsidiary GMR Infrastructure (Mauritius) Limited ('GIML') has made investments of Rs. 218.91 crore (USD 3.62 crore) (including equity share capital of Rs. 139.73 crore and share application money, pending allotment of Rs. 79.18 crore) towards 77% holding in GMR Male International Airport Private Limited ('GMIAL') and GIML has pledged deposits of Rs. 871.06 crore (USD 14.40 crore) towards loans taken by GMIAL from its lenders. Further the Company has given a corporate guarantee of Rs. 2,540.58 crore (USD 42.00 crore) to the lenders in connection with the borrowings made by GMIAL.

   GMIAL entered into an agreement on June 28, 2010 with Maldives Airports Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport for a period of 25 years ("the Concession Agreement"). On November 27, 2012, MACL and MoFT issued notices to GMIAL stating that the Concession Agreement was void ab initio and that neither MoFT nor MACL had authority under the laws of Maldives to enter into the agreement. It was also stated that MACL would take over the possession and control of Male International Airport within 7 days of the said letter. Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the Male International Airport and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. On June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and is valid and binding on the parties. Further, the tribunal declared that the Government of Maldives ('GoM') and MACL are jointly and severally liable in damages to GMIAL for loss caused by repudiation of the contract. However, the quantum of the damages is yet to be decided and the damages are limited to the sum which would have been recovered under clause 19.4.3 (b) had the Concession Agreement been terminated on grounds of public interest pursuant to clause 19.2.1 (h). However, the final outcome of the arbitration is pending as at June 30, 2014. In view of the aforesaid matter, GMIAL continues to reflect assets amounting to Rs. 1,430.26 crore (USD 23.64 crore) including claim recoverable of Rs. 1,074.53 crore (USD 17.76 crore) at their carrying values as at June 30, 2014, net of assets written off of Rs. 202.61 crore during the year ended March 31, 2013. GMIAL's ability to continue its future business operations and consequential impact on investments made / guarantees given by the Company and GIML is solely dependent on the outcome of arbitration and / or a negotiated settlement.

   Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL') and other service providers for rehabilitation, expansion, modernization of Male International Airport. Pursuant to aforesaid takeover of airport, GMIAL has terminated the contracts with GADLIL and these service providers. As per the terms of contracts, in the event of discontinuation of construction, GMIAL is required to pay termination payment to the service

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GMR Infrastructure Limited

providers. GMIAL has received claims of around USD 8.00 crore up to June 30, 2014 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognised as at June 30, 2014 since the amounts payable are not certain.

Based on the aforesaid award by the tribunal, internal assessment and a legal opinion obtained by GMIAL, the management of the Company is confident that GMIAL would be entitled for compensation under the Concession Agreement at least to the extent of the carrying value of the assets taken over by the GoM / MACL and the subsequent expenditure incurred by GMIAL as at June 30, 2014 and accordingly, these unaudited standalone financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. The statutory auditors of the Company have modified their limited review report in this regard.

4. The Company along with subsidiaries has an investment of Rs. 362.53 crore (including loans of Rs. 122.94 crore and investment in equity / preference shares of Rs. 239.59 crore made by the Company and its subsidiaries) in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') as at June 30, 2014. GACEPL has been incurring losses since the commencement of commercial operations. The management believes that these losses are primarily attributable to loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the year ended March 31, 2014. Based on internal assessment and a legal opinion obtained by the management, the management of GACEPL is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly, the investment in GACEPL has been carried at cost and no provision for diminution in the value of investments has been made as at June 30, 2014. The statutory auditors of the Company have drawn an Emphasis of Matter in their limited review report in this regard.

5. The Company's subsidiaries GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL') are engaged in the business of generation and sale of electrical energy from its two gas based power plants of 220 MW and 387.63 MW situated at Kakinada and Vemagiri respectively. Further, GMR Rajahmundry Energy Limited ('GREL'), a subsidiary is constructing a gas based power plant. In view of lower supplies/ availability of natural gas to the power generating companies in India, these aforesaid entities' are facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL and GVPGL have not generated and sold electricity since April 2013 and May 2013 respectively and have been incurring losses on account of the aforesaid shortage of natural gas supply, thereby resulting in erosion of net worth and usage of short term funds for long term purposes. GREL has not yet commenced commercial operations pending linkages of natural gas supply. These aforesaid entities are actively pursuing / making representations with various government authorities to secure the natural gas linkage / supply as the natural gas supplies from KG D6 basin have dropped significantly from September 2011 onwards. GREL, for its 768 MW gas based power plant, which is under construction at Rajahmundry, has applied for allocation of gas and the Ministry of Petroleum and Natural Gas ('MoPNG') is yet to allocate the gas linkage. The consortium of lenders had approved the reschedulement of Commercial Operation Date ('COD') of the plant under construction to April 1, 2014 and repayment of project loans. In absence of gas linkage, GREL has sought further extension of COD which has been approved by the lead bank and the management is confident of getting the approval from the other banks to the consortium. The Company, these aforesaid entities and the Association of Power Producers are closely monitoring the macro situation and are evaluating various approaches / alternatives to deal with the situation and the management is confident that the Government of India would take necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. Despite the aforementioned reasons, based on business plan and valuation assessment, the management is confident that GEL and GVPGL will be able to generate sufficient profits in future years, GREL will get an extension of COD as stated aforesaid and these gas based power generating entities would meet their financial obligations as they arise and hence the going concern assumption of the aforesaid entities and carrying value of the investments (including advances) made by the Company directly or indirectly through its subsidiaries ('investments'), in GEL, GVPGL and GREL as at June 30, 2014 is appropriate and these unaudited standalone financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. In the

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meantime, the Company has also committed to provide necessary financial support to GEL, GVPGL and GREL as may be required by these entities for continuance of their normal business operations. The statutory auditors of the Company have drawn an Emphasis of Matter in their limit review report in this regard.

6. The Company has given an interest free loan of Rs. 115.00 crore to Welfare Trust of GMR Infra Employees ('GWT') during the year ended March 31, 2011 for the purpose of employee benefit scheme. GWT has utilised the proceeds of the loan received from the Company in the following manner and the position as at June 30, 2014 is:

(In Rs. crore)

Equity shares of the Company	101.55
Equity shares of GMR Airports Limited ('GAL')	11.28
Others	2.17
Total	**115.00**

Securities and Exchange Board of India ('SEBI') had issued Circular No. CIR/CFD/DIL/3-2013 dated January 17, 2013 prohibiting listed entities from framing any employee benefit scheme involving acquisition of own securities from the secondary market. SEBI had issued Circular No. CIR/CFD/POLICYCELL/14/2013 dated November 29, 2013 extending the date of compliance to June 30, 2014. The management of the Company submitted the details of the GWT to the stock exchanges. However, SEBI issued Circular No. CIR/CFD/POLICYCELL/3/2014 dated June 27, 2014 which stated that the SEBI Board has approved certain proposals for framing a new set of regulations concerning employee benefit schemes dealing in shares of the Company which will come into force as and when notified. In view of the above, SEBI extended the timeline for aligning the existing employee benefit schemes with SEBI (ESOS and ESPS) Guidelines, 1999 till the new regulations are notified. Further, as per the trust deed, GWT is constituted for undertaking only employee benefit schemes and hence the Company has not consolidated the financial results of GWT in these unaudited standalone financial results of the Company.

7. A search under Section 132 of the Income Tax Act, 1961 was carried out at the premises of the Company by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates thereafter, to check the compliance with the provisions of the Income Tax Act, 1961. The Income Tax Department has subsequently sought certain information / clarifications. The Company has not received any show cause notice / demand from the Income Tax Authorities. The management of the Company believes that it has complied with all the applicable provisions of the Income Tax Act, 1961 with respect to its operations.

8. During the year ended March 31, 2013, the Company and GMR Highways Limited ('GMRHL'), a subsidiary of the Company had entered into a definitive sale agreement for divestment of 74% shareholding in GMR Jadcherla Expressways Private Limited ('GJEPL'), a subsidiary of the Company to Macquarie SBI Infrastructure Investments Pte. Limited and SBI Macquarie Infrastructure Trustee Limited.

   During the year ended March 31, 2014, the above transaction was completed and the profit of Rs. 13.28 crore on redemption of preference shares held by the Company was disclosed as an exceptional item in the standalone financial results of the Company.

9. During the year ended March 31, 2014, the Company along with its subsidiaries had entered into a definitive agreement ('SPA') with Malaysia Airports MSC Sdn Bhd ('Buyer') for sale of their 40% equity stake in their jointly controlled entities; Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi ('ISG') and LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi ('LGM') for a sale consideration of Euro 20.90 crore (net of equity gap adjustment of Euro 1.6 crore and subject to debt and other working capital adjustments).The management based on its internal assessment and a legal opinion was of the view that all "Conditions Precedent" were either fulfilled or waived or agreed to be not applicable as at March 31, 2014 except for the buyer to obtain approval from Bank Negara Malaysia which was obtained on April 3, 2014 and subsequently after receipt of the consideration, the shares were transferred to the buyer on April 30, 2014 in view of which, the Company recognized the profit on the sale of its investment in ISG (net of cost incurred towards sale of investment of Rs.

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12.43 crore) of Rs. 458.78 crore, which was disclosed as an exceptional item in the standalone financial results of the Company for the quarter and year ended March 31, 2014.

Further, pursuant to definitive agreement entered with the Buyer, the Company along with its subsidiaries has provided a guarantee of Euro 4.50 crore towards claims, as specified in the definitive agreement for a period till December 2015 and in respect of tax claims, if any, the guarantee period is upto May 2019. The statutory auditors of the Company have modified their limited review report in this regard.

10. Pursuant to the aforesaid SPA as stated in Note 9, during the year ended March 31, 2014, the Company has provided Rs. 1.27 crore for the diminution in the value of investment of Istanbul Sabiha Gokcen Uluslararasi Havalimani Yer Hizmetleri Anonim Sirketi ('SGH'), a subsidiary of ISG, which was disclosed as an exceptional item in the standalone financial results of the Company for the quarter and year ended March 31, 2014.

11. The Company had provided loan aggregating to Rs. 1,476.46 crore to GEL, and had invested in 1% cumulative and non-cumulative redeemable preference shares aggregating to Rs. 626.85 crore including redemption premium of Rs.131.25 crore.

    During the year ended March 31, 2011, GEL had issued 13,950,000 compulsorily convertible cumulative preference shares ('CCCPS') of Rs. 1,000 each to Claymore Investments (Mauritius) Pte. Limited, IDFC group investors (collectively called as PE Investors). These preference shares were convertible upon the occurrence of Qualifying Initial Public Offering ('QIPO') of equity shares of the Company. During the year ended March 31, 2014, GEL entered into negotiations with the PE investors pursuant to which the Company agreed to convert the loans given to GEL and investment in the preference shares of GEL into equity shares of Rs.10 each at a premium of Rs.17.50 per share. Accordingly, the Company converted loans given to GEL aggregating to Rs. 1,476.46 crore and 1% cumulative and non-cumulative redeemable preference shares aggregating to Rs. 495.60 crore (excluding redemption premium of Rs.131.25 crore) into 717,113,641 equity shares of GEL after obtaining the approval of the Board of Directors of the Company and class holders and shareholders of GEL.

    The premium of Rs. 131.25 crore paid on investment in 1% non- cumulative redeemable preference shares was waived off by the Company and the loss of Rs.131.25 crore arising on account of the waiver of premium was disclosed as an exceptional item in the financial results for the quarter and year ended March 31, 2014. The conversion as stated aforesaid and the premium waiver was done to maintain optimum fair value per share at the time of conversion of CCCPS held by the PE investors. This arrangement enabled GEL and the Company to conclude the Amended and Restated Share Subscription and Shareholders Agreements with PE investors at favorable terms.

12. In accordance with the provisions of Schedule II of the Companies Act, 2013, the Company has revised the estimated useful lives of its fixed assets with effect from April 01, 2014. Accordingly, the net book value of the fixed assets as at April 01, 2014, is being depreciated on a prospective basis over the remaining useful life, wherever applicable. This change in accounting estimate has resulted in increase in depreciation and amortisation expenses for the quarter ended June 30, 2014 by Rs. 2.99 crore. Further, in case of fixed assets whose useful life on such reassessment had expired as of April 01, 2014, net book value of Rs. 3.50 crore (net of deferred tax charge of Rs. 1.81 crore) is adjusted against the surplus in the statement of profit and loss as on April 01, 2014.

13. a) Subsequent to the quarter ended June 30, 2014, pursuant to the approval of the management committee of the Board of Directors dated July 10, 2014, the Company issued 468,817,097 equity shares of Re.1 each, at an issue price of Rs. 31.50 per equity share (which is at a discount of Rs. 1.64 per equity share on the floor price of Rs. 33.14 per equity share and including Rs. 30.50 per share towards securities premium) aggregating to Rs. 1,476.77 crore to qualified institutional buyers under chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the "SEBI Regulations") and provisions of all other applicable laws.

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b) Subsequent to the quarter ended June 30, 2014, the Board of Directors, on July 02, 2014, have approved an issue and allotment of up to 180,000,000 warrants having an option to apply for and be allotted equivalent number of equity shares of face value of Re.1/- each of an aggregate nominal amount of Rs. 180,000,000 to GMR Infra Ventures LLP (forming part of promoter group) on a preferential basis under chapter VII of the SEBI Regulations and provisions of all other applicable laws. The Shareholders have approved the aforesaid issue of warrants through postal ballot on August 12, 2014.

14. During the quarter ended June 30, 2014, the Group along with Megawide Construction Corporation ('GMR Megawide Consortium') signed the Concession Agreement with Department of Transportation and Communications, Republic of Philippines and Mactan - Cebu International Airport Authority ("MCIAA") to plan, develop, construct, renovate, operate and maintain Mactan Cebu International Airport for a period of 25 years. As per terms of the Concession Agreement, GMR Megawide Consortium has paid a premium of Rs. 2,002.24 crore (Philippine Pesos 1,440.46 crore). As per the terms of the Shareholders Agreement dated April 8, 2014, the Group along with its affiliates will hold 40% of the share capital of the joint venture entity and the balance 60% of the share capital will be held by Megawide Construction Corporation.

    A petition has been filed before the Supreme Court of the Republic of Philippines, Manila against MCIAA, the Pre-qualifications, Bids and Awards Committee for the Mactan Cebu International Airport ("AC"), GMR Megawide Consortium seeking direction restraining MCIAA from issuing an award or executing the Concession Agreement with the GMR Megawide Consortium in relation to the Mactan-Cebu International Airport Public-Private Partnership Project. The Group has not yet received any notice from the Supreme Court of the Republic of Philippines, Manila in this matter.

15. During the year ended March 31, 2013, the Company and GMR Infrastructure (Singapore) Pte Limited ('GISPL'), a subsidiary of the Company had sold their shareholding in GMR Energy (Singapore) Pte Limited ('GESPL'), which was engaged in the development of a 800MW combined cycle gas turbine power plant in Jurong Island, Singapore. Further, the Company had provided a guarantee of Singapore Dollars ('SGD') 38.00 crore towards warranties as specified in the Share Purchase Agreement ('SPA') and other SPA transaction document for a period till September 30, 2014 and in respect of tax claims, if any, the guarantee period is up to March 31, 2018.

16. The figures of last quarter ended March 31, 2014 are the balancing figures between the audited figures in respect of the full year financials up to March 31, 2014 and the published year to date figures for nine months up to December 31, 2013.

17. Other operating income includes interest income, dividend income and profit on sale of current investments considering that the Company undertakes investment activities.

18. The standalone financial results of the Company for the quarter ended June 30, 2014 have been reviewed by the Audit Committee at their meeting on August 12, 2014 and approved by the Board of Directors at their meeting on August 13, 2014.

19. The statutory auditors of the Company have carried out the Limited Review of the above standalone financials results of the Company for the quarter ended June 30, 2014.

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20. Figure pertaining to previous periods / year have been re-grouped / reclassified, wherever necessary, to conform to the classification adopted in the current period.

For GMR Infrastructure Limited

Bengaluru
August 13, 2014

G.M. Rao
Executive Chairman

S.R. Batliboi & Associates LLP
Bengaluru

GMR Infrastructure Limited

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Chartered Accountants

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Limited Review Report

Review Report to
The Board of Directors of GMR Infrastructure Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of GMR Infrastructure Limited ('the Company') for the quarter ended June 30, 2014 (the "Statement"), included in the accompanying statement of unaudited standalone financial results, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. *As detailed in Note 3 to the accompanying statement of unaudited standalone financial results for the quarter ended June 30, 2014, the Company through its subsidiary GMR Infrastructure (Mauritius) Limited ('GIML') has made investments of Rs. 218.91 crore (USD 3.62 crore) (including in equity share capital of Rs. 139.73 crore and share application money, pending allotment of Rs.79.18 crore) towards 77% equity shareholding in GMR Male International Airport Private Limited ('GMIAL') and has given a corporate guarantee of Rs. 2,540.58 crore (USD 42.00 crore) to the lenders in connection with the borrowings made by GMIAL. The Concession Agreement entered into between GMIAL, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years was declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated the arbitration process to seek remedies under the said agreement and on June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and was valid and binding on the parties. However, the quantum of the damages is yet to be decided and accordingly, pending final outcome of the arbitration, such investment has been carried at cost in the unaudited standalone financial results as at June 30, 2014 as the management is of the opinion that GMIAL will be able to recover at least the carrying value of the assets of Rs. 1,430.26 crore (USD 23.64 crore) including the claim recoverable of Rs. 1,074.53 crore (USD 17.76 crore) as at June 30, 2014.*

   Further, GMIAL has executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for Rehabilitation, Expansion, and Modernization of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and have received claims from GADLIL and other service providers towards termination payments.

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S.R. Batliboi & Associates (a partnership firm) converted into S.R. Batliboi & Associates LLP (a Limited Liability Partnership with LLP Identity No. AAB-4295) effective 1st April, 2013
Regd. Office : 22, Camac Street, Block 'C', 3rd Floor, Kolkata-700 016

However, no such claims relating to the termination of contracts have been recognised in the accompanying statement of unaudited standalone financial results as at June 30, 2014. The takeover of MIA by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the investment pertaining to the aforesaid entities and any other consequential impact that may arise in this regard on the unaudited standalone financial results for the quarter ended June 30, 2014. In respect of above matter, our audit report for the year ended March 31, 2014 was similarly modified.

4. *As detailed in Note 9 to the accompanying statement of unaudited standalone financial results for the quarter ended June 30, 2014, the management of the Company recognised the profit on sale of its investments in Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi ('ISG') of Rs 458.78 Crore (net of cost incurred towards sale of such investments) during the year ended March 31, 2014. In our opinion, since the sale consideration was received, the transfer of shares and certain regulatory approvals were obtained during the quarter ended June 30, 2014, recognition of the profit on sale of such investments in the standalone financial statements of the Company for the year ended March 31, 2014 was not in accordance with the relevant Accounting Standards and accordingly, should have been recognised in the unaudited standalone financial results for the quarter ended June 30, 2014. Accordingly, profit before tax for the year ended March 31, 2014 and loss before tax for the quarter ended June 30, 2014 would have been lower by Rs. 458.78 Crore. In respect of above matter, our audit report for the year ended March 31, 2014 was similarly modified.*

5. We draw attention to Note 4 to the accompanying statement of unaudited standalone financial results for the quarter ended June 30, 2014 in connection with an investment of Rs. 362.53 Crore (including loans of Rs. 122.94 Crore and investment in equity / preference shares of Rs. 239.59 Crore made by the Company and its subsidiaries) as at June 30, 2014 in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company. Though GACEPL has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration, based on management's internal assessment and legal opinion obtained by the management of GACEPL, such investment has been carried at cost. Accordingly, no provision for diminution in the value of investments has been made in the accompanying unaudited standalone financial results for the quarter ended June 30, 2014. Our conclusion is not qualified in respect of this matter.

6. We draw attention to Note 5 to the accompanying statement of unaudited standalone financial results for the quarter ended June 30, 2014 regarding (i) cessation of operations and the losses incurred by GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiaries of the Company and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) rescheduling of the commercial operation date and the repayment of certain project loans by another subsidiary of the Company, GMR Rajahmundry Energy Limited ('GREL'), pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet their short term and long term obligations. The accompanying unaudited standalone financial results of the Company for the quarter ended June 30, 2014 do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not qualified in respect of this matter.

S.R. Batliboi & Associates LLP
Bengaluru

7. Based on our review conducted as above, *except for the possible effect of the matter described in paragraph 3 and the effect of the matter described in paragraph 4,* nothing has come to our attention that causes us to believe that the Statement prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014) and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership Number: 35141

S.R. Batliboi & Associates LLP
Bengaluru

Place: Bengaluru
Date: August 13, 2014

STOCK MARKET DATA FOR SECURITIES OF OUR COMPANY

The Equity Shares are listed on the BSE and NSE. For further details, see the section "Terms of the Issue" on page 386. We have received in-principle approvals for listing of the Equity Shares to be issued pursuant to this Issue from the BSE and the NSE by letters dated [●] and [●], respectively.

For the purpose of this section:

- Year is a Financial Year;
- Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low and average market prices of the Equity Shares recorded on the BSE and the NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE									
Financial Year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹ crore)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹crore)**	**Average price for the year (₹)**
2012	43.90	April 7, 2011	24,32,935	10.48	18.05	December 12, 2011	7,17,762	1.31	29.25
2013	31.25	April 2, 2012	4,41,469	1.38	17.60	February 15, 2013	10,49,134	1.84	21.64
2014	24.85	December 31, 2013	11,91,537	2.97	11.46	August 6, 2013	10,98,674	1.24	20.20

NSE									
Financial Year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹crore)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹crore)**	**Average price for the year (₹)**
2012	43.90	April 7, 2011	90,17,979	38.94	18.00	December 12, 2011	37,79,201	6.93	29.27
2013	31.20	April 3, 2012	56,28,867	17.60	17.60	February 15, 2013	77,54,192	13.66	21.64
2014	24.85	January 1, 2014	62,15,223	15.55	11.50	August 6, 2013	1,24,98,361	14.13	20.21

Source: www.bseindia.com and www.nseindia.com

Monthly high and low prices and trading volumes on the BSE and NSE for the six months preceding the date of filing of this Draft Letter of Offer are as stated below:

BSE									
Month year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total volume of Equity Shares traded on date of high (₹ crore)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on date of low**	**Total volume of Equity Shares traded on date of low (₹ crore)**	**Average price for the year (₹)**
August 2014	29.15	August 4, 2014	31,86,449	9.26	24.90	August 13, 2014	31,48,562	7.80	26.31
July 2014	34.45	July 1, 2014	10,37,674	3.58	25.20	July 28, 2014	21,41,693	5.39	28.05
June 2014	37.75	June 10, 2014	53,65,255	19.96	31.9	June 23, 2014	11,35,560	3.65	34.24
May 2014	35.40	May 23, 2014	19,85,204	6.98	25.0	May 8, 2014	4,17,944	1.05	29.87
April 2014	26.35	April 28, 2014	10,69,515	2.83	22.6	April 1, 2014	5,17,484	1.15	24.88
March 2014	22.70	March 11, 2014	9,97,140	2.24	20.4	March 3, 2014	1,76,830	0.36	21.61

NSE									
Month year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹ crore)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares on date of low (₹ crore)**	**Average price for the month (₹)**
August 2014	29.15	August 4, 2014	3,09,10,225	89.76	24.90	August 13, 2014	4,81,60,525	118.80	26.31
July 2014	34.50	July 1, 2014	11,69,2211	40.30	25.25	July 28, 2014	2,64,24,079	66.41	28.05
June 2014	37.65	June 10, 2014	5,83,07,506	217.04	31.9	June 23, 2014	1,34,14,609	43.06	34.21

NSE									
Month year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹ crore)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares on date of low (₹ crore)**	**Average price for the month (₹)**
May 2014	35.40	May 23, 2014	2,04,64,957	72.01	25.00	May 5, 2014	31,96,053	8.04	29.88
April 2014	26.35	April 28, 2014	1,19,87,250	31.77	22.55	April 1, 2014	53,39,043	11.88	24.86
March 2014	22.70	March 11, 2014	1,28,52,499	28.92	20.50	March 3, 2014	93,62,367	19.21	21.62
February 2014	20.80	February 28, 2014	38,19,868	7.92	19.40	February 13, 2014	24,42,402	4.75	19.91

Source: www.bseindia.com and www.nseindia.com

Week end prices of Equity Shares of our Company for the last four weeks on the BSE and NSE are as below:

Week Ended on	Closing Rate BSE (₹)	Closing Rate NSE (₹)
September 12, 2014	25.25	25.20
September 5, 2014	24.50	24.55
August 28, 2014	25.35	25.35
August 22, 2014	25.05	25.05

Source: www.bseindia.com and www.nseindia.com

Highest and lowest price of the Equity Shares of our Company on BSE and NSE for the last four weeks:

	Highest (₹)	Date	Lowest (₹)	Date
BSE	26.95	August 19, 2014	24.50	September 5, 2014
NSE	26.95	August 19, 2014	24.55	September 5, 2014

Source: www.bseindia.com and www.nseindia.com

The closing market price of the Equity Shares of our Company as on one day prior to the date of the Draft Letter of Offer was ₹ 22.30 on the BSE and ₹ 22.25 on the NSE.

The Issue Price of ₹ [●] per Equity Share has been arrived at in consultation between our Company and the Lead Managers.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as disclosed below, there is no outstanding litigation involving our Company and its Subsidiaries including, suits, criminal or civil prosecutions and taxation related proceedings that would have a material adverse effect on our operations or financial position. In addition to the matters as disclosed in this chapter, we are also involved in certain other governmental, legal or arbitration proceedings or litigation, pending before the relevant courts and authorities at various levels with respect to our airports, power and other businesses.

Further, except as disclosed below, (i) there are no outstanding litigation against our Company and its Subsidiaries involving issues of moral turpitude, criminal liability, material violations of statutory regulations or economic offences, and (ii) our Company and its Subsidiaries are not aware of any litigation which has arisen against them in the preceding ten years involving issues of moral turpitude, criminal liability, material violations of statutory regulations or economic offences.

A summary of litigation and disputes involving potential financial liability of ₹ 5 crore and above or involving potential liability of more than 1% of the revenue of our Company for the Financial Year ended March 31, 2014, whichever is lower, and certain other litigation which we consider material, is as follows:

Litigation involving our Company

<u>*Litigation against our Company*</u>

Civil proceedings

1. Nawab Mir Barkat Ali Khan Bahadur and the Waqf Committee ("**plaintiffs**") had filed a suit before the Andhra Pradesh Wakf Board against the Union of India, our Company and others ("**defendants**") seeking a direction on the defendants to vacate and deliver the peaceful the possession of the suit property or to pay ₹ 5.00 crore per acre as compensation for having acquired portion of Wakf property. The plaintiffs also claimed ₹ 42.62 crore towards mesne profits from the defendants for occupying the disputed property for three years preceding the institution of the suit. Subsequently, Andhra Pradesh Industrial Infrastructure Corporation Limited filed a writ petition before the High Court of Andhra Pradesh challenging the maintainability of the suit filed before the Andhra Pradesh Wakf Board and seeking to stay of all further proceedings in the said suit until the disposal of this writ petition filed before the High Court of Andhra Pradesh. The High Court of Andhra Pradesh has granted an interim stay against the suit filed before the Andhra Pradesh Wakf Board. The matters are currently pending.

2. Sergio R. Osmena has filed a petition before the Supreme Court of the Republic of Philippines, Manila against Mactan Cebu International Airport Authority ("**MCIAA**"), the Pre-qualifications, Bids and Awards Committee for the Mactan Cebu International Airport ("**AC**"), Megawide Construction Corporation and our Company seeking direction restraining MCIAA from issuing an award or executing the concession agreement with the consortium involving Megawide Construction Corporation and our Company (the "**GMR Consortium**") in relation to the Mactan-Cebu International Airport Public-Private Partnership Project. The petitioner has alleged that MCIAA and AC have wrongfully determined GMR Consortium as a qualified bidder for the aforementioned project and that there existed a conflict of interest in the grant of the said concession. Our Company has not yet received any notice from the aforesaid Supreme Court of the Republic of Philippines, Manila in this matter. In the meantime, the concession agreement in relation to the aforesaid project has been executed on April 22, 2014.

Tax proceedings

1. Our Company has received a notice along with two revision notices each dated August 13, 2012 from the Assistant Commissioner of Commercial Taxes, Varadharajapuram, in respect of assessment years 2009-2010, 2010-2011 and 2011-2012, proposing *inter alia* to determine the total and taxable turnover based on the purchase of goods for construction of roads, to reverse the input credit on certain goods, and to levy penalty and interest under the provisions of the Tamil Nadu Value Added Tax Act, 2006. These claims would result in a value added tax liability of ₹ 29.53 crore on our Company. Our Company filed its common reply dated September 20, 2012 and submitted necessary books of accounts to the assessment wing for their verification. Thereafter, the Assistant Commissioner of Commercial

Taxes, Varadharajapuram issued four notices each dated October 1, 2013 directing our Company to file the sale value of the fixed assets purchased by our Company, along with the details of payment of tax made during the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-2013 and proposing to revise the assessment and levy of penalty and interest under the Tamil Nadu Value Added Tax Act, 2006. Our Company has filed its response dated October 24, 2013, to which the Commercial Tax Office, Group-II Enforcement-South, Chennai issued a letter dated October 31, 2013 indicating that the proposals made by the authority will be evolved based on details available. These matters are currently pending.

2. Our Company has received a show cause notice dated April 23, 2013 from the Commissioner of Service Tax, Bengaluru seeking payment of service tax of ₹ 29.26 crore towards reversal of CENVAT credit relating to certain input services along with interest and penalty as per the provisions of the Finance Act, 1994 and CENVAT Credit Rules, 2004. Our Company has filed its response. The matter is last heard on June 4, 2014 and the order is awaited.

3. Our Company has received a show cause notice dated May 21, 2014 issued by the Commissioner of Service tax, Bengaluru, seeking (i) payment of service tax of an amount of ₹ 7.05 crore (along with interest, penalties) on construction of toll plaza, administrative building, rest areas and miscellaneous work services, and (ii) recovery of CENVAT Credit of an amount of ₹ 3.39 crore (along with interest, penalties) on ineligible services for the period from April 2012 to March 2013. Our Company has filed its response. The matter is currently pending hearing.

Litigation by our Company

Tax proceedings

1. The Additional Commissioner of Income Tax, Range-11, Bengaluru, passed an order disallowing interest and administrative expenses under Section 14A of the I.T. Act of ₹ 25.59 crore (interest of ₹ 16.78 crore and administration expenses of ₹ 8.80 crore) as against disallowance amount of ₹ 5.22 crore (interest of ₹ 4.97 crore and administration expenses of ₹ 0.25 crore) considered in the return of income filed by our Company for the assessment year 2008-2009. The Commissioner of Income Tax (Appeals)-1, Bengaluru upheld the aforesaid action of the Additional Commissioner of Income Tax, Range-11, Bengaluru. Our Company had filed an appeal before the Income Tax Appellate Tribunal ("**ITAT**"), Bengaluru against the order passed by the Commissioner of Income Tax (Appeals)-1, Bengaluru. The ITAT has passed order dated August 28, 2014 pursuant to which it has set aside the orders of the aforementioned two adjudicating authorities and has remitted the issue regarding disallowance under the section 14A of the I.T. Act, back to the file of the Assessing Officer for consideration afresh in accordance in law. The matter is currently pending.

2. In addition to the above, our Company had also filed an application before the Deputy Commissioner of Income Tax, Bengaluru in relation to order dated July 2, 2013 passed under section 154 of the I.T. Act 1961 for the assessment year 2008-2009 with respect to incorrect amount of tax demand of ₹ 1.43 crore as against the correct amount of tax payable, ₹ 0.22 crore due to excess computation of tax liability of ₹ 0.57 crore and excess charge of interest (i) under section 234B by ₹ 0.20 crore, (ii) under Section 220(2) of the I.T. Act by ₹ 0.02 crore, and (iii) under section 234D of the I.T. Act by ₹ 0.06 crore; and non grant of interest under section 244A of ₹ 0.37 crore. The Deputy Commissioner of Income Tax, Bengaluru passed an unfavourable order, against which our Company has filed an appeal before the Commissioner of Income Tax (Appeals) -IV, Bengaluru. The matter is currently pending.

3. The Assessing Officer passed an order under section 14A of the I.T. Act for the assessment year 2009-2010. Our Company filed an appeal before the Commissioner of Income Tax (Appeals)-1, Bengaluru challenging the order passed by the assessing officer, wherein the Commissioner of Income Tax (Appeals)-1, Bengaluru pursuant to his order rejected the disallowance of interest expenses under section 14A of ₹ 3.09 crore, confirmed the disallowance of interest expenses of ₹ 14.18 crore and enhanced the amount of disallowance of indirect expenses under section 14A to ₹ 11.74 crore as against ₹ 9.83 crore determined in the order passed by the Assessing Officer. The Deputy Commissioner of Income Tax, Bengaluru has filed an appeal before the ITAT, Bengaluru against order passed by the Commissioner of Income Tax (Appeals)-1, Bengaluru. Our Company has now filed a cross appeal before the ITAT, Bengaluru challenging the order passed by the Commissioner of Income Tax (Appeals)-1, Bengaluru. The matter is currently pending.

In addition to the above matters, our Company is also involved in various other legal proceedings which are currently pending.

Litigation involving the Subsidiaries

Litigation involving DIAL

<u>*Litigation against DIAL*</u>

Civil proceedings

1. Six cases were initiated against DIAL which, *inter alia*, relate to (i) determination of the market value of land located at Delhi Airport by the Land Acquisition Collector in the land acquisition process (wherein a compensation of ₹ 0.03 crore per square meter, in addition to ₹ 10.00 crore for the structure and ₹ 0.15 crore for the trees, has been claimed from DIAL), and (ii) noise pollution and suffering caused to local residents as a result of low flying aircraft from the runway created at the Delhi Airport. These matters are at various stages of adjudication and are currently pending.

Regulatory proceedings

1. Four cases have been initiated against DIAL which, *inter alia*, relate to (i) the aeronautical tariff order dated April 20, 2012 seeking downward revision / reduction of tariff charges at Delhi Airport, and (ii) AERA orders dated November 8, 2011 and December 28, 2012 challenging the levy of the ADF at the Delhi Airport. These matters are at various stages of adjudication and are currently pending.

Tax proceedings

1. Five proceedings were initiated against DIAL which, *inter alia*, relate to (i) imposition of service tax of ₹ 145.47 crore on the development fees collected by DIAL, (ii) treating passenger service fees (security component) amounting to ₹ 77.07 crore as DIAL's income under the I.T. Act, disallowance (as deduction under the I.T. Act) of ₹ 195.50 crore in relation to payment made to AAI with respect to treating them as capital in nature, disallowance of repairs and maintenance expenses of ₹ 24.00 crore treating the same as capital expenditure and disallowance of ₹ 0.85 crore under section 14A for the assessment year 2007-2008, (iii) treating passenger service fees (security component) amounting to ₹ 80.73 crore as DIAL's income under the I.T. Act, disallowance of ₹ 7.72 crore being provision made on account of non-deduction of tax under Section 40(a)(ia) of the I.T. Act, disallowance of repairs and maintenance expenses of ₹ 11.14 crore treating the same as capital expenditure, disallowance of club expenses of ₹ 0.34 crore and disallowance of ₹ 2.37 crore under Section 14 A for the assessment year 2008-2009, and (iv) treating passenger service fees (security component) amount of ₹ 40.92 crore as income of DIAL under the I.T. Act, disallowance of ₹ 0.11 crore being provision on account of non-deduction of tax under Section 40(a)(ia) of the I.T. Act, disallowance of repairs and maintenance expenses of ₹ 14.16 crore treating the same as capital expenditure, disallowance of club expenses of ₹ 0.03 crore and disallowance of ₹ 2.33 crore under section 14A of the I.T. Act for the assessment year 2009-2010 on the ground that DIAL has earned exempt income, and (v) not allowing loss on passenger service fees (security component) amounting to ₹ 15.51 crore under the I.T. Act, disallowance of repairs and maintenance expenses of ₹ 7.95 crore treating the same as capital expenditure, disallowance of club expenses of ₹ 0.02 crore, disallowance of ₹ 0.14 crore being provision made on account of non-deduction of tax under Section 40(a)(ia) of the I.T. Act and disallowance of ₹ 10.07 crore under section 14A of the I.T. Act for the assessment year 2010-2011. These matters are at various stages of adjudication and are currently pending.

2. DIAL has received eight show cause cum demand notices from various tax authorities involving an aggregate claim of approximately ₹ 88.97 crore, primarily relating to service tax towards development fee, license fee, fee for provision of airport services, disallowance of CENVAT credit benefits under the CENVAT Credit Rules, 2004, and penalty under the Customs Act, 1962 and contravention of the Handling of Cargo in Custom Areas Regulations, 2009. The matters are currently pending.

Violations of statutory regulations

1. In 2007-2008, three complaints were filed by the Labour Enforcement Officer before the Metropolitan Magistrate, New Delhi against DIAL and others in relation to non-compliance of various provisions of the Contract Labour (Regulation and Abolition) Act, 1970. The Labour Enforcement Officer alleged

that despite the operation of retrieval security and maintenance of passenger baggage trolley at Delhi Airport being declared prohibited category for the purposes of employment of contract labour, DIAL had hired contract labours for the said purposes. Two of these cases were compounded and disposed off on April 29, 2013 by the Metropolitan Magistrate, New Delhi on payment of compounding fee of ₹ 2,500.00 and ₹ 1,500.00 and the third was compounded and disposed off on March 10, 2014 by the High Court of Delhi on payment of compounding fee of ₹ 1,000.00.

<u>*Litigation by DIAL*</u>

Criminal proceedings

1. Eight criminal complaints have been filed by DIAL under the Negotiable Instruments Act, 1881, before the Chief Metropolitan Magistrate for recovery of (i) an aggregate sum of ₹ 34.50 crore from Kingfisher Airlines Limited and certain of its officials, and (ii) an aggregate sum of ₹ 68.09 crore from Silver Resort Hotel India Private Limited and its officials. These matters are at various stages of adjudication and are currently pending.

Regulatory proceedings

1. Four cases have been initiated by DIAL which, *inter alia*, relate to (i) challenging the ADF order dated November 8, 2011 issued by AERA pursuant to which AERA determined the total project cost to be ₹ 12,502.66 crore (excluding various amounts in relation to additional apron area, deduction towards escalation of reinforcements, rehabilitation of runway 10/28, upfront fee by DIAL to AAI, and gross floor area of 8,652 square metres) in place of ₹ 12,857.00 crore (as indicated by DIAL), (ii) challenging the decisions taken by AERA in its aeronautical tariff order dated April 20, 2012, including in relation to non-aeronautical revenues (use of projections/treatment of revenue), calculation of hypothetical regulatory asset base, classification of revenue as aeronautical and non-aeronautical, calculation of regulatory asset base, adjustment of corporate tax, lack of return on refundable security deposit, lack of return on equity and methodology of calculation of 'x' factor, operating expenses and, and issue of increase of aeronautical charges by 10% of basic airport charges, (iii) challenging the order dated February 18, 2014 issued by MOCA directing DIAL to not utilise the amount credited in the passenger service fee (security component) escrow account towards capital expenditure incurred by DIAL for the purposes of procurement and maintenance of the security equipment (which involves an amount of ₹ 297.76 crore plus applicable interest), and (iv) challenging the letters issued by MOCA between January 2010 and September 2012 directing DIAL to reverse an expenditure of ₹ 24.48 crore incurred towards private security at Delhi Airport for Financial Year 2008, 2009 and 2010, from passenger service fee (security component) escrow account. These matters are at various stages of adjudication and are currently pending.

Tax proceedings

1. Five cases have been initiated by DIAL which, *inter alia*, relate to (i) three cases relating to eligibility of the consignments imported by DIAL for development of Delhi Airport for benefit under the Project Import Regulations, 1986, entitlement of bills of entries for assessment under the Customs Tariff Act, 1975, and DIAL's entitlement to refund of excess duty paid on such bill of entries (involving refund for an aggregate amount of ₹ 7.56 crore), (ii) the unit area system for assessment of properties for the purposes of property tax as introduced by the Delhi Municipal Corporation (Amendment) Act, 2003 and Municipal Corporation of Delhi notices dated August 28, 2009 and September 24, 2009, directing DIAL to file voluntary return, failing which penalty at 30% and interest at 1% per month was threatened to be imposed (wherein South Delhi Municipal Corporation has raised a demand of ₹ 105.20 crore for the period from May 2006 to March 2013 pursuant to assessment order dated March 31, 2011 and demand notice dated December 11, 2012), and (iii) challenging the letter dated March 28, 2007 issued by AAI to DIAL informing it that the annual fee payable is subject to service tax pursuant to the introduction of service tax entry / category 'renting of immovable property' with effect from June 1, 2007 and the order dated March 26, 2014 passed by the Commissioner (Adjudication) of Service Tax, I.P. Estate, New Delhi raising service tax demand on AAI for approximately ₹ 288.00 crore plus penalty and interest for the Financial Year 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011 and 2011-2012, on the revenue share received by AAI from DIAL. These matters are at various stages of adjudication and are currently pending.

Litigation involving GHIAL

Litigation against GHIAL

Tax proceedings

1. Four cases have been initiated against GHIAL which, *inter alia*, relate to (i) imposition of penalty of ₹ 7.43 crore on user development fee collected by GHIAL during the period April 2008 to December 2008, (ii) disallowance of the expenditure on repairs and maintenance amounting to ₹ 3.58 crore by treating the same as capital in nature, disallowance of ₹ 0.01 crore being interest on the delayed payment of service tax and value added tax amount, disallowance of ₹ 0.04 crore being club expenses and disallowance of community development expenses of ₹ 3.27 crore, non-consideration of loss incurred in passenger service fee (security component) escrow account of ₹ 6.77 crore and disallowance of credit for TDS of ₹ 1.59 crore for assessment year 2009-2010, (iii) wrongful availment of CENVAT credit of ₹ 31.12 crore on certain inputs, input services and capital goods, and (iv) imposition of service tax of ₹ 6.15 crore in respect of expense incurred and paid by GHIAL to the parties in relation to the facilities / infrastructure provided to CISF personnel for the period April 2009 to June 2012. These matters are at various stages of adjudication and are currently pending.

Violation of statutory regulations

1. Notice dated March 18, 2013 has been issued by the Greater Hyderabad Municipal Corporation ("**GHMC**") to GHIAL, alleging that dumping of garbage generated at the Hyderabad Airport and burning of plastic items in the residential zone of Tata Nagar is causing public nuisance, unhygienic conditions affecting public health and is hazardous to the environment. GHIAL has replied to the notice *vide* a letter dated April 10, 2013 and has not received any further communication from the GHMC in this regard.

Regulatory proceedings

1. Three cases have been initiated by GHIAL which, *inter alia*, relate to (i) challenging the letters dated May 17, 2012 and July 3, 2012 issued by MOCA pursuant to which it directed GHIAL to credit the amount incurred by GHIAL for providing land side security by deploying private security personnel back to the passenger service fee (security component) escrow account (along with interest) wherein the amount sought to be collected from GHIAL is approximately ₹ 15 crore, (ii) challenging the impugned order of MOCA not to use the passenger service fee (security component) for capital expenditure of security equipment and reverse the amount used till date wherein the financial implication is ₹ 112.59 crore (including maintenance), and (iii) challenging the order dated February 24, 2014 issued by AERA fixing the tariff applicable at the airport (including user development fee) in violation of the concession agreement dated December 20, 2004 and the state support and lease agreements dated September 20, 2003, entered into by GHIAL. An appeal was filed by GHIAL before the Appellate Tribunal on July 7, 2014 but the Appellate Tribunal refused to hear the same as it is not constituted under the AERA Act. GHIAL has filed a writ petition before the High Court of Andhra Pradesh. These matters are at various stages of adjudication and are currently pending.

Tax proceedings

1. Central Board of Excise and Customs ("**CBEC**") issued a notification dated March 17, 2009 and circular dated March 23, 2009 for recovering the cost of '*customs staff*' from GHIAL. GHIAL filed a writ petition before the High Court of Andhra Pradesh, against the CBEC, Commissioner, Additional Commissioner and Assistant Commissioner of Customs & Central Excise, Hyderabad and MOCA ("**respondents**"), whereby it (i) challenged the constitutional validity of the aforesaid notification and circular, (ii) sought declaration restricting the respondents from raising any demand towards cost of customs officer, and (iii) sought orders directing CBEC to refund ₹ 2.73 crore collected towards customs officers charges for the period from March 23, 2008 to March 31, 2009. CBEC issued another notification dated November 12, 2010, seeking to mandate provision of furnished office accommodation, residential accommodation and transport facilities to customs officers and to mandate the custodian to bear the cost of the customs officers, on cost recovery basis. GHIAL amended its writ petition seeking suspension of operation of the notifications dated March 17, 2009 and November 12, 2010 and consequent circulars dated March 23, 2009 and January 10, 2011 issued by CBEC. The High Court of Andhra Pradesh allowed the petition pursuant to its order dated June 11, 2012. GHIAL filed

miscellaneous appeal against the order dated June 11, 2012, alleging that the High Court of Andhra Pradesh wrongfully considered the relief sought prior to the amendment of its petition. The writ was disposed off in favour of GHIAL. CBEC filed an appeal, challenging the order dated June 11, 2012, before the High Court of Andhra Pradesh, seeking interim suspension of the order dated June 11, 2012. The High Court of Andhra Pradesh allowed the interim suspension of the impugned order, by an order dated November 2, 2012. The matter is currently pending.

Labour proceedings

1. GHIAL has filed a writ petition before the High Court of Andhra Pradesh challenging the letter issued by Commissioner of Labour & Joint Commissioner of Labour seeking payment of building cess (1% of the cost of airport construction) by GHIAL. The matter is currently pending.

Litigation involving GHRL

<u>*Litigation against GHRL*</u>

Tax Proceedings

1. The assessing officer passed order for assessment year 2010-2011 determining the total income as Nil as against amount of total loss of ₹ 27.11 crore. GHRL has filed an application before the Deputy Commissioner of Income Tax, Circle 2(3), Hyderabad and an appeal before the Commissioner of Income Tax Appeals – III, Hyderabad challenging the order passed by the assessing officer and seeking credit for 'tax deducted as source' and 'tax collected at source' of ₹ 0.89 crore and interest under Section 244A of ₹ 0.16 crore. The matter is currently pending.

Litigation involving GAPL

<u>*Litigation against GAPL*</u>

Tax proceedings

1. GAPL received a show cause notice dated July 24, 2008 from the Commissioner of Customs (Preventive), New Delhi alleging wrongful availment of exemption under notification dated March 1, 2002 (as amended) and for evasion of customs duty amounting to ₹ 27.61 crore in addition to interest and penalty. GAPL filed its response, in which it claimed that GAPL has not violated any terms and conditions of being a non-scheduled operator's permit and thereby it should not be made liable to pay customs duty applicable to scheduled operator. The Commissioner of Customs (Preventive), New Delhi by order dated February 27, 2009 has held that GAPL is not liable for the levy of duty and issued instructions to drop all the proceedings and charges against GAPL. The department of customs has filed an appeal before CESTAT, New Delhi challenging the order of February 27, 2009. The matter is pending.

In addition to the above matters, airport sector is also involved in various other legal proceedings.

Litigation involving GFIAL

<u>*Litigation against GFIAL*</u>

Tax proceedings

1. GFIAL received a show cause notice dated February 18, 2011 issued by the Commissioner of Customs, Central Excise & Service Tax, Hyderabad (the "**Commissioner**") alleging that GFIAL had rendered taxable services to DIAL, for which the service tax of ₹ 5.22 crore was paid by DIAL much after the due date, partly in cash and partly in CENVAT credit and failed to pay interest on the service tax component of ₹ 2.63 crore debited in the CENVAT credit on November 5, 2008. The interest demanded was ₹ 0.63 crore and penalties amounting to ₹ 5.22 crore and ₹ 10,000 were imposed on GFIAL. GFIAL filed its response, in which it contested the maintainability of the aforesaid demand. The Commissioner through an order dated July 16, 2012 upheld the demand raised in the show cause notice dated February 18, 2011. GFIAL has filed an appeal before CESTAT against the order dated July 16, 2012, wherein CESTAT directed GFIAL to deposit of ₹ 0.25 crore. GFIAL has paid the amount and filed the compliance report in this regard. The matter is currently pending.

Litigation involving GEL

<u>*Litigation against GEL*</u>

Criminal Proceedings

1. Chhattisgarh Environment Conservation Board, Raipur has filed a criminal case before the Court of Chief Judicial Magistrate, Raipur against GEL and our Director, B.V.N. Rao and another party under Sections 15, 16 of the Environment Protection Act, 1986; Sections 44 and 47 of The Water (Prevention and Control of Pollution) Act, 1974; Sections 37, 40 of the Air (Prevention and Control of Pollution) Act, 1981 and Section 34 of the Indian Penal Code, 1860. The complainant has claimed that the accused have carried out construction work without obtaining prior approval of the complainant in violation of various sections of environment protection statutes. The matter is currently pending.

Civil proceedings

1. Two cases have been initiated against GEL which, *inter alia*, relate to the letters dated January 10, 2013 and April 29, 2013, public notice dated August 5, 2013 and order dated November 18, 2013, all of which were issued / passed by Petroleum and Natural Gas Regulatory Board ("**PNGRB**"), pursuant to which PNGRB directed Reliance Gas Transportation Infrastructure Limited ("**RGTIL**") to provide open access to GEL for transportation of natural gas from west coast to power plant of GEL situated in the State of Andhra Pradesh through RGTIL's east west pipeline. These matters are at various stages of adjudication and are currently pending.

2. Two cases have been initiated against GEL which, *inter alia*, relate to (i) challenging the grant of environmental clearances to GEL for setting up of Chhattisgarh Power Plant at Village Raikheda in Raipur District, and (ii) quashing of order of the State Government of Uttarakhand granting Forest Clearance dated December 10, 2012 as it was granted without consideration of the Forest Advisory Committee's report wherein it was observed that such approval should not be accorded. These matters are at various stages of adjudication and are currently pending.

3. One case has been initiated against GEL which, *inter alia*, relates to an order dated May 23, 2014 passed by the Appellate Tribunal for Electricity, upholding the order dated November 30, 2012 of the Karnataka Electricity Regulatory Commission with respect to compensation receivable by GEL for supplying power under section 11(1) of the Electricity Act, 2003. The matter is currently pending before the Supreme Court.

Tax proceedings

1. Five cases have been initiated against GEL which, *inter alia*, relate to (i) transfer pricing adjustment of ₹ 5.72 crore towards interest free loan offered to GEL's subsidiary and corporate guarantee offered to GEL's step down subsidiary and initiation of penalty proceedings for non- disclosure of some transactions in Form 3CEB for the assessment year 2009-2010, (ii) transfer pricing adjustment of ₹ 18.95 crore towards interest free loan offered to GEL's subsidiary, share application money pending allotment and corporate guarantee offered to GEL's step down subsidiary and initiation of penalty proceedings for non-disclosure of some transactions in Form 3CEB for the assessment year 2010-2011, (iii) undervaluation of the hot path parts imported from General Electric, U.S., in terms of the long term parts supply agreement entered into by GEL with General Electric, evasion of customs duty by GEL and wrongful availment of benefits of concessional assessment in terms of notification dated March 1, 2002 (wherein demand has been raised against GHIAL for an amount of ₹ 4.20 crore for undervaluation on importation of hot-path parts, penalty of ₹ 0.40, interest of ₹ 4.81 crore and an amount of ₹ 3.17 crore towards benefits availed in terms of the exemption notification), (iv) imposition of service tax of ₹ 54.86 crore along with equal penalty and interest on the ground that the shareholders (from whom GEL acquired shares of a few energy companies both within and outside India and part of the sale consideration paid to the erstwhile shareholders was treated as 'goodwill' in the consolidated balance sheets of GEL) had provided 'business auxiliary service' to GEL, and (v) imposition of service tax of ₹ 569.10 crore along with interest and penalty on the grounds that the shareholders (from whom GEL acquired shares of a few energy companies both within and outside India and part of the sale consideration paid to the erstwhile shareholders was treated as 'goodwill' in the consolidated balance sheets of GEL) had provided 'business auxiliary service' to GEL. These matters are at various stages of adjudication and are currently pending.

Arbitration proceedings

1. Bharat Petroleum Corporation Limited ("**BPCL**") has filed an application before the High Court of Karnataka against GEL under section 11(5) and section 11(6) of the Arbitration and Conciliation Act, 1996. BPCL has sought appointment of a sole arbitrator to resolve the dispute between BPCL and GEL regarding the FSA dated August 5, 1998 as per the provisions of the arbitration clause in the FSA. BPCL has contended that GEL failed to fulfil its obligation to purchase the annual guaranteed quantity of naptha fuel for its power plant at Tanirbhavi Village, Mangalore from BPCL, and thus was liable to pay liquidated damages of ₹ 272.63 crore together with interest as per the provisions of the FSA. The matter was disposed off by the High Court of Karnataka on September 11, 2014 by agreeing to appointment of arbitrators nominated by both parties. The matter has been disposed off and GEL is in process of obatining a certified copy of the order.

<u>*Litigation by GEL*</u>

Regulatory proceedings

1. Four cases have been initiated by GEL which, *inter alia*, relate to (i) illegal invoices amounting to ₹ 0.80 crore dated November 30, 2012 and ₹ 0.87 crore dated December 31, 2012 raised by GAIL towards ship-or-pay charges for failure to supply gas in contravention of the Petroleum and Natural Gas Regulatory Board (Development of Model GTA) Guidelines 2012 dated November 15, 2012 (similar case is filed by GVPGL for quashing of illegal invoices amounting to ₹ 2.27crore, and both the matters are clubbed for hearing), (ii) the twin directions of the Central Andhra Pradesh Distribution Company whereby GEL was asked to convey its concurrence (a) to recover the differential amount of unit rate paid under the short term PPAs (letter of intent) from the bench mark unit rate paid to the new independent power producers ("**IPP**"), under long term PPAs for the power supplied by GEL from June 1, 2012; (b) for amendment of the letter of intent to agree for a much lower tariff than the unit rate paid to certain other IPPs for the supply of power, (iii) the tariff order dated May 10, 2013 passed by PNGRB and refund of excess pipeline transmission charges of ₹ 24.55 crore with interest, and (iv) demand notice dated January 31, 2012 passed by the Chief Electrical Inspectorate to Government of Andhra Pradesh determining that GEL is liable to pay electricity duty of ₹ 11.06 crore under Andhra Pradesh Electricity Duty Act, 1939 on the sale of energy made to the trading licensees. These matters are at various stages of adjudication and are currently pending.

2. GAIL has filed a writ petition before the High Court of Delhi against PNGRB and others seeking directions setting aside the PNGRB (Development of Model GTA) Guidelines 2012 on the grounds that the guidelines have been issued without jurisdiction. GEL and GVPGL have been impleaded as a respondent in this petition on the grounds that the petitioner has been charging "ship or pay" charges in contravention of the PNGRB (Development of Model GTA) Guidelines 2012. Order was pronounced on September 11, 2013 allowing the writ petition filed by GAIL. GEL and GVPGL are in process of obtaining the certified copy of the order.

Litigation involving GVPGL

<u>*Litigation against GVPGL*</u>

Tax proceedings

1. Four cases have been initiated against GVPGL which, *inter alia*, relate to (i) computation of the correct written down value by adding ₹ 9.14 crore towards unrealized forex gain and income already offered for tax for the assessment year 2007-2008, (ii) computation of the written down correct value by adding the unrealized forex gain of ₹ 12.49 crore on re-instatement of loans taken for fixed assets which was reduced from the written down value of assets, in accordance with section 43A of the I.T. Act, and opening of written down value of the block of assets for the assessment year 2008-2009 after making adjustments in accordance with GVPGL's claim of computation of WDV for assessment year 2007-08, (iii) allowing depreciation after making adjustment for the amount of ₹ 38.38 crore being the amount of notional foreign exchange loss on re-instatement of foreign currency loans taken for acquiring fixed assets, in accordance with section 43A of the I.T. Act, and opening written down value of the block of assets for the assessment year 2009-10 after making adjustments in accordance with the GVPGL's claim of computation for written down value for the assessment year 2008-2009, and (iv) determination of depreciation under income tax without reducing the unrealized forex gain of ₹16.87 crore (on re-

instatement of loans taken for fixed assets) from the block of plant and machinery for the assessment year 2009-2010, and consideration of the lower amount of loss brought forward or unabsorbed depreciation on cumulative basis instead of year on year basis for the purpose of computing books profit under section 115JB of the I.T. Act. These matters are at various stages of adjudication and are currently pending.

<u>*Litigation by GVPGL*</u>

Civil proceedings

1. Two cases have been initiated by GVPGL which, *inter alia*, relate to (i) tariff order dated May 10, 2013 passed by PNGRB and refund of excess pipeline transmission charges of ₹ 90.58 crore, and (ii) challenging the government order dated March 30, 2011 pursuant to which the Ministry directed that in the event of decrease in supply of natural gas from KGD6 basin, then pro-rata cuts in reverse order of priority will be applied. These matters are at various stages of adjudication and are currently pending.

2. GVPGL and GEL have been impleaded in writ petition filed by GAIL before the High Court of Delhi against PNGRB and others. For further details, see the relevant disclosure under 'Outstanding Litigation and Defaults - Litigation by GEL' on page 365.

Regulatory proceedings

1. One case has been initiated by GVPGL which relates to execution of APERC order dated November 27, 2012 passed in original petition no. 26 of 2012 directing the Andhra Pradesh Power Coordination Committee, AP Transco and Andhra Pradesh State Electricity Distributing Companies (the "**respondents**") for reimbursement to GVPGL of the MAT of ₹ 20.58 crore (along with interest) paid by GVPGL to the respondents as per article 3.8 of the power purchase agreement dated March 13, 1997. The matter is currently pending.

2. Two cases have been initiated by GVPGL which, *inter alia*, relate to (i) refund of capacity charges deducted from monthly invoices from October 2012 onwards (amounting to ₹ 121.62 crore with interest) by Andhra Pradesh Power Co-ordination Committee and distribution companies on the grounds that the provisions of PPA have become frustrated due to certain force majeure conditions, and (ii) obtaining consent of the APERC for amending the PPAs in line with the order dated December 5, 2009 passed by the APERC, requiring additional rate per unit to be paid to the GVPGL and entitlement of GVPGL to a compensation of ₹ 447.00 crore towards loss of capacity charges for the period till April 10, 2009 and liability of APDISCOMS to pay additional fixed cost of ₹ 0.439 p/kwh for the balance period of the PPAs. These matters are at various stages of adjudication and are currently pending.

Tax proceedings

1. GVPGL was availing deemed exports benefits which were withdrawn by the Government. By applications dated July 20, 2009, November 9, 2009 and October 12, 2009, GVPGL had claimed a total duty drawback amount of ₹ 70.83 crore from the respondents. The respondents approved an amount of ₹ 69.07 crore for refund of duty drawback to GVPGL. GVPGL was subsequently granted a drawback amounting only to ₹ 59.10 crore and ₹ 0.40 crore. The eligibility and conditions in the scheme of deemed exports were altered by the respondents on March 18, 2011 at a Policy Interpretation Committee meeting and by way of a letter dated March 17, 2011 the Joint Director General of Foreign Trade (the "**JDGFT**") rejected GVPGL's application for fixation of drawback and claim for drawback amount. Further, by way of letters dated May 10, 2011 and October 24, 2011, the JDGFT directed GVPGL to return the amounts of ₹ 59.10 crore and ₹ 0.39 crore. GVPGL and another has filed a writ petition before the High Court of Delhi against Union of India and others seeking a declaration that the withdrawal of the aforesaid benefits was in excess of powers granted to the respondents under the Foreign Trade Development and Regulation Act, 1994 and the Foreign Trade Policy, and contrary to principles of natural justice The matter is currently pending.

Litigation involving GCEL

Litigation by GCEL

Civil Proceedings

1. GCEL has filed a writ petition before High Court of Delhi against Union of India through Chairman, Railway Board ("**respondent**"), seeking quashing of communication dated June 19, 2013 issued by the respondent, the effect of which will be that the power plant being set up by GCEL in the State of Chhattisgarh will be forced to transport imported coal to their project site from sea ports on the western coast of India instead of the nearest sea port i.e. Vishakhapatnam Port on the eastern coast. The Ministry of Railways had already approved the transport of coal from the Vishakhapatnam Port pursuant to rail transport clearance. It has also been prayed that GCEL be permitted at least one rake of coal per day as the power plant was nearing commissioning. The matter is currently pending.

Tax proceedings

1. Under notification bearing no. 65/2011, the Government had exempted mega power status projects from the payment of customs duty. GCEL had received provisional mega status certificate (the "**Certificate**") by a letter issued by Ministry of Power, Government dated September 8, 2011. After issue of the Certificate, GCEL had claimed a refund of ₹ 24.20 crore, which was the amount paid as duty on imported goods under seven different bills of entry. The Deputy Commissioner of Customs, Vishakhapatnam ("**DCC**") by his order dated April 18, 2012 rejected the claim as being time barred in respect of one bill of entry and premature in respect of the other six bills of entry. GCEL filed an appeal before the Commissioner of Customs (Appeals) against the order dated April 18, 2012. The Commissioner of Customs (Appeals) rejected the appeal pursuant to the order dated September 24, 2013. GCEL has filed an appeal before the CESTAT, Bengaluru against the order dated September 24, 2013. The matter is currently pending.

Litigation against GCEL

Violation of statutory regulations

1. Two cases have been filed before the Labour Court, Raipur by the Factory Inspector alleging violation of provisions of the Factories Act, 1948 as safety norms were not followed resulting in grave injury to Abubakar Siddiqui and fatal accident of Manoj Baraik. The matters are currently pending.

2. Two cases were filed before the Labour Court II, Raipur by the State against GCEL alleging violation of (i) rules made under the Minimum Wages Act, 1948 on the grounds of, inter alia, non-maintenance of the register, failure to provide salary slips to the workers and failure to provide requisite details in the form no. 10, and (ii) the Contract Labour (Regulation and Abolition) Act, 1970 due to, inter alia, failure to rectify the registration certificate and failure to furnish the form no. 12 by GCEL on demand by the contractor. Pursuant to the order pronounced the Labour Court II in an open court fine of ₹ 400 and ₹ 4,000 was imposed on GCEL for the violation of the provisions of rules made under the Minimum Wages Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970, respectively. GCEL is in process of obtaining the copy of the two orders from the Labour Court II.

Litigation involving GPCL

Litigation against GPCL

Tax proceedings

1. 13 cases have been initiated against GPCL which, *inter alia*, relate to (i) disallowance of ₹ 3.12 crore under section 14A of the I.T. Act as against ₹ 8,989 considered by GPCL and allowing deduction of the amount of interest expenses of ₹9.73 crore under the 'income from business' as against 'income from other sources' as claimed by GPCL for assessment year 2009-2010, (ii) disallowing the amount of ₹ 0.02 crore as against the amount of ₹ 0.002 crore considered by GPCL for disallowance under section 14A of the I.T. Act, holding that the amount of interest expense of ₹ 12.66 crore is to be allowed as deduction under the head "income from business" as against deduction under the head "income from other sources" as claimed by GPCL for assessment year 2010-2011, granting deduction under section 80G of the I.T. Act at ₹ 0.70 crore as against the amount of ₹ 0.69 crore as claimed by GPCL,

computing the income tax payable under normal provisions at ₹ 8.87 crore as against the amount of ₹ 9.73 crore as claimed by GPCL, charging dividend distribution tax at the rate of 16.995% as against the rate of 16.60875% as claimed by GPCL, granting tax deduction at source credit of an amount of ₹ 2.08 crore as against the amount of ₹ 2.21 crore as claimed by GPCL and in determining the income tax refundable at ₹ 1.55 crore but not granting any interest under section 244A of the I.T. Act, (iii) wrongful availment of excise duty concession of ₹ 152.00 crore while procuring LSHS Oil form Hindustan Petroleum Corporation Limited, (iv) withdrawal of export benefits against sanction letters of ₹ 30.45 crore and ₹ 31.43 crore along with paid refund claim of ₹ 29.38 crore being in excess of powers granted under the Foreign Trade Development and Regulation Act, 1994 and the Foreign Trade Policy, and being contrary to principles of natural justice, (v) imposition of service tax of ₹ 6.22 crore (aggregate amount demanded through seven show causes notices) on Hyundai Heavy Industries Limited ("**HHIL**") on the grounds that service tax was payable by HHIL in view of the operations and maintenance agreement executed by GPCL with HHIL which was in effect an agreement to advise and assist GPCL in the technical aspects of the power plant. As per the said agreement, in the event of payment of service tax by HHIL, the same amounts will be reimbursed to HHIL by GPCL, and (vi) short grant of credit for TDS of ₹ 25,015, not granting interest under Section 244A of ₹ 0.02 crore, and assessing long term capital loss at ₹ 3.85 crore as against correct amount of ₹ 14.27 crore. These matters are at various stages of adjudication and are currently pending.

Litigation by GPCL

Regulatory Proceedings

1. GPCL had approached TNERC in relation to a dispute pertaining to dues payable by TNEB (now known as TANGEDCO) to GPCL in connection with the PPA dated September 12, 1996 and land lease agreement dated March 26, 1997, each executed between TNEB and GPCL. TNERC and APTEL passed orders in favour of GPCL and pursuant to the same, GPCL received an amount of ₹ 537.00 crore including interest. TNEB has filed an appeal before the Supreme Court against GPCL challenging the said order passed by APTEL. However, *vide* its said order, APTEL also allowed a counter claim of TNEB so far as it is related to certain credit period extended by Hindustan Petroleum Corporation Limited (fuel supplier) to GPCL. GPCL has filed an appeal before the Supreme Court challenging only the aforesaid portion of the APTEL order relating to the counter claim of TNEB. The Supreme Court has, pursuant to its order dated April 24, 2014, disposed off the matter and referred the matter to TNERC for computing and deciding claims of parties in light of the order passed by APTEL. The matter is currently pending.

2. The Chennai Power Plant sold all of its power to TANGEDCO (formerly TNEB) pursuant to a 15-year PPA dated September 12, 1996 that expired in February 2014. Prior to the expiry of the PPA, GPCL had submitted a proposal for renewal / extension of the said PPA. After mutual commercial negotiations, the board of TANGEDCO agreed to our proposal subject to approval of TNERC. Accordingly, TANGEDCO filed a petition before TNERC in February 2014 (prior to expiry of the PPA) for extension of the PPA by one year i.e. from February 15, 2014 to February 14, 2015. Subsequently in March 2014, TANGEDCO filed an interlocutory application before TNERC seeking approval of the mutually agreed commercial terms including the tariff. The matter is presently pending before TNERC for approval of the tariff for the extended PPA period.

Litigation involving GKEL

Litigation against GKEL

Civil proceedings

1. Several cases have been filed against GKEL and GEL in various forums challenging the land acquisition process for the Kamalanga Power Project. While some of the petitioners have prayed for an order of injunction against GKEL and GEL in order to restrain it from carrying out the land acquisition process, some have claimed for compensation and others have sought stoppage of project as well as injunction. These matters are at various stages of adjudication and are currently pending.

Tax proceedings

1. GKEL has received a demand notice issued by the Deputy Commissioner of Commercial Taxes,

Bhuvaneshwar raising demand of ₹ 150.23 crore (including penalty of ₹ 100.16 crore) towards non payment of entry tax on imported plant and machinery worth ₹ 2,464.05 crore during the Financial Year 2010-2011 to Financial Year 2012-2013 from outside India as per the provisions of the Orissa Entry Tax Act, 1999. GKEL had filed an original petition before the High Court of Orissa, which in turn upheld the levy of entry tax and directed GKEL to pay ₹ 0.36 crore at 2% interest calculated from January 21, 2011 till date of payment and ₹ 0.03 crore at 2% interest from July 21, 2011 till date of payment. GKEL has filed a special leave petition before the Supreme Court against the State of Odisha and others challenging the order passed by High Court of Orissa. GKEL contended that goods imported by GKEL do not fall under the ambit of Rule 10(6)(a) of the Orissa Entry Tax Rules, 1999 and therefore, GKEL is not liable to pay entry tax under the said Rule. The Supreme Court has passed an interim order directing GKEL to pay 50% of the tax demanded and granted a stay against the penalty imposed on GKEL. The company has paid 50% of the tax amounts demanded until June 30, 2013. The Additional Commissioner of Sales Tax held that the Assessing Authority had applied an incorrect rate of tax on all imported goods, a few of which were liable to calculation at the rate of 1% only and accordingly passed an order demanding a revised aggregate amount of ₹ 46.36 crore for periods August 26, 2008 to July 31, 2012 and Rs. 4.58 crores for further period. The matter is currently pending.

Violation of statutory regulations

1. Minakhi Jena has filed an application before the Sub-Divisional Magistrate, Dhenkanal against GKEL under section 144(2) of the Code of Criminal Procedure, 1973 praying for an order restraining GKEL from constructing the boundary wall and installing high voltage electric tower as well as from disturbing the peaceful possession of the Petitioner over her land. The matter has been dismissed by the presiding officer.

2. A writ petition has been filed by the Registrar (Judicial) Orissa High Court Cuttack against the State of Orissa represented through its Secretary of Environment and all other thermal power stations operating in the state of Odisha, before the High Court of Odisha. This writ petition is arising out of the Supreme Court judgment where the petitioner, an NGO, Occupational Health and Safety Association, filed a PIL against Union of India., the Secretary General of Supreme Court gave directions to The Registrar Generals of High Courts of Orissa and 17 other states to examine the health hazards of common workers working in their respective thermal power stations. The matter is currently pending for hearing.

<u>*Litigation by GKEL*</u>

Regulatory proceedings

1. Three cases have been initiated by GKEL before CERC which, *inter alia,* relate to (i) seeking a revision in tariff agreed in PPA with Haryana Discoms on account of certain change of law and force majeure events that took place during construction period and operations period, which affected financial stability of GKEL, including depreciation of Indian Rupees against U.S. Dollar and increase of labour cost as force majeure and change in law events under the said PPA dated August 7, 2008 and for evolving a mechanism to restore the same economic condition of GKEL as it was before the happening of force majeure and change in law events under the terms and conditions of the PPA, and (ii) determination of tariff in respect of supply of Electricity to GRIDCO by CERC, with due consideration of the relevant factors such as fuel-price adjustment and normative return on equity. These matters are at various stages of adjudication and are currently pending.

Tax proceedings

1. GKEL had filed applications before the Assistant Commissioner of Customs, Paradeep seeking refund of an aggregate amount of ₹ 14.93 crore on the capital goods imports where the customs duty had been paid by GKEL under merit rate. GKEL had contented that given the Government has exempted mega power projects status from the payment of customs duty, capital goods imported for the purposes of its power plant at Kamalanga (which has obtained mega power project status) is also eligible for exemption from custom duty. The Assistant Commissioner of Customs, Paradeep rejected the claims as being time barred and not eligible for refund pursuant to his orders dated January 30, 2014 and January 31, 2014. Aggrieved by two orders passed by the Assistant Commissioner of Customs, Paradeep, GKEL has filed two separate appeals before the Commissioner (Appeals), Bhubaneswar. These matters are currently pending.

2. An appeal has been filed by GKEL against the Deputy Commissioner of Customs, Vishakhapatnam, ("DCC") before the Commissioner of Customs (Appeals) ("CC(A)") on June 11, 2012, challenging the DCC's order dated March 30, 2012 rejecting GKEL's refund claim of ₹ 5,56,02,521 customs duty paid on import of goods, being declared a provisional mega power project by Ministry of Power. CC(A) rejected the contentions of GKEL to the extent of ₹ 44.30 million and commented that the bills of entries covered under project imports to the extent of ₹ 11.30 million should have been given to GKEL. Upon receipt of mega power status and on completion of final assessment at nil rate of duty, the refund application submitted by GKEL was considered by Assistant Commissioner of Customs, Vishakhapatnam with respect to five bills of entries and GKEL had received the refund claim of ₹ 11.30 million. Thereafter, GKEL filed an appeal before CESTAT, Bangalore on October 25, 2013 for refund of the balance amount of ₹ 44.20 million and the matter is pending before the Bangalore CESTAT. The review cell (Vishakhapatnam Customs) has taken objection to the refund order (for Rs. 11.30 million) passed by the Assistant Commissioner of Customs and filed an appeal for quashing the order before CC(A). GEL has filed cross objections on July 18, 2014 before the Commissioner of Central Excise Appeals, Vishakhapatnam. The matter is currently pending.

Litigation involving GREL

Litigation against GREL

Tax proceedings

1. GREL was availing of deemed exports benefits which were withdrawn by the Government. By application dated September 8, 2010, GREL had claimed a duty drawback amount of ₹ 38.56 crore from the Government. The Government approved the same by letter dated November 19, 2010. By applications dated January 10, 2011, GREL had claimed a duty drawback amount of ₹ 109.85 crore. The Government approved the same by letters dated January 19, 2011 and February 25, 2011. The eligibility and conditions in the scheme of deemed exports were altered by the Government on March 15, 2011 at a Policy Interpretation Committee meeting (the "**PIC Meeting**"). The minutes of the PIC Meeting were circulated through trade notice bearing no. 8 and a meeting was conducted with members of trade and industry on March 18, 2011. The Joint Director General of Foreign Trade through an order dated March 17, 2011 rejected GREL's application for fixation of drawback, by applying the altered eligibility criteria. GREL has filed a writ petition before the High Court of Delhi against the Union of India and others claiming that the withdrawal of export benefits was in excess of powers granted under the Foreign Trade Development and Regulation Act, 1994 and the Foreign Trade Policy, and the order dated March 17, 2011 is contrary to principles of natural justice.

Litigation involving GGSPL

Litigation against GGSPL

1. Gujarat Urja Vikas Nigam Limited ("**GUVNL**") has filed a petition before the Gujarat Electricity Regulatory Commission (the "**GERC**") against Madhya Gujarat Vij Company Limited, GGSPL and others. It is the contention of GUVNL that the tariff rates for procurement of power from Solar Power Projects as determined by GERC under order dated January 29, 2010 must be revised. It further contended that the revision must be in accordance with the actual capital costs incurred by the respondents which were lower than the estimated capital costs, as well as lower proportion of equity capital deployed for servicing of the Solar Power Projects by the respondents. GERC pursuant to its order dated August 8, 2013 dismissed the matter. GUVNL has preferred an appeal before APTEL against GERC, GGSPL and others, against the order dated August 8, 2013. The matter is currently pending.

Litigation involving GBHHPL

Litigation against GBHHPL

1. Two cases have been initiated against GBHHPL which, *inter alia*, relate to (i) challenging the order dated June 19, 2012, wherein it was held that the notification dated November 30, 2009 (namely the New Hydro Power Policy, 2008) imposing 1% additional free power, would apply prospectively and not retrospectively, and (ii) the grant of stage –II forest clearance by MoEF in October 2012 for Bajoli Holi Power Project in violation of applicable laws and shifting of project components from right to left bank of river Ravi. These matters are at various stages of adjudication and are currently pending.

2. Kehar Singh has filed a reference application under the Land Acquisition Act, 1894 for enhancement of compensation paid to them by the Land Acquisition Officer in respect of land owned by him fourteen such matters before District Judge, Chamba, Himachal Pradesh. Since the land has been acquired for GBHHPL, we are also made a proforma party in these cases. Matters are at the stage of completion of pleadings.

Litigation involving MTSCL

Litigation by MTSCL

Regulatory proceedings

1. Two cases have been initiated by MTSCL which, *inter alia*, relate to (i) extension of term of the transmission services agreement dated February 15, 2011 ("**TSA**") from 25 years to 40 years in lieu of the payment of amounts outstanding and due along with surcharge for transmission services provided under TSA, and (ii) incurring additional expenditure of ₹ 25.90 crore by MTSCL on account of change in law, revision of the transmission charges for rest of the term of TSA by taking into account the additional expenditure of ₹ 25.90 crore and direct payment of revised transmission charges to cover project cost overrun of ₹ 25.90 crore. These matters are at various stages of adjudication and are currently pending.

Litigation involving EMCO

Litigation against EMCO

Regulatory proceedings

1. Maharashtra Distribution Company Limited had filed a petition before the Maharashtra Electricity Regulatory Commission against EMCO seeking orders directing to Maharashtra State Electricity Transmission Company Limited ("**MSETCL**") for grant of grid connectivity to 200MW power evacuation from Warora Power Plant of EMCO through MSETCL only, and for making MSETCL liable for penalty, if any, due to delay in providing grid connectivity directly through MSETCL only. The Commission pursuant to its order dated August 28, 2013 directed EMCO to establish the LILO connectivity at its own cost. EMCO has now filed an appeal before the APTEL challenging the order dated August 28, 2013. The matter is currently pending.

Litigation by EMCO

Regulatory proceedings

1. EMCO has filed a petition before the CERC against DNH Power Distribution Corporation Limited ("**DNH**") seeking recovery of capacity charges on the unscheduled contracted capacity as per the terms of the power purchase agreement dated March 21, 2013 ("**PPA**"). EMCO has prayed that DNH be directed to pay ₹ 55.52 crore as capacity charges for the period of November, 2013 to February, 2014 with interest and that it be declared that EMCO would be eligible for claiming such capacity charges till the time it is granted open access for the scheduling of the entire contracted capacity as per the terms of the PPA. The matter is currently pending.

2. EMCO filed an appeal before the APTEL against CERC and PGCIL challenging the order dated February 21, 2014 of CERC seeking issuance of directions to PGCIL to levy the point of connection transmission ("**POC**") charges unit wise from the date of COD of each unit under the bulk power

transmission agreement dated January 17, 2009 and consequently direct PGCIL to refund POC charges levied by it contrary to aforementioned agreement, or in the alternative, direct PGCIL to adjust the same against short term open access charges and/or long term open access charges that may be payable by EMCO in the future. The matter is currently pending.

3. EMCO has filed a petition before the CERC under Section 79 of the Electricity Act read with statutory framework governing procurement of power through competitive bidding and Article 10 of the Power Purchase Agreement March 17, 2013 and March 21, 2013 executed between EMCO and the Distribution Companies in Maharashtra and Dadra and Nagar Haveli seeking compensation due to change in law. EMCO has also filed an amendment petition dated March 10, 2014 amending this petition. The matter is currently pending.

In addition to the above matters, energy sector is also involved in various other legal proceedings

Litigation involving GKUAEL

<u>Litigation by GKUAEL</u>

Civil proceedings

1. GKUAEL has filed an original petition before the High Court of Delhi against NHAI seeking an injunction against invocation of the performance bank guarantee dated May 23, 2012 for an amount of ₹ 269.36 crore furnished on behalf of GKUAEL to NHAI. An interim order to maintain status quo subject to the performance bank guarantee being kept alive was passed by the court pursuant to its order dated December 28. 2012. The matter is currently pending.

Litigation involving GACEPL

<u>Litigation by GACEPL</u>

Arbitration proceedings

1. GACEPL has filed two arbitration petitions before the arbitral tribunal presided by Justice S.P. Bharucha, Justice A.S. Anand and Justice R.C. Lahoti, against (i) NHAI and State of Punjab, and (ii) NHAI and State of Haryana (collectively the "**respondents**"). GACEPL has claimed that the terms and conditions of the concession agreement dated November 16, 2005 executed between GACEPL, NHAI and the State of Haryana and GACEPL, NHAI and State of Punjab have been breached by NHAI and the State of Haryana and Punjab, respectively and thereby no action of the NHAI and respondents under the said concession agreements be given effect as long as the matter is *sub judice*. GACEPL has prayed before the tribunal that (i) negative grant, as provided under Clause 23.2 of the concession agreements shall be declared ineffective and GACEPL shall not be obliged to pay under the said clause, (ii) NHAI and the respondents be ordered to pay a compensation of ₹ 180.99 crore (loss calculated up to December 2012) to GACEPL, and (iii) NHAI be ordered to re-divert the commercial traffic from the alternate routes / competing roads to the GACEPL highway as agreed in the concession agreement. GACEPL filed an interim petition for deferring the negative grant. The matter is currently pending.

In addition to the above matters, highways sector is also involved in various other legal proceedings.

Litigation involving GMIAL

<u>Litigation against GMIAL</u>

Arbitration proceedings

1. GMIAL is a joint venture partnership between our Company and Malaysia Airport Holding Berhad, which was incorporated to bid for the concession for the rehabilitation, expansion, modernization, operation and maintenance of the Male Airport. GMIAL was awarded the concession for a period of 25 years and the concession agreement was signed on June 28, 2010 between GMIAL and MACL, an entity owned by the Government of Maldives, and the MoFT (together with MACL, the "**Petitioners**") (the "**Concession Agreement**"). The Petitioners have sought a declaration that the Concession Agreement is *void ab initio*. The MoFT issued notice to GMIAL on November 27, 2012 wherein it

asserted that MACL would take possession of the airport and subsequently the Maldives Civil Aviation Authority revoked the aerodrome certificate with effect from December 7, 2012. On November 29, 2012, the Petitions filed an arbitration petition against GMIAL before an arbitral tribunal (the "**Tribunal**"). MACL took over the possession of the airport on December 8, 2012. GMIAL has claimed that the Concession Agreement was neither *void ab initio* nor frustrated and has sought remedies under the Concession Agreement. GMIAL had also sought injunctive relief from the High Court of Singapore. GMIAL's plea was successful at first instance and an injunction was granted by the High Court of Singapore on December 4, 2012. This injunction was discharged by the Court of Appeal in Singapore on December 6, 2012. The Tribunal pursuant to its order dated June 18, 2014 declared the Concession Agreement as valid and binding and awarded GMIAL damages recoverable for loss caused by wrongful repudiation of the agreement. Additionally, the Tribunal also awarded payment of US $ 4.00 million by way of costs to be paid within 42 days of the award. The Tribunal has reserved the quantification of the damages and any interest payable. The matter is currently pending.

Litigation involving GCCL

<u>Litigation against GCCL</u>

Tax proceedings

1. GCCL has received a show cause notice dated April 2, 2012 issued by the Commissioner of Service Tax, S.P. Complex, Bengaluru, demanding payment of service tax of ₹ 15.25 crore on sharing of expenses and alleging GCCL of non-payment of service tax on the gross taxable value received from our group companies and irregular availment of CENVAT credit of an amount of ₹ 0.07 crore on certain services during the period April 2007 to September 2011. GCCL has filed its response on June 18, 2012, contending that GCCL had not provided any taxable services to third parties, but only to its group companies, with recovery of actual cost of expenses incurred. The Commissioner confirmed the demand and issued order dated December 7, 2012, reducing the total demand to ₹ 13.66 crore along with applicable interest as per section 75 and penalty under section 77 and section 78 of the Finance Act, 1994 and disallowed the CENVAT credit of ₹ 0.07 crore availed by GCCL. GCCL has filed an appeal before CESTAT against the order dated December 7, 2012. CESTAT has granted a stay on the recovery till the disposal of the main appeal. The matter currently pending

Litigation involving RCMEPL

<u>Litigation against RCMEPL</u>

Civil proceedings

1. RCMEPL has filed a writ petition before the High Court of Delhi against the Union of India, MOC and others. RCMEPL has prayed before the court to quash the letter dated January 15, 2014, issued by the MOC wherein it proposed to review the allotment of 61 coal blocks allocated to different private parties and de-allocate on grounds including, failure to obtain environment clearances and coal blocks not been able to start the exploration. RCMEPL has claimed that exploration of the coal blocks depends on governmental licenses being issued on time and is beyond the control of allotee. Thereby de-allocation of the coal blocks would be a harsh step towards not meeting some of the criteria laid down by the MOC. The matter is currently pending.

2. The Supreme Court has passed an order dated August 25, 2014 pursuant to a writ petition filed by Manohar Lal Sharma before the Supreme Court, against the Principal Secretary and Others, wherein the Supreme Court has held that the allocations of coal blocks made between 1993 and 2010 were arbitrary, illegal and impermissible under the applicable law. The consequences of such allocation have not been determined by the Supreme Court as on the date of this Draft Letter of Offer.

Litigation involving GMR Upper Karnali

Civil proceedings

<u>Litigation against GMR Upper Karnali</u>

1. Two cases are pending in relation to GMR Upper Karnali, inter-alia relating to (a) challenging enhancement of project capacity from 300 MW to 900 MW and other non- compliance of legal

procedures, and (b) demanding to declare Section 12 of Water Resources Act, 2049 and Section 35 of the Electricity Act, 2049 as null and void. Both these matter are pending before Supreme Court of Nepal.

In addition to the above matters, our Company and its Subsidiaries are involved in various legal proceedings from time to time, most of which arise from the ordinary course of business that our Company and its Subsidiaries are engaged in. We are also involved in certain administrative, quasi judicial and legal proceedings pending before the relevant courts, forums and authorities at various levels with respect to our airports, power projects, highways and other business, which include, *inter alia* disputes relating to direct and indirect tax liabilities, section 138 of the Negotiable Instruments Act, 1881, criminal breach of trust and cheating, trespassing, imposition of night curfew on landing of aircrafts on runway, tariffs charged, contravention of Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996, tender process adopted for setting up duty free shops, declaration of the relevant entity as "Public Authority", passenger service fee, ADFs, deficiency in services, contract labourers, imposition of service tax on licence of space within an airport, health hazard, eviction, illegal construction, environmental law issues (including noise pollution), undertaking construction work or operation without obtaining prior approval, approvals granted by various authorities, ownership and/or acquisition of the land, nuisance, payments due under certain commercial contracts such as the PPAs and the FSAs, orders restricting supply of petroleum and natural gas, laying of pipelines, supply of raw materials, fuel charges, payment of salary/wages, absorption of workmen, wrongful termination of work orders and non-payment of outstanding dues, disputes relating to tariff, other regulatory boards and commissions, disputes under PPAs, consumer disputes, accident claims, labour disputes, and such other similar matters. We cannot predict the initiation of any future litigation and / or the outcome of any pending or future litigation, examination or investigation, based on the amounts sought in pending actions against us and our history of resolving litigation matters in the past, as well as the advice of legal counsel.

Criminal cases filed against our Directors

B.V.N. Rao

1. Please see point 1 under the section "- *Litigation involving GEL - Litigation against GEL - Criminal Proceedings*" for other litigation filed against B.V.N. Rao.

S. Rajagopal

1. S. Rajagopal was an independent director of Varun Industries Limited until March 28, 2012. Subsequent to his resignation, Kishco Limited filed a criminal complaint before the Metropolitan Magistrate, Mumbai against S. Rajagopal and others under section 138 of Negotiable Instruments Act, 1881 for dishonour of a cheque issued in relation to payment of a portion of the consideration for assignment of property in favour of Varun Industries Limited. The Metropolitan Magistrate pursuant to his order directed S. Rajagopal's presence on January 8, 2013. A criminal revision application has been filed before the Court of Sessions, Greater Mumbai by S. Rajagopal contesting the aforesaid criminal complaint on the ground that its a settled position (laid down by Supreme Court) that independent directors are not to be held responsible for such acts. The Sessions Court pursuant to its interim order dated February 2, 2013 stayed the complaint. Pursuant to this order the Sessions Court exempted S. Rajagopal from personal appearance. The aggregate amount involved is this matter is ` 0.25 crore. The matter is currently pending.

GOVERNMENT AND OTHER APPROVALS

Our Company and Subsidiaries are required to comply with the provisions of various laws and regulations and obtain registrations or approvals under them for conducting their operations. These include consents to establish and operate, contract labour license for employment of contract labour at various project sites, environmental clearances, factory licenses, boiler licenses and other applicable approvals. The requirement for such approvals for a particular project may vary based on factors such as activity being carried out at the project, legal requirement in the state in which the project is situated and stage of development of the project. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

We have obtained necessary consents, licenses, permissions and approvals from the governmental and regulatory authorities that are required for carrying on our present business. In the event, some of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we shall apply for their renewal.

We have set out below, details of pending applications made by our Company or the Subsidiaries, for renewal of certain approvals which have expired:

Applications made by Subsidiaries in the energy segment:

GEL

1. Application dated March 5, 2014 made to the Environmental Engineer, Andhra Pradesh Pollution Control Board, Kakinada for renewal of consent for emission, for obtaining authorisation for storage / disposal of hazardous waste and for renewal of consent for discharge, for a period of one year, for the 220 MW barge-mounted power plant located at Kakinada.

EMCO

1. Application dated July 14, 2014 made to the Regional Officer, Maharashtra Pollution Control Board for renewal of consent to operate which has expired on August 31, 2014.

GPCL

1. Application dated December 17, 2013 made to the Chief Electrical Inspector to Government, Chennai for renewal of lift license for a period of one year post January 17, 2014.

GKEL

1. Application dated July 21, 2014 made to the Odisha Pollution control board for renewal of consent to operate which is expiring in September 2014.

GCEL

1. Application dated August 8, 2014 made to the Deputy Director of Factories and Director of Industrial Health and Safety, Raipur, Chhattisgarh for registration and grant of factory license for the year 2014.

2. Application dated February 19, 2014 made to the Chhattisgarh Environment Conservation Board for obtaining the consent for emission / continuation of emission under section 21 of the Air (Prevention and Control of Pollution) Act, 1981, for our Chhattisgarh Power Project.

3. Application dated February 19, 2014 made to the Chhattisgarh Environment Conservation Board for obtaining the consent under section 25 and section 26 of the Water (Prevention and Control of Pollution) Act, 1974, for use of coal as raw material in one of the units of our Chhattisgarh Power Project.

4. Application dated May 28, 2014 made to the Ministry of Environment and Forests for obtaining approval to transport coal by road for a period of 12 months in the villages of Raikheda, Gaitara and Chicholi in Raipur for our Chhattisgarh Power Project.

5. Application dated May 28, 2014 made to the Ministry of Environment and Forests for amending the environment clearance obtained from it in view of availability of domestic coal instead of imported coal, as envisaged at the time the environmental clearance was granted. The Chhattisgarh Power Project now proposes to use 100% domestic and or blended coal (domestic and imported) instead of 100% imported coal.

GBHPL

1. Application dated July 25, 2013 made to the Central Electricity Authority for renewal of techno economic concurrence for the 3x100 MW Alaknanda Hydroelectric Project. Applications dated October 3, 2013, January 17, 2014 and May 29, 2014 made to the Government of Uttarakhand for its authorization.

HHPPL

1. Application dated October 10, 2011 made to Himtal Hydro Power Company Private Limited for obtaining a license for production of electricity from the Upper Marsyangdi-II HEP.

GLHPL

1. Application dated August 7, 2014 made to the Ministry of Environment and Forests for the grant of Environment Clearance for the Talong Hydro Project, East Kameng District, Arunachal Pradesh.

2. Application dated November 4, 2010 made to the Department of Environment and Forest, Government of Arunachal Pradesh for obtaining forest clearance for the implementation of Talong Hydro Project, East Kameng District, Arunachal Pradesh.

3. Application dated December 2, 2013, made to the Joint Director Operation (ATS) for grant of no objection certificate for security clearance for the Talong Power Project.

GUKPL

1. Application dated October 10, 2011 made to Himtal Hydro Power Company Private Limited for obtaining a license for production of electricity from the Upper Marsyangdi-II HEP.

2. Application dated May 15, 2013 made to the Office of Investment Board, Government of Nepal for grant of license for production of electricity from the Upper Marsyangdi-II HEP.

3. Application dated July 2, 2014 made to the Department of Electricity Department, Ministry of Energy, Nepal for renewal of the survey license for 400 kV double circuit transmission line from the switchyard of the Upper Karnali Power Project to Nepal-India border up to July 7, 2015.

Approvals made by Subsidiaries in the airports segment:

GHIAL

1. Application for renewal of the TRMS license made to the Department of telecommunications for the year 2013 and 2014.

GHRL

1. Application dated May 14, 2014 made to the Government of Andhra Pradesh State Disaster Response & Fire Services Department for renewal of the Fire NOC in respect of the Novotel Hotel which expired on July 14, 2014.

DIAL

1. Application dated November 29, 2013 (and letters dated January 17, 2014 and April 7, 2014) made to the Director, Delhi Fire Service for renewal of the Fire Safety Certificate for the Terminal 3 at the Delhi Airport for a period of three years with effect from July 28, 2013.

2. Application dated November 29, 2013 (and letters dated January 17, 2014 and April 7, 2014) made to the Director, Delhi Fire Service for renewal of the Fire Safety Certificate for the Airport Services

Building for a period of three years with effect from March 16, 2013.

3. Application dated November 29, 2013 (and letter dated April 7, 2014) made to the Director, Delhi Fire Service for renewal of the Fire Safety Certificate for the building G+5 at Terminal 1 of the Delhi Airport for a period of three years with effect from October 20, 2013.

4. Application dated April 2, 2014 made to the Director, Delhi Fire Service for renewal of the Fire Safety Certificate for the Airport Connection Building at Terminal 3 of the Delhi Airport for a period of three years with effect from January 20, 2014.

5. Application dated February 7, 2014 made to the Delhi Pollution Control Committee for Renewal of Consent for the Delhi Airport under the Water Act and the Air Act.

6. Application dated March 7, 2014 made to the Commissioner of Customs, IGI Airport, New Delhi for renewal of the Custodianship Certificate for DIAL and the Customs Cargo Service Provider Certificate for Delhi Cargo Service Center Private Limited and Celebi Delhi Cargo Terminal Management India Private Limited.

Applications for acquiring fresh licenses made by DIAL

1. Application dated April 7, 2014 made to Director, Delhi Fire Service for renewal of the Fire Safety Certificate for Terminal 1A, Terminal 1C, Terminal 2 and DCSC buildings at the Delhi Airport.

DDFS

Applications for acquiring fresh licenses made by DDFS

1. Application dated March 13, 2014 made to the Deputy Commissioner of Security, Bureau of Civil Aviation for obtaining a license to operate for running duty free shops bearing no. IN 04 at the Terminal 3 of the Delhi Airport.

2. Application dated July 18, 2014 made to the Deputy Commissioner of Security, Bureau of Civil Aviation for obtaining a license to operate for running duty free shops bearing no. IN 10A at the Terminal 3 of the Delhi Airport.

3. Application dated May 13, 2014 made to the Deputy Commissioner of Security, Bureau of Civil Aviation for obtaining a license to operate for running duty free shops at the Terminal 3, International Departure of the Delhi Airport.

Applications made by Subsidiaries in the urban infrastructure segment:

GMR Krishnagiri SEZ Limited ("GMR Krishnagiri")

1. Application dated November 16, 2009 made to the Tamil Nadu Water Supply and Drainage Board ("**TWAD Board**") through TIDCO for permission to draw 12 MLD of water from Keelavarapalli dam. GMR Krishnagiri is awaiting the Government Order of the government of Tamil Nadu for commencing the process of drawal of water.

2. Application dated January 1, 2014 made to the Directorate of Town & Country Planning – Chennai ("**DTCP**") through the Executive Vice Chairman, Tamil Nadu Industrial Guidance & Export Promotion Bureau ("**Guidance Bureau**") for approval of the layout plan for the Electronics Manufacturing Cluster area located in Hosur, Krishnagiri in Tamil Nadu.

GMR Hosur EMC Limited ("GMR Hosur")

1. Application dated November 22, 2013 made by our Company (with GMR Hosur as the SPV for the project) to the Department of Electronics and Information Technology, Ministry of Communications and Information Technology, for formal approval for Greenfield Electronics Manufacturing Cluster spread over 527.87 acres at Hosur, Krishnagiri in Tamil Nadu, in furtherance of the in-principle approval dated August 8, 2013.

The details of certain approvals pertaining to the Subsidiaries, for which applications for renewal have not been made, are as follows:

GCEL

1. The approval for the supply of water from the River Mahanadi has expired on July 6, 2013 and it is extendable by two years. We have not yet made an application for renewal of the same and will be applying for the same post completion of the barrage work.

2. The authorisation to Import and Handle Radioactive material granted by the Atomic Energy Regulatory Board has expired on February 21, 2014. We have not yet made an application for renewal of the same and will be applying for the same nearer to the commercial operation of the project.

GAL

1. Approval dated November 28, 2009 obtained by GAL from Airports Council International for training hub expired January 31, 2010. An application for the renewal of the approval is yet to be made.

2. Approval dated March 14, 2012 obtained from International Air Transport Association for IATA authorised training centre has expired on March 14, 2013. An application for the renewal of the approval is yet to be made.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at their meeting held on September 16, 2014 pursuant to Section 62 of the Companies Act, 2013. The Issue Price of ₹ [●] has been arrived at in consultation with the Lead Managers.

Our Company has received in-principle approvals from the BSE and the NSE for listing of the Equity Shares to be allotted in the Issue pursuant to letters dated [●] and [●], respectively.

RBI Approval for Renunciation

Our Company proposes to apply to the RBI for seeking approval for renunciation of the Rights Entitlement by (a) an Equity Shareholder resident in India, in favour of any person resident outside India (other than OCBs); (b) an Equity Shareholder resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Equity Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs). In case our Company does not receive such approval, the renouncer / renouncee is required to obtain such approval and attach to the CAF. All such renunciations shall be subject to any conditions that may be specified in the RBI approval. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected.

Prohibition by SEBI or Other Governmental Authorities

Our Company, the Promoters, the members of the Promoter Group, the Directors, the persons in control of our Company and the persons in control of the corporate Promoters have not been prohibited from accessing or operating the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoters, the Directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of the Directors of our Company are associated with the securities market in any manner.

Prohibition by RBI

None of our Company, the Promoters, the members of the Promoter Group or Group Companies have been identified as wilful defaulters by the RBI or any other governmental authority.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. The Equity Shares of our Company are presently listed on the Stock Exchanges. It is eligible to offer equity shares pursuant to this issue in terms of Chapter IV of the SEBI Regulations.

Compliance with Part E of Schedule VIII of the SEBI Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI Regulations as explained below:

(a) Our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

(b) The reports, statements and information referred to in sub-clause (a) above are available on the website of the BSE and the NSE or on a common e-filing platform specified by SEBI.

(c) Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI Regulations, disclosures in this Draft Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI Regulations.

Compliance with Regulation 4(2) of the SEBI Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Equity Shares to be issued pursuant to this Issue and choose one of the Stock Exchanges as the Designated Stock Exchange after filing of the Draft Letter of Offer.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGERS, JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED, AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE LEAD MANAGERS, JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED, AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED AND SBI CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 19, 2014 WHICH READS AS FOLLOWS:

(1) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;**

(2) **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

- **(a)** **THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

- **(b)** **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

- **(c)** **THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL**

INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AND THE COMPANIES ACT, 2013, TO THE EXTENT APPLICABLE, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – <u>NOTED FOR COMPLIANCE, IF APPLICABLE</u>.

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF ITS SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – <u>NOT APPLICABLE</u>

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – <u>NOT APPLICABLE</u>

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – <u>NOT APPLICABLE</u>

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION - <u>NOT APPLICABLE FOR A RIGHTS ISSUE. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF</u>

THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS.

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

(b) AN UNDERTAKING FROM OUR COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

(16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY LEAD MANAGERS BELOW (WHO IS RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR DATED SEPTEMBER 27, 2011. NOT APPLICABLE

(17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS CERTIFIED BY THE CHATTERJEE & CHATTERJEE, CHARTERED ACCOUNTANTS (FIRM REGISTRATION NUMBER: 001109C) VIDE ITS CERTIFICATE DATED SEPTEMBER 17, 2014.

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Managers

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Managers shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be [●].

Disclaimer Clause of the BSE

As required, a copy of this Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of the NSE

As required, a copy of this Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Selling Restrictions

The distribution of this Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Equity Shareholders. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI.

Accordingly, the Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of the Draft Letter of Offer or any offering materials or advertisements in connection with the Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in the Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

Each person who exercises Rights Entitlement and subscribes for Equity Shares or excess Equity Shares, or who purchases Rights Entitlement or Equity Shares shall do so in accordance with the restrictions set out below.

Filing

This Draft Letter of Offer has been filed with the Corporation Finance Department of SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 for its observations. After SEBI gives its observations, the final Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Issue Related Expenses

The expenses of the Issue payable by our Company include brokerage, fees and reimbursement to the Lead Managers, Legal Advisor to the Issue, Registrar, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses and will be met out of the Issue Proceeds.

S. No.	Particulars	Amounts (₹ in crore)*	Percentage of Total Estimated Issue Expenditure*	Percentage of Issue Size*
	Fees of the Lead Managers	[●]	[●]	[●]
	Fees to the legal advisor, other professional services and statutory fees	[●]	[●]	[●]
	Expenses relating to printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
	Fees of Registrar to the Issue	[●]	[●]	[●]
	Advertising and marketing expenses	[●]	[●]	[●]
	Underwriting and commission	[●]	[●]	[●]
	Other expenses	[●]	[●]	[●]
Total estimated Issue related expenses		[●]	[●]	[●]

* *Amounts will be finalized at the time of filing the Letter of Offer and determination of the Issue Price and other details.*

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders' Relationship Committee which currently comprises of R.S.S.L.N. Bhaskarudu, B.V.N. Rao, G.B.S. Raju and K.V.V. Rao. The broad terms of reference include redressal of shareholders' and investors' complaints relating to transfer of shares, non-receipt of Annual Reports, non-receipt of dividends, etc. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are disposed off within seven to 15 days from the date of receipt of the complaint.

Status of outstanding investor complaints in relation to our Company

As on the date of this Draft Letter of Offer, there were no outstanding investor complaints.

Investor Grievances arising out of the Issue

Our Company's investor grievances arising out of the Issue will be handled by Karvy Computershare Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ demat credit/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar or the SCSB in case of ASBA Applicants giving full details such as folio no., name and address, contact telephone / cell numbers, e-mail id of the first Applicant, number and type of Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be seven to 10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar
Madhapur, Hyderabad 500 081
Tel: (91 40) 4465 5000
Fax: (91 40) 2343 1551
E-mail: murali.m@karvy.com
Investor Grievance Email: einward.ris@karvy.com
Website: https://karisma.karvy.com
Contact Person: M.Murali Krishna
SEBI Registration No.: INR000000221

Investors may contact the Compliance Officer or the Registrar in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

C. P. Sounderarajan
Skip House, 25/1, Museum Road
Bengaluru 560 025
Karnataka, India
Tel: (91 80) 4053 4281
Fax: (91 80) 2227 9353
E-mail: sounderarajan.cp@gmrgroup.in

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the SAF, the Memorandum of Association and Articles of Association, and the provisions of the Companies Act, along with the rules made thereunder, FEMA, the guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of securities issued by the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of Listing Agreements and terms and conditions as stipulated in the allotment advice or security certificate.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Investors (i) who are not QIBs or Non-Institutional Investors, or (ii) whose application amount is not more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees (including Applicants who have applied through SAFs) and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Equity Shares through the non-ASBA process, irrespective of the application amounts.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see the section "-Procedure for Application" on page 390.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights/obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at their meeting held on September 16, 2014 pursuant to Section 62 of the Companies Act, 2013.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to the existing Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, i.e. [●], fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], you are entitled to the number of Equity Shares as set out in Part A of the CAF.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer / Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. Provided those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs. The distribution of the Letter of Offer / Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer / Abridged Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be in any restricted jurisdiction.

PRINCIPAL TERMS OF THE EQUITY SHARES

Face Value

Each Equity Share will have the face value of ₹ 1.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ [●] for cash at a premium of ₹ [●] per Equity Share. The Issue Price has been arrived at after consultation between our Company and the Lead Managers and has been decided prior to the determination of the Record Date.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Equity Share (s) for every [●] Equity Share(s) held on the Record Date.

Terms of Payment

Full amount of ₹ [●] per Equity Share is payable on application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Equity Share(s) for every [●] Equity Share(s) held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored as above would be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

For example, if an Eligible Equity Shareholder holds between [●] and [●] Equity Shares, he will be entitled to [●] Equity Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one additional Equity Share if he has applied for the same.

Those Eligible Equity Shareholders holding less than [●] Equity Shares and therefore entitled to 'zero' Equity Shares under this Issue shall be dispatched a CAF with 'zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and would be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders have applied for the additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Eligible Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of one additional Equity Share if he has applied for the same.

Ranking

The Equity Shares of our Company Allotted in the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Equity Shares of our Company Allotted in the Issue shall rank *pari passu* with the existing Equity Shares of our Company.

Mode of payment of dividend

In the event of declaration of dividend, we shall pay dividend to the Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of the Equity Shares issued pursuant to the Issue

Our Company's existing Equity Shares are currently traded on the BSE and NSE under the ISIN INE776C01039.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Equity Shares shall be taken within seven Working Days of finalisation of the Basis of Allotment. Our Company has received in-principle approval from the BSE through letter no. [●] dated [●] and from the NSE through letter no. [●] dated [●].

If permissions to list, deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

The listing and trading of the Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

Subscription to the Issue by the Promoters and Promoter Group

The Promoters and members of the Promoter Group of the Company currently holding Equity Shares in the Company have undertaken to subscribe to the full extent of their Rights Entitlement in the Issue either by themselves or by renouncing their Rights Entitlement to any person(s) forming part of the Promoters and Promoter Group entities ("**Promoter Renouncee Entities**"). The subscription to, and allotment of, Equity Shares to the Promoters and members of the Promoter Group who are eligible shareholders of the Company at the record date to the extent of their respective Rights Entitlement shall be exempt from open offer requirements in terms of Regulation 10(4)(a) of the Takeover Regulations. Subscription to, and allotment of, Equity Shares to Promoter Renouncee Entities will be in accordance with the provisions of the Takeover Regulations.

Further, the Promoters and members of the Promoter Group, other than those that have renounced their Rights Entitlement, reserve their right to determine their intention to apply for additional Equity Shares in the Issue or subscribe to any Equity Shares which may be renounced in their favour (by entities other than the Promoters and members of the Promoter Group who are eligible shareholders of the Company at the record date) or any unsubscribed portion of the Issue, subject to compliance with applicable law. As a result of any such subscription and consequent allotment of Equity Shares, the Promoters and members of the Promoter Group may acquire Equity Shares over and above their Rights Entitlement. Such acquisition of Equity Shares by the Promoters and members of the Promoter Group over and above their Rights Entitlement shall be in accordance with the provisions of the Takeover Regulations and will not result in a change of control of the management of the Company.

The subscription to, and allotment of, Equity Shares by the Promoters and members of the Promoter Group in the Issue would be subject to aggregate shareholding of the Promoters and Promoter Group not exceeding 75% of the post-Issue equity share capital of the Company on the date of Allotment, in accordance with clause 40A of the Equity Listing Agreements.

Rights of holders of Equity Shares of our Company

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote or poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and Articles of Association and Listing Agreement.

General Terms and Conditions of the Issue for ASBA and Non-ASBA Investors

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share. In case an Investor holds Equity Shares in physical form, our Company would issue to the allottees one certificate for the Equity Shares allotted to each folio (the "Consolidated Certificate"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Investor. Our Company shall not charge a fee for splitting any share certificate.

Joint Holders

Where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. CAF would be required to be signed by all the joint holders. In case of renunciation, joint holders will sign Part B of the CAF.

Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013. An Eligible Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Equity Shareholder or all the joint Eligible Equity Shareholders, as the case may be, shall become entitled to the Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered Eligible Equity Shareholder. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Shares, in the event of death of the said Eligible Equity Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Equity Shares are held by more than one person jointly, the nominee shall become entitled to all the rights in the Equity Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013, or any other rules that may be prescribed under the Companies Act, 2013, any person who becomes a nominee shall upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or

- to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitles, elects to be registered as holders of the Equity Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Equity Shareholder.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with respective DP of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Eligible Equity Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Kannada language daily newspaper with wide circulation and/or, will be sent by post to the Indian address of the Eligible Equity Shareholders provided to our Company. However, the distribution of the Letter of Offer/Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Procedure for Application

The CAF along with the Abridged Letter of Offer for the Equity Shares offered as part of the Issue would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholder or is misplaced by the Eligible Equity Shareholder, the Eligible Equity Shareholder may request the Registrar, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and Indian address. In case the signature of the Investor(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Registrar shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 2,00,000 complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009, can participate in the Issue only through the ASBA process. Investors (i) who are not QIBs or Non-Institutional Investors, or (ii) whose application amount is not more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for the Equity Shares through the non-ASBA process, irrespective of the application amounts.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to this Issue.

CAF

The Registrar to the Issue will dispatch the CAF along with the Abridged Letter of Offer to Eligible Equity Shareholders through registered post or speed post as per their Rights Entitlement on the Record Date. The CAF will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to. Applicants may also choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see the section "– Application on Plain Paper" on page 395.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;

Part B: Form for renunciation of Equity Shares;

Part C: Form for application of Equity Shares by Renouncee(s);

Part D: Form for request for split application forms.

Option available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection centers as mentioned on the reverse of the CAFs before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. Investors at centres not covered by the collection branches of the Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at [●] or a demand draft payable at Mumbai to the Registrar by registered post so as to reach the Registrar prior to the Issue Closing Date. Please note that neither our Company nor the Lead Managers or the Registrar shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in the transit. Such applications sent to anyone other than the Registrar are liable to be rejected. For further details on the mode of payment, see the sections "- Mode of Payment for Resident Investors" and "- Mode of Payment for Non-Resident Investors" on pages 396 and 397, respectively.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of our Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section "- Basis of Allotment" on page 406.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. Renouncee(s) applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number of Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, the Eligible Equity Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities or other laws. Eligible Equity Shareholders may also not renounce in favour of persons or entities in the United States.

Any renunciation: (i) from resident Indian shareholder(s) to non-resident(s); (ii) from non-resident shareholder(s) to resident Indian(s); or (iii) from a non-resident shareholder(s) to other non-resident(s), and subscription of Equity Shares by such renounce are subject to the renouncer(s)/ renouncee(s) obtaining the necessary regulatory approvals. Our Company proposes to apply to the RBI for seeking approval for renunciation of Rights Entitlement by (a) an Equity Shareholder resident in India, in favour of any person resident outside India (other than OCBs); (b) an Equity Shareholder resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Equity Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs). In case our Company does not receive such approval, the renouncer/ renouncee is required to obtain such approval and attach to the CAF. All such renunciations shall be subject to any conditions that may be specified in the RBI approval. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, the Eligible Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncees shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has, however, clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No. 20/2000-RB dated May 3, 2000 under the FDI scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of the RBI if the investment is through the automatic route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be the conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Equity Shares in Part 'C' of the CAF for the purpose of Allotment of such Equity Shares. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Eligible Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as provided herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with our Company/ Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the application money in full.

Change and/or introduction of additional holders

If you wish to apply for the Equity Shares jointly with any other person(s), not more than three including you, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF:

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(All joint holders must sign in the same sequence)*
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares *(All joint holders must sign in the same sequence)*
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D *(all joint holders must sign in the same sequence)* requesting for SAFs. Send the CAF to the Registrar so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A. (ii) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Equity Shares accepted by them.

Sr. No.	Option Available	Action Required
4.	Renounce your Rights Entitlement in full to one person *(Joint Renouncees are considered as one)*.	Fill in and sign Part B *(all joint holders must sign in the same sequence)* indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C *(all joint Renouncees must sign)*
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.

- Applicants must provide information in the CAF as to their account number and the name of the bank, to enable Registrar to print the information on the refund orders where equity shares are held in physical form.

- Request for each SAF should be made for a minimum of one Equity Share or, in each case, in multiples thereof and one SAF for the balance Equity Shares, if any.

- Request by the Investor for the SAFs should reach the Registrar on or before [●].

- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.

- SAFs will be sent to the Investor(s) by post at the Applicant's risk.

- Eligible Equity Shareholders may not renounce in favour of persons or entities who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

- While applying for or renouncing their Rights Entitlement, all joint Eligible Equity Shareholders must sign the CAF and in the same order and as per specimen signatures recorded with our Company/ Depositories.

- Applicants must write their CAF numbers at the back of the cheque / demand draft.

- *Non-resident Eligible Equity Shareholders*: Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, *inter alia,* be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and Indian address to the Registrar. Please note that the request for duplicate CAF should reach the Registrar at least seven (7) days prior to the Issue Opening Date. Please note that those who are making the application in the duplicate form or in any other manner should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications. Our Company or the Registrar will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque/ demand draft payable at Bengaluru and the Investor should send the same by registered post directly to the Registrar. For details of the mode of payment, see the section "- Modes of Payment" on page 396. Applications on plain paper to be accepted from any address outside India will be subject to the legal requirements and restrictions prevailing in the jurisdictions of the applicant.

The envelope should be super scribed "GMR Infrastructure Limited – Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same sequence and as per specimen recorded with our Company/ Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

- Name of our Company, being GMR Infrastructure Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/ demand draft;
- Savings/ current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Equity Shares held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- If the payment is made by a draft purchased from NRE / FCNR / NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE / FCNR / NRO account;
- Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company / Depositories);
- For ASBA Investors, application on plain paper should have details of their ASBA Account.
- Additionally, all such Applicants are deemed to have accepted the following:

  *"I/ We understand that neither the Rights Entitlement nor the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or*

*any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"). I/ we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ are not in the United States and understand that neither us, nor the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Managers or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We acknowledge that we, the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company and its Directors.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue / Registrar on or before the close of banking hours on the aforesaid last date or such date as may be extended by our Board / Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board / Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section "- Basis of Allotment" on page 406.

Modes of Payment

In terms of RBI circular no. DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, non-CTS cheques are processed in three CTS centres three days of the week. In order to enable listing and trading of the Equity Shares within seven working days of finalization of basis of Allotment, investors are advised to use CTS cheques or use the ASBA facility to make payment of the entire amount. Investors are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Bid/Offer Closing Date.

Mode of payment for Resident Investors

- All cheques / demand drafts for the entire amount accompanying the CAF should be drawn in favour of "[●]" crossed 'A/c Payee only' and should be submitted along with the CAF to the Bankers to the Issue/ Collecting Bank or to the Registrar;

- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with an account payee cheque/ demand draft for the full application amount drawn in favour of "[●]", crossed 'A/c Payee only' and payable at Bengaluru directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed "GMR Infrastructure Limited – Rights Issue". Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Investors

As regards the application by non-resident Investor, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

  Karvy Computershare Private Limited
  Plot No. 17-24, Vittal Rao Nagar
  Madhapur, Hyderabad 500 081
  Tel: (91 40) 4465 5000
  Fax: (91 40) 2343 1551
  E-mail: murali.m@karvy.com
  Investor Grievance Email: einward.ris@karvy.com
  Website: https://karisma.karvy.com
  Contact Person: M.Murali Krishna
  SEBI Registration No.: INR000000221

- Applications will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount drawn in favour of "[●]", crossed 'A/c Payee only' payable at Bengaluru directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed "GMR Infrastructure Limited – Rights Issue". Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

- Payment by non-residents must be made by demand draft payable at Bengaluru / cheque drawn on a bank account maintained at [●] or funds remitted from abroad in any of the following ways:

  Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Bengaluru or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

- By cheque / bank drafts drawn on a Non-Resident External Account (NRE) or FCNR Account maintained with banks authorised to deal in foreign currency in India, along with documentary evidence in support of remittance;

- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at Bengaluru;

- FIIs registered with SEBI must utilise funds from special non-resident rupee account;

- Non-resident investors with repatriation benefits should draw the cheques/ demand drafts in favour of "[●]", crossed "A/c Payee only" for the full application amount and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar;

- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO account as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF.

In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in [●] or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Bengaluru. **In such cases, the Allotment of Equity Shares will be on non-repatriation basis.**

- Non-resident investors without repatriation benefits should draw the cheques/demand drafts in favour of "[●]", crossed "A/c Payee only" for the full application amount and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar;

- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

- An Eligible Equity Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the I.T. Act.

- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Procedure for Application through the ASBA Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Managers, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the

above conditions may optionally apply through the ASBA process. Investors (i) who are not QIBs or Non-Institutional Investors, or (ii) whose application amount is not more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for the Equity Shares through the non-ASBA process, irrespective of the application amounts.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to the Eligible Equity Shareholders of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- are applying through a bank account maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of our Board, in consultation with the Designated Stock Exchange and in the manner prescribed under the section "- Basis of Allotment" on page 406.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of payment

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company for the purpose of the Issue as per the provisions of Section 40(3) of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Managers to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF or more than five applications are submitted per account held with SCSB in this Issue. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF *(All joint holders must sign in the same sequence)*
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares *(All joint holders must sign in the same sequence)*

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper to be accepted from any address outside India will be subject to the legal requirements and restrictions prevailing in the jurisdictions of the applicant.

The envelope should be super scribed "GMR Infrastructure Limited – Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/ Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being GMR Infrastructure Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/ demand draft;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Signature of the Eligible Equity Shareholders to appear in the same sequence and order as they appear in our records; and
- Additionally, all such Eligible Equity Shareholders applying through ASBA are deemed to have accepted the following:

  *"I/ We understand that neither the Rights Entitlement nor the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"). I/ we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights*

Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ are not in the United States and understand that none of we, the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who, we, the Registrar, the Lead Managers or any other person acting on behalf of we have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We acknowledge that we, the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Option to receive Equity Shares in Dematerialized Form

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Eligible Equity Shareholders applying under the ASBA Process

(a) Please read the instructions printed on the respective CAF carefully.

(b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

(c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to our Company or the Registrar or the Lead Managers to the Issue.

(d) All Eligible Equity Shareholders, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the I.T. Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Eligible Equity Shareholders for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Eligible Equity Shareholders**.

(e) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/demand draft/pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our

Company/or Depositories.

(g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same sequence and as per the specimen signature(s) recorded with our Company/ Depositories. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(h) All communication in connection with application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.

(i) Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

(j) Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

(k) Only the Eligible Equity Shareholders holding securities in demat are eligible to participate through the ASBA process.

(l) Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using the ASBA process.

(m) Please note that pursuant to the applicability of the directions issued by SEBI vide its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Eligible Equity Shareholders who are QIBs, Non-Institutional Eligible Equity Shareholders and other Eligible Equity Shareholders whose application amount exceeds ` 2,00,000 can participate in the Issue only through the ASBA process. The Equity Shareholders (i) who are not QIBs or Non-Institutional Investors, or (ii) whose application amount is not more than ` 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

(n) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

(o) Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

(p) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the section "- Application on Plain Paper" on pages 395.

Do's:

(a) Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in.

(b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.

(c) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

(d) Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

(g) Except for CAFs submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Eligible Equity Shareholder should mention their PAN allotted under the I.T. Act.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the Demographic Details are updated, true and correct, in all respects.

(j) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

(k) Apply under ASBA process only if you comply with the definition of an ASBA Investor.

Don'ts:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(c) Do not pay the amount payable on application in cash, by money order, pay order or by postal order.

(d) Do not send your physical CAFs to the Lead Managers / Registrar / Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(f) Do not apply if the ASBA account has been used for five Eligible Equity Shareholders.

(g) Do not apply through the ASBA Process if you are not an ASBA Eligible Equity Shareholder.

(h) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "Grounds for Technical Rejections for non-ASBA Investors" on page 412, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application on a SAF.

(b) Application for allotment of Rights Entitlements or additional Equity Shares which are in physical form.

(c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

(d) Sending an ASBA application on plain paper to the Registrar.

(e) Sending CAF to Lead Managers / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

(f) Renouncee applying under the ASBA Process.

(g) Submission of more than five CAFs per ASBA Account.

(h) Insufficient funds are available with the SCSB for blocking the amount.

(i) Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

(j) Account holder not signing the CAF or declaration mentioned therein.

(k) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdiction and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

(l) CAFs which have evidence of being executed in/dispatched from any restricted jurisdiction.

(m) QIBs, Non-Institutional Investors and other Eligible Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialised form and is not a Renouncer or a Renouncee not applying through the ASBA process.

(n) Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.

(o) Multiple CAFs, including cases where an Eligible Equity Shareholder submits CAFs along with a plain paper application.

(p) Submitting the GIR instead of the PAN.

(q) An Eligible Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

(r) Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(s) ASBA Bids by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(t) Applications by Eligible Equity Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

Depository account and bank details for Eligible Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS AS ON THE RECORD DATE. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be,

the Registrar to the Issue will obtain from the Depository, demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Eligible Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblocking of bank account of the respective Eligible Equity Shareholder. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Eligible Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Eligible Equity Shareholder. Eligible Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Eligible Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Managers shall be liable to compensate the Eligible Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Underwriting

[●]

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for SAFs:	[●]
Issue Closing Date:	[●]

Our Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in the Draft Letter of Offer, the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.

(b) Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person that our Board as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of the Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("**NECS**") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's Indian address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

In the case of non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The letter of allotment will be sent by registered post / speed post to the Indian address of the Non-Resident Shareholders or Investors as provided to our Company.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the 68 centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

4. RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors the refund orders will be dispatched through speed post/ registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner which is permissible under the banking laws that are in force and is permitted by SEBI from time to time.

Refund payment to Non- residents

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Bengaluru, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice / share certificates / demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the respective share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement with NSDL on June 7, 2006 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL on April 24, 2006 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a Depository Participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's Depository Participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical Equity Shares. Eligible Equity Shareholders of our Company holding Equity Shares in physical form may opt to receive Equity Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES SECURITIES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Investors who have already opened such beneficiary account(s) need not adhere to this step.*

- For Eligible Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company/ Depositories.

- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's Depository Participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's Depository Participant.

- If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Equity Shares in physical form.

- The Equity Shares allotted to Applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar but the Applicant's Depository Participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for non-ASBA Investors

- Please read the instructions printed on the CAF carefully.

- Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application money does not exceed ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.

- Application should be made on the printed CAF, provided by our Company except as mentioned under the section "- Application on Plain Paper" from page 395 to 396 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Draft Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

  The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/ Escrow Collection Bank or to the Registrar and not to our Company or the Lead Managers to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Bengaluru of an amount and send their CAFs to the Registrar by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

  Applications where separate cheques/demand drafts are not attached for amounts to be paid for the Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stock invest are liable to be rejected.

- Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his / her PAN allotted under the I.T. Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

- Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

- All payment should be made by cheque or demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company.

- In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum of Association and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

- In case of joint holders, all joint holders must sign the relevant part of the CAF in the same sequence and as per the specimen signature(s) recorded with our Company/Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

- Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in the matter of refund of application money, Allotment of Equity Shares, interest, export of share certificates, etc. In case an NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in any jurisdiction where the offer or sale of the Rights Entitlements and issue of Equity Shares of our Company may be restricted by applicable securities laws.

- All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and transfer agents of our Company, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialized form.

- SAFs cannot be re-split.

- Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

- Investors must write their CAF number at the back of the cheque /demand draft.

- Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.

- A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.

- No receipt will be issued for application money received. The Bankers to the Issue / Escrow Collection Banks/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

- The distribution of the Letter of Offer and issue of Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

(s) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply i.e. you are an Eligible Equity Shareholder on the Record Date.

(b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in.

(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.

(d) Ensure that your Indian address is available to us and the Registrar and transfer agent, in case you hold the Equity Shares in physical form or the Depository Participant, in case you hold Equity Shares in dematerialised form.

(e) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF.

(f) Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form.

(g) Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Applications on behalf of the Central and the State Governments, residents of the state of Sikkim and officials appointed by the courts.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

(a) Do not apply if you are not eligible to participate in the Issue the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.

(c) Do not pay the amount payable on application in cash, by money order or by postal order.

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(e) Do not submit Application accompanied with stock invest.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable.
- Bank account details (for refund) are not given and the same are not available with the DP (in the case

of dematerialized holdings) or the Registrar and transfer agent (in the case of physical holdings).

- Age of Investor(s) not given (in case of Renouncees).
- Except for CAFs on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value.
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.
- If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer.
- CAFs not duly signed by the sole/joint Investors.
- CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue.
- CAFs accompanied by stock invest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand drafts.
- In case no corresponding record is available with the depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdictions and is authorised to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions.
- CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where an Indian address has not been provided.
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.
- In case the GIR number is submitted instead of the PAN.
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Applications from QIBs, Non-Institutional Investors or Applicants complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009, applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000, not through ASBA process.
- Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through SAFs of less than ₹ 2,00,000 and has not been undertaken through the ASBA process.

Please read the Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Draft Letter of Offer or the CAF.

Investments by FPIs, FIIs and QFIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Further, in terms of the SEBI FPI Regulations, a QFI may continue to buy, sell or otherwise deal in securities, subject to the provisions of the SEBI FPI Regulations, until January 6, 2015 (or such other date as may be specified by SEBI) or until the QFI obtains a certificate of registration as FPI, whichever is earlier.

The existing individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital of an Indian company, respectively**.** In terms of the FEMA Regulations, a QFI shall not be eligible to invest as a QFI upon obtaining registration as an FPI. However, all investments made by a QFI in accordance with the regulations, prior to registration as an FPI shall continue to be valid and taken into account for computation of the aggregate limit.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the FEMA Regulations. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000 and comply with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009, shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/ CFD/ DIL/ 1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000 and comply with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009, shall mandatorily make use of ASBA facility.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

Dematerialized dealing

Our Company has entered into agreements dated June 7, 2006 and April 24, 2006 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE776C01039.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue / Registrar / Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

Our Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board declares that:

1. All monies received out of the Issue shall be transferred to a separate bank account;

2. Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

3. Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and

4. Our Company may utilize the funds collected in the Issue only after the basis of Allotment is finalized.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.

3. The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. Except as disclosed in section titled "Capital Structure" in this Draft Letter of Offer, no further issue of securities affecting our Company's equity capital shall be made till the Equity Shares issued/ offered in the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.

6. Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

7. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.

8. At any given time there shall be only one denomination for the Equity Shares of our Company.

9. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest for the delayed period, as prescribed under applicable laws.

Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

- All enquiries in connection with the Draft Letter of Offer or CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super scribed "GMR Infrastructure Limited - Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

  Karvy Computershare Private Limited
  Plot No. 17-24, Vittal Rao Nagar
  Madhapur, Hyderabad 500 081
  Tel: (91 40) 4465 5000
  Fax: (91 40) 2343 1551
  E-mail: murali.m@karvy.com
  Investor Grievance Email: einward.ris@karvy.com
  Website: https://karisma.karvy.com
  Contact Person: M.Murali Krishna
  SEBI Registration No.: INR000000221

- The Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of this Draft Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated September 19, 2014 between our Company and the Lead Managers as amended by the Supplement Letter dated September 19, 2014.

2. Registrar Agreement dated September 17, 2014 between our Company and the Registrar to the Issue.

3. Escrow Agreement dated [•] amongst our Company, the Lead Managers, the Registrar to the Issue and the Escrow Collection Banks.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association.

2. Certificate of Incorporation of our Company and certificates of incorporation consequent upon change in name of our Company.

3. Resolutions of our Board dated September 16, 2014 in relation to this Issue and other related matters.

4. Copy of a resolution passed by a committee of our Board dated [●] finalizing the Issue Price, Record Date and the Rights Entitlement Ratio.

5. Prospectus dated August 7, 2006 issued by our Company.

6. Consents of our Directors, Company Secretary and Compliance Officer, Auditors, Lead Managers, Bankers to the Issue, Legal Advisor to the Issue, the Registrar to the Issue and the Monitoring Agency for inclusion of their names in the Draft Letter of Offer to act in their respective capacities.

7. Consent of S.R. Batliboi & Associates LLP, Chartered Accountants, to include its name as required under Section 26(1)(v) of the Companies Act, 2013 in this Draft Letter of Offer and as "expert" as defined under Sections 2(38) of the Companies Act, 2013, in relation to their opinion in form of the (i) audit report dated May 29, 2014 on the audited standalone and consolidated Financial Statements for the Financial Year ended March 31, 2014, (ii) limited review report dated August 13, 2014 on Financial Results for the three months period ended June 30, 2014 as submitted to the Stock Exchanges in terms of Clause 41 of the Listing Agreements, and (iii) the statement of tax benefits dated September 12, 2014.

8. The report of our Auditors, being S.R. Batliboi & Associates LLP, Chartered Accountants, dated May 29, 2014 on the audited standalone and consolidated Financial Statements for the Financial Year ended on March 31, 2014. Additionally, the limited review report of our Auditors, being S.R. Batliboi & Associates LLP, Chartered Accountants, dated August 13, 2014 on Financial Results for the three months period ended June 30, 2014 as submitted to the Stock Exchanges in terms of Clause 41 of the Listing Agreements.

9. Annual Reports of our Company for the Financial Years 2010, 2011, 2012, 2013 and 2014.

10. Statement of Tax Benefits dated September 12, 2014 from S.R. Batliboi & Associates LLP,

Chartered Accountants.

11. Certificate dated September 17, 2014 from Chatterjee & Chatterjee, Chartered Accountants, confirming that our Company has utilised the borrowings for the purposes for which the borrowings were availed.

12. Due Diligence Certificate dated September 19, 2014 addressed to SEBI from the Lead Managers.

13. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.

14. Letter no. [●] dated [●] issued by SEBI for the Issue.

15. Tripartite Agreement dated June 7, 2006 among our Company, NSDL and registrar and transfer agent.

16. Tripartite Agreement dated April 24, 2006 between our Company, CDSL and registrar and transfer agent.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in the Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Name	Signature
G.M. Rao *Executive Chairman*	Sd/-
Grandhi Kiran Kumar *Managing Director*	Sd/-
G.B.S. Raju *Group Director*	Sd/-
Srinivas Bommidala *Group Director*	Sd/-
B.V.N. Rao *Group Director*	Sd/-
O.B. Raju *Director*	Sd/-
K.V.V. Rao *Director*	Sd/-
S. Sandilya *Independent Director*	Sd/-
R.S.S.L.N. Bhaskarudu *Independent Director*	Sd/-
N.C. Sarabeswaran *Independent Director*	Sd/-
Prakash G. Apte *Independent Director*	Sd/-
S. Rajagopal *Independent Director*	Sd/-
V. Santhanaraman *Independent Director*	Sd/-
C.R. Muralidharan *Independent Director*	Sd/-

Sd/-

Madhva Bhimacharya Terdal
Chief Financial Officer

Date: September 19, 2014
Place: Bengaluru