



Our Company was originally incorporated on October 10, 1996 as a private unlimited company by the name Tanir Bavi Power Company. On December 10, 1997, our status was changed to a private limited company and pursuant to which the name was changed to Tanir Bavi Power Company Private Limited. Further, on September 29, 2003, our name was changed from Tanir Bavi Power Company Private Limited to GMR Energy Private Limited. Subsequently, the status of our Company was changed from a private limited company to a public limited company on September 30, 2003 and a fresh certificate of incorporation was issued. For details regarding change in the registered office see "History and Corporate Structure" on page 197.

**Registered Office:** Skip House, 25/1 Museum Road, Bengaluru 560 025, Karnataka, India; **Tel:** (91 80) 4053 4000; **Fax:** (91 80) 2227 9353

**Company Secretary and Compliance Officer:** V. Mohana; **Tel:** (91 80) 4043 2000; **Fax:** (91 80) 4043 2180

**Email:** gel.ipo@gmrgroup.in ; **Website:** www.gmrgroup.in

**PROMOTERS: WE ARE PROMOTED BY GMR INFRASTRUCTURE LIMITED, GMR ENERGY PROJECTS (MAURITIUS) LIMITED AND GMR RENEWABLE ENERGY LIMITED**

**PUBLIC ISSUE OF [•] EQUITY SHARES OF FACE VALUE OF ₹10 EACH (THE "EQUITY SHARES") OF GMR ENERGY LIMITED, (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) AGGREGATING TO ₹ [•] MILLION CONSISTING OF A FRESH ISSUE OF [•] EQUITY SHARES AGGREGATING UP TO ₹ 14,500 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 110,554,848 EQUITY SHARES BY THE SELLING SHAREHOLDERS (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") AGGREGATING UP TO ₹ [•] MILLION (THE "OFFER FOR SALE") AND TOGETHER WITH THE FRESH ISSUE, THE "ISSUE"). THE ISSUE WILL CONSTITUTE [•]% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS [•] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE.**

In case of revision in the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") together with the BSE referred to as the "Stock Exchanges", by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs"), the Syndicate Members and the Self Certified Syndicate Banks ("SCSBs").

In terms of Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"), this is an Issue for at least [•]% of the post-Issue capital where the post-Issue capital of our Company calculated at the Issue Price will be more than ₹ 40,000 million. The Issue is being made through the Book Building Process wherein not more than 50.00% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyer ("QIB"), provided that our Company and the Selling Shareholders may allocate up to 30.00% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5.00% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15.00% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. QIBs (other than Anchor Investors) and Non-Institutional Bidders shall mandatorily participate in the Issue through the Application Supported by Blocked Amount ("ASBA") process only providing the details of the bank account which will be blocked by the SCSBs to the extent of the Bid Amount for the same. Retail Individual Bidders may also participate in the Issue through the ASBA process. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details, see "Issue Procedure" on page 460.

#### RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 each. The Floor Price is [•] times of the face value and the Cap Price is [•] times of the face value. The Issue Price (determined and justified by our Company in consultation with the BRLMs as stated under "Basis for Issue Price" on page 110) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

#### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares 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 the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to see "Risk Factors" on page 17.

#### ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus 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 Red Herring Prospectus 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each Selling Shareholder accepts that this Draft Red Herring Prospectus contains all information about it as the Selling Shareholder in the context of the Offer for Sale and assumes responsibility only for statements in relation to such Selling Shareholder included in this Draft Red Herring Prospectus.

#### LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received an 'in-principle' approval from each of BSE and NSE for the listing of the Equity Shares pursuant to the letters dated [•] and [•], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [•].

#### BOOK RUNNING LEAD MANAGERS

BOOK RUNNING LEAD MANAGERS			
<b>DSP Merrill Lynch Limited</b> 8 <sup>th</sup> Floor, Mafatlal Center Nariman Point Mumbai 400 021 Maharashtra, India Tel: (91 22) 6632 8000 Fax: (91 22) 2204 8518 Email: dg.gel_ipo@baml.com Investor grievance email: dg.india_merchantbanking@baml.com Website: www.dspml.com Contact Person: Mr. Abhinandan Prasad SEBI Registration No.: INM000011625	<b>ICICI Securities Limited</b> ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Tel: (91 22) 2288 2460/70 Fax: (91 22) 2282 6580 Email: gmrenergy.ipo@icicisecurities.com Investor grievance email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Ayush Jain / Mr. Gaurav Goyal SEBI Registration No.: INM000011179	<b>Kotak Mahindra Capital Company Limited</b> 27 BKC, 1st Floor, Plot No. C-27, 'G' Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051, Maharashtra, India Tel: (91 22) 4336 0000 Fax: (91 22) 6713 2447 Email: gmrenergy.ipo@kotak.com Investor grievance email: kmcrcdresal@kotak.com Website: www.investmentbank.kotak.com Contact Person: Mr. Ganesh Rane SEBI Registration No.: INM000008704 <sup>a</sup>	<b>Macquarie Capital (India) Private Limited</b> 92, Level 9, 2 North Avenue Maker Maxity, Bandra Kurla Complex Bandra (E), Mumbai 400 051 Maharashtra, India Tel: (91 22) 6720 4000 Fax: (91 22) 6720 4301 Email: gel.ipo@macquarie.com Investor grievance id: msgrievanceredress@macquarie.com Website: www.macquarie.in/mgl/in Contact Person: Mr. Vivek Agarwal SEBI Registration No.: INM000010932

#### BOOK RUNNING LEAD MANAGERS

BOOK RUNNING LEAD MANAGERS			
<b>Nomura Financial Advisory &amp; Securities (India) Limited</b> Ceejay House, Level 11 Dr. Annie Besant Road Worli, Mumbai 400 018 Maharashtra, India Tel: (91 22) 4037 4037 Fax: (91 22) 4037 4111 Email: gmrenergypo@nomura.com Investor grievance email: investorgrievances-in@nomura.com Website: http://www.nomuraholdings.com/company/group/asia/india/index.html Contact Person: Mr. Sumit Sukhramani SEBI Registration No.: INM000011419	<b>Standard Chartered Securities (India) Limited</b> 2nd Floor, 23-25, M.G. Road Fort, Mumbai 400 001 Maharashtra, India Tel: (91 22) 4205 6119 Fax: (91 22) 4205 5999 Email: gmrenergy.ipo@sc.com Investor grievance email: investor@sc.com Website: www.standardcharteredsecurities.co.in Contact Person: Mr. Nikhil Tulsyan SEBI Registration No.: INM000011542	<b>Yes Bank Limited</b> IFC, Tower II, 18th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013, Maharashtra, India Tel: (91 22) 3366 9000 Fax: (91 22) 2421 4508 Email: dlgmrenergypo@yesbank.in Investor grievance email: merchantbanking@yesbank.in Website: www.yesbank.in Contact Person: Dr. Dhanraj Uchil / Mr. Ankur Singla SEBI Registration No.: No. MB / INM 0000 10874 <sup>aa</sup>	<b>Karvy Computershare Private Limited</b> Plot Nos. 17-24 Vittal Rao Nagar, Madhapur Hyderabad 500 081 Andhra Pradesh, India Toll Free No.1-800-3454001 Tel: (91 40) 4465 5000 Fax: (91 40) 2343 1551 Email: gmrenergy.ipo@karvy.com Website: http://karisma.karvy.com Contact Person: Mr. M. Murali Krishna SEBI Registration No.: INR000000221

#### BID/ ISSUE PROGRAMME\*

<b>BID/ISSUE OPENS ON: [•]</b>	<b>BID/ISSUE CLOSES ON: [•]**</b>
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\* Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI Regulations. The Anchor Investor Bid/ Issue Date shall be one Working Day prior to the Bid/ Issue Opening Date.

\*\* Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs, one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations.

<sup>a</sup>The SEBI registration certificate as "merchant banker" for Kotak Mahindra Capital Company Limited has expired on January 31, 2014. An application dated October 31, 2013 for renewal of the said certificate of registration has been made to SEBI.

<sup>aa</sup>The SEBI registration certificate as "merchant banker" for YES Bank Limited has expired on January 9, 2014. An application dated October 8, 2013 for renewal of the said certificate of registration had been made to SEBI. SEBI has approved the application and issued a letter dated March 20, 2014. The certificate of permanent registration will be issued by SEBI in due course.

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Red Herring Prospectus, and references to any statute or regulations or policies shall include amendments thereto, from time to time:

Term	Description
“We”, “us”, “our”, the “Issuer”	Unless the context otherwise indicates or implies, refers to GMR Energy Limited on a consolidated basis including its subsidiaries, joint ventures and associates
“Company”, “our Company”, “GMR Energy”	GMR Energy Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Skip House, 25/1 Museum Road, Bengaluru 560 025, Karnataka, India

#### Company Related Terms

Term	Description
Articles	Articles of Association of our Company
Auditors	The statutory auditors of our Company, S.R. Batliboi & Associates LLP, Chartered Accountants
Ascent Capital	Ascent Capital Advisors India Private Limited, a company incorporated and existing under the Companies Act, 1956 and having its registered office at 16th floor, Concorde Block, UB City, Vittal Mallya Road, Bengaluru 560 001, Karnataka, India
Bajoli Holi Hydropower/GMR Bajoli Holi	GMR Bajoli Holi Hydropower Private Limited
Board / Board of Directors	Board of Directors of our Company
BSL/PT BSL	PT Barasentosa Lestari
CCPS	Compulsorily Cumulative Convertible Preference Shares
Claymore	Claymore Investments (Mauritius) Pte. Ltd, a company incorporated under the laws of Mauritius and having its registered office at Les Cascades, Edith Cavell Street, Port Louis, Mauritius
DIAL	Delhi International Airport Private Limited
Directors	Directors of our Company, unless otherwise specified
EMCO Thermal Power Project	600 MW Thermal Power Project developed by EMCO in Chandrapur District, Maharashtra
GAPL	GMR Aviation Private Limited
GECL	GMR Energy (Cyprus) Limited
GMR Ambala Chandigarh /Ambala Chandigarh Road Project	GMR Ambala-Chandigarh Expressways Private Limited
GMR (Badrinath) Hydro	GMR (Badrinath) Hydro Power Generation Private Limited
GMR Chhattisgarh	GMR Chhattisgarh Energy Limited
GETL/GMR Energy Trading	GMR Energy Trading Limited
GMR Holdings	GMR Holdings Private Limited
GMR Hyderabad Multiproduct	GMR Hyderabad Multiproduct SEZ Limited
GMR Infrastructure/GIL	GMR Infrastructure Limited
GMR Infrastructure Mauritius	GMR Infrastructure (Mauritius) Limited
GMR Jadcherla	GMR Jadcherla Expressways Private Limited
GMR Kamalanga	GMR Kamalanga Energy Limited
GMR Krishnagiri SEZ	GMR Krishnagiri SEZ Limited
GMR Londa Hydropower	GMR Londa Hydropower Private Limited
GMR Mining	GMR Mining and Energy Private Limited
GMR Pochanpalli	GMR Pochanpalli Expressways Private Limited
GMR Power /GPCL	GMR Power Corporation Limited
GMR Projects	GMR Projects Private Limited

Term	Description
GMR Rajamundry	GMR Rajamundry Energy Limited
GMR Upper Karnali	GMR Upper Karnali Hydropower Limited
Group	GMR Energy Limited, its subsidiaries, joint ventures and associates
Group Entities/Group Companies	Includes those companies, firms, ventures, etc. promoted by the Promoters of the Issuer, irrespective of whether such entities are covered under Section 370 (1)(B) of the Companies Act
Himtal Hydro	Himtal Hydro Power Company Private Limited
Homeland	Homeland Energy Group Limited
IDFC PE Fund III	IDFC Private Equity Fund III, a unit scheme of the IDFC Infrastructure Fund 3 (being a trust created under the Indian Trusts Act, 1882 and a venture capital fund registered under the Securities and Exchange Board of India (Venture Capital Funds) Regulations 1996) having its office at 201, Naman Chambers, C-32, G-Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India
IDFC	IDFC Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at KRM Tower, 8th Floor, No.1, Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India and an office at Naman Chambers, C-32, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India
IAL	IDFC Investment Advisors Limited, a public limited company incorporated under the Companies Act, 1956 and registered as a portfolio manager under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and having its registered office at 6th Floor, One India Bulls Centre, 841 Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone (West), Mumbai 400 013, Maharashtra, India
IIF	India Infrastructure Fund
Investor Grievance Committee	The committee of the Board of Directors constituted as our Company's Investor Grievance Committee in accordance with Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges
ISGIA	İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.
ISGIA GH	İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş.
Kamalanga Thermal Power Project	1050 MW Power Project developed by GMR Kamalanga in Odisha
Key Management Personnel/KMP	Those individuals described in "Our Management – Key Management Personnel"
Memorandum	Memorandum of Association of our Company
MW	Mega Watt
ONGC Limited	Oil and Natural Gas Corporation Limited
Operating	Those power plants that have achieved commercial operation
PPA	Power Purchase Agreement
Promoters	GMR Infrastructure Limited, GMR Energy Projects (Mauritius) Limited and GMR Renewable Energy Limited
Promoter Group	Includes such persons and entities constituting our promoter group pursuant to Regulation 2 (1)(zb) of the SEBI Regulations
Registered Office of our Company	Skip House, 25/1 Museum Road, Bengaluru 560 025, Karnataka, India
RIL	Reliance Industries Limited
Selling Shareholders	Claymore, IDFC PE Fund III, IDFC, IAL and Ascent Capital
Subsidiaries or individually known as Subsidiary	<ol style="list-style-type: none"> <li>1. Badrinath Hydro Power Generation Private Limited*</li> <li>2. EMCO Energy Limited</li> <li>3. GMR (Badrinath) Hydro Power Generation Private Limited</li> <li>4. GMR Bajoli Holi Hydropower Private Limited</li> <li>5. GMR Chhattisgarh Energy Limited</li> <li>6. GMR Coastal Energy Private Limited</li> <li>7. GMR Consulting Services Private Limited</li> <li>8. GMR Energy (Cyprus) Limited</li> <li>9. GMR Energy (Mauritius) Limited</li> <li>10. GMR Energy (Netherlands) B. V.</li> <li>11. GMR Kamalanga Energy Limited</li> </ol>



Term	Description
	12. GMR Lion Energy Limited
	13. GMR Mining & Energy Private Limited
	14. GMR Power Corporation Limited
	15. GMR Rajamundry Energy Limited
	16. GMR Upper Karnali Hydropower Company Public Limited
	17. Himtal Hydro Power Company Private Limited
	18. GMR Londa Hydro Power Private Limited
	19. GMR Kakinada Energy Private Limited
	20. PT Barasentosa Lestari
	21. PT Duta Sarana Internusa
	22. PT Dwikarya Sejati Utama
	23. PT Unsoco
	24. GMR Vemagiri Power Generation Limited
	25. SJK Powergen Limited
	26. Homeland Energy Group Limited
	27. GMR Gujarat Solar Power Private Limited
	28. Marsyangdi Transmission Company Private Limited
	29. Karnali Transmission Company Private Limited
	30. GMR Bundelkhand Energy Private Limited
	31. GMR Hosur Energy Limited
	32. GMR Uttar Pradesh Energy Private Limited
	33. GMR Maharashtra Energy Limited
	34. GMR Indo Nepal Power Corridors Limited
	35. GMR Indo Nepal Energy Links Limited
	36. Aravali Transmission Service Company Limited
	37. Maru Transmission Service Company Limited
	38. Homeland Energy Corporation
	39. Homeland Energy (Swaziland) (Pty) Limited
	40. Homeland Mining & Energy (Botswana) (Pty) Limited
	41. Homeland Coal Mining (Pty) Limited
	42. Corpclo 331 (Pty) Limited
	43. Ferret Coal Holdings (Pty) Limited
	44. Wizard Investments (Pty) Limited
	45. Ferret Coal (Kendal) (Pty) Limited
	46. Manoka Mining (Pty) Limited
	47. GMR Coal Resources Pte. Limited
	<i>* Our Company has made an application dated April 17, 2013 to the Registrar of Companies, Uttarakhand for striking off the name of the company under Section 560 of the Companies Act, 1956 read with Fast Track Exit Mode (FTE), 2011.</i>
SEPCO	SEPCO Electric Power Construction Corporation
Ultra Mega Power Projects	Projects that have an expected capacity of approximately 4,000 MW each
Under Development	Those power plants that are at earlier stages of development
Under Implementation	Those power plants that are under construction or for which financing have been obtained
Vemagiri Power/VPGL/ Vemagiri Power Plant	GMR Vemagiri Power Project

#### Issue Related Terms

Term	Description
Allotment/ Allot/ Allotted	Unless the context otherwise requires, the allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares pursuant to the Offer for Sale to the

Term	Description
	successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with a minimum Bid of ₹ 100.00 million
Anchor Investor Bid/ Issue Period	The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Issue Price	Final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price, but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs
Anchor Investor Portion	Up to 30% of the QIB Portion, which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount/ASBA	A process of submitting the Bid cum Application Form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid authorising a SCSB to block the Bid Amount in the ASBA Account maintained with the SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and the Non-Institutional Bidders participating in the Issue
ASBA Account	An account maintained with the SCSB and specified in the Bid cum Application Form submitted by an ASBA Bidder for blocking the Bid Amount mentioned in the Bid cum Application Form
ASBA Bidder	Prospective investors (except Anchor Investors) in this Issue who intend to submit Bid through the ASBA process
Banker(s) to the Issue/Escrow Collection Bank(s)	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account will be opened, in this case being [●]
Basis of Allotment	Basis on which the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in “Issue Procedure- Basis of Allotment”
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder pursuant to submission of the Bid cum Application Form, or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe to the Equity Shares of our Company or purchase the Equity Shares from the Selling Shareholders at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form
Bid cum Application Form	The form used by a Bidder, including an ASBA Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Bid/ Issue Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids for the Issue, which shall be notified in [●] edition of English national newspaper [●], [●] edition of Hindi national newspaper [●], and [●] edition of [●] a Kannada newspaper, each with wide circulation  Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations
Bid/ Issue Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids for the Issue, which shall be notified in [●] edition of English national newspaper [●], [●] edition of Hindi national newspaper [●], and [●] edition of [●] a Kannada newspaper, each with wide circulation
Bid/ Issue Period	Except in relation to Anchor Investors, the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof

Term	Description
Bid Lot	[●]
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Book Building Process	The book building process, as provided in Schedule XI of the SEBI Regulations, in terms of which this Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders can submit their Bid cum Application Forms to a Registered Broker. The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the websites of the respective Stock Exchanges
BRLMs/Book Running Lead Managers	The book running lead managers to the Issue, being DSP Merrill Lynch Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited, Macquarie Capital (India) Private Limited, Nomura Financial Advisory & Securities (India) Limited, Standard Chartered Securities (India) Limited and Yes Bank Limited
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Issue Period
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Controlling Branches	Such branches of SCSBs which coordinate Bids under the Issue with the BRLMs, the Registrar and the Stock Exchanges, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Cut-off Price	The Issue Price, finalised by our Company in consultation with BRLMs. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Forms used by the ASBA Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Designated Date	The date on which the funds are transferred from the Escrow Account or the amount blocked by the SCSBs is transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with RoC, following which the Board of Directors shall Allot the Equity Shares to successful Bidders in the Fresh Issue and the Selling Shareholders shall give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus dated March 28, 2014 issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agent	The escrow agent appointed pursuant to the Escrow Agreement, being [●]
Escrow Agreement	Agreement to be entered into between our Company, the Selling Shareholders, the Registrar to the Issue, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof
First Bidder	Bidder whose name appears first in the Bid cum Application Form or any revisions thereof
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price will be finalised and below which no Bids will be accepted
Fresh Issue	The fresh issue of [●] Equity Shares aggregating up to ₹ 14,500 million by our Company

Term	Description
Issue	Public issue of [●] Equity Shares for cash at a price of ₹ [●] each aggregating up to ₹ 14,500 million comprising of the Fresh Issue and the Offer for Sale pursuant to the terms of the Red Herring Prospectus
Issue Agreement	The agreement dated March 28, 2014 between our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which the Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with BRLMs on the Pricing Date
Issue Proceeds	The proceeds of the Issue available to the Company and the Selling Shareholders. For further information about use of the Issue Proceeds, see “Objects of the Issue” on page 99
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only
Net Proceeds	Proceeds of the Fresh Issue less our Company’s Issue expenses. For further information about the Issue expenses, see “Objects of the Issue” on page 99
Non-Institutional Bidders	All Bidders, including Category III foreign portfolio investors that are not QIBs or Retail Individual Investors and who have Bid for the Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price
Offer for Sale	The offer for sale of up to 110,554,848 Equity Shares by the Selling Shareholders at the Issue Price, pursuant to the terms of the Red Herring Prospectus
Orissa	Shall mean the State of Odisha and vice versa
Price Band	Price Band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price), including any revisions thereof. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLMs and advertised, at least five Working Days prior to the Bid/Issue Opening Date, in [●] edition of English national newspaper [●], [●] edition of Hindi national newspaper [●], and [●] edition of [●] a Kannada newspaper [●], each with wide circulation
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with BRLMs will finalise the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with section 60 of the Companies Act, 1956 containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the ASBA Account on the Designated Date
QIB Portion	The portion of the Issue (including the Anchor Investor Portion) amounting to not more than 50.00% of the Issue being [●] Equity Shares, which shall be available for allocation to QIBs, including the Anchor Investors
Qualified Foreign Investors or QFIs	A person who has opened a dematerialized account with a qualified depository participant as a qualified foreign investor
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Red Herring Prospectus or RHP	The Red Herring Prospectus issued in accordance with section 32 of the Companies Act, 2013 and the provisions of the SEBI Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding refunds to ASBA Bidders) shall be made
Refund Bank(s)	[●]
Refunds through electronic transfer	Refunds through NECS, Direct Credit, RTGS or NEFT, as applicable

Term	Description
of funds	
Registered Brokers	Stock brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar Agreement	The agreement dated March 28, 2014 between our Company, the Selling Shareholders and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar to the Issue/Registrar	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Individual Bidder(s)	Individual Bidders who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and Eligible NRIs)
Retail Portion	The portion of the Issue being not less than 35.00% of the Issue consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Retail Individual Bidder(s), which shall not be less than the minimum Bid Lot, subject to availability in the Retail Portion and the remaining Equity Shares to be Allotted on a proportionate basis
Revision Form	Form used by the Bidders, including ASBA Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous revision form(s). Kindly note that QIBs and Non-Institutional Bidders are not allowed to lower their Bid once submitted
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available at the website of the SEBI ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ) and updated from time to time
Syndicate Agreement	The agreement to be entered into amongst the BRLMs, the Syndicate Members, our Company and the Selling Shareholders in relation to the collection of Bids in this Issue (other than Bids directly submitted to the SCSBs under the ASBA process and Bids submitted to the Registered Brokers)
Syndicate Members	Intermediaries registered with the SEBI who are permitted to carry out activities as an underwriter, namely, [●]
Syndicate/ members of the Syndicate	BRLMs and the Syndicate Members
TRS/Transaction Registration Slip	The slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	BRLMs and the Syndicate Members
Underwriting Agreement	The agreement amongst the Underwriters, our Company and the Selling Shareholders to be entered into on or after the Pricing Date
Working Days	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Bid/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 Mumbai in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

#### Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
APCPDCL	Central Power Distribution Company of Andhra Pradesh Limited
APSPDCL	Southern Power Distribution Company of Andhra Pradesh Limited
APEPDCL	Eastern Power Distribution Company of Andhra Pradesh Limited
APERC	Andhra Pradesh Electricity Regulation Commission
APNPDCL	Northern Power Distribution Company of Andhra Pradesh Limited

Term				Description
APGENCO				Andhra Pradesh Generation Company
APPCC				Andhra Pradesh Power Coordination Committees
APSEB				Andhra Pradesh State Electricity Board
AP Transco				Andhra Pradesh Transmission Company
APTRANSCO				Transmission Corporation of Andhra Pradesh Limited
AS/Accounting Standards				Accounting Standards issued by the Institute of Chartered Accountants of India
AY				Assessment Year
BESCOM				Bengaluru Electricity Supply Company Limited
BPCL				Bharat Petroleum Corporation Limited
BPLR				Benchmark Prime Lending Rate
BSE				BSE Limited
CAGR				Compounded Annual Growth Rate
Category I investor(s)	foreign	portfolio		Includes government and government related investors such as central banks, governmental agencies, sovereign wealth funds and international or multilateral organisations or agencies
Category II investor(s)	foreign	portfolio		<p>Includes (i) appropriately regulated broad based funds such as mutual funds, investment trusts, insurance/reinsurance companies;</p> <p>(ii) appropriately regulated persons such as banks, asset management companies, investment managers/ advisors, portfolio managers;</p> <p>(iii) broad based funds that are not appropriately regulated but whose investment manager is appropriately regulated:</p> <p>Provided that the investment manager of such broad based fund is itself registered as Category II foreign portfolio investor:</p> <p>Provided further that the investment manager undertakes that it shall be responsible and liable for all acts of commission and omission of all its underlying broad based funds and other deeds and things done by such broad based funds under these regulations.</p> <p>(iv) university funds and pension funds; and</p> <p>(v) university related endowments already registered with SEBI as foreign institutional investors or sub-accounts.</p> <p>Explanation 1- For the purposes of this clause, an applicant seeking registration as a foreign portfolio investor shall be considered to be “appropriately regulated” if it is regulated or supervised by the securities market regulator or the banking regulator of the concerned foreign jurisdiction, in the same capacity in which it proposes to make investments in India.</p> <p>Explanation 2- A) For the purposes of this clause, “broad based fund” shall mean a fund, established or incorporated outside India, which has at least 20 investors, with no investor holding more than 49% of the shares or units of the fund:</p> <p>Provided that if the broad based fund has an institutional investor who holds more than 49% of the shares or units in the fund, then such institutional investor must itself be a broad based fund.</p> <p>B) For the purpose of clause A of this Explanation, for ascertaining the number of investors in a fund, direct investors as well as underlying investors shall be considered.</p> <p>C) For the purpose of clause B of this Explanation, only investors of entities which have been set up for the sole purpose of pooling funds and making investments, shall be considered for the purpose of determining underlying investors</p>
Category III investor(s)	foreign	portfolio		FPIs registered as category III FPIs under the SEBI FPI Regulations which shall include investors who are not eligible under Category I and II foreign portfolio investors such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CBI				Central Bureau of Investigation
CDM				An arrangement under the Kyoto Protocol allowing industrialised countries with a green house gas reduction commitment to invest in ventures that reduce emissions in developing countries as an alternate to more expensive emission reductions in their own countries

Term	Description
CDSL	Central Depository Services (India) Limited
CIN	Corporate identity number
Client ID	Client identification number of the Bidder's beneficiary account
Companies Act/Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections
CIT	Commissioner Income Tax
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository participant's identification
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
ECS	Electronic Clearing Service
Electricity Act	Electricity Act, 2003
FCNR	Foreign currency non-resident
Factories Act	Factories Act, 1948
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII(s)	Foreign Institutional Investors as defined under the SEBI FII Regulations
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI FVCI Regulations
GDP	Gross Domestic Product
GIR	General index register
GE	General Electric
GAIL	Gas Authority of India Limited
GoI/Government	Government of India
GRIDCO	GRID Corporation of Orissa Limited
HHIL	Hyundai Heavy Company Limited
HNI	High Networth Individual
HPCL	Hindustan Petroleum Corporation Limited
HPGCL	Haryana Power Generation Corporation Limited
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards issued by International Accounting Standards Board
IFCI	Industrial Finance Corporation of India
IRG	Internal Resource Generation
ISO	International Organization for Standardization
IT	Information Technology

Term	Description
I.T. Act	The Income Tax Act, 1961, as amended from time to time
ITAT	Income Tax Appellate Tribunal
ITES	Information Technology Enabled Services
Indian GAAP	Generally Accepted Accounting Principles in India
Indonesian Rupiah, Rp	Indonesian Rupiah
IPO	Initial Public Offering
Investment Company Act	United States Investment Company Act of 1940
KEB	Karnataka Electricity Board
KIADB	Karnataka Industrial Areas Development Board
KPSE	Korea Plant Service and Engineering Company Limited
KPTCL	Karnataka Power Transport Corporation Limited
Kwh	Kilowatt hour
LC	Letter of Credit
LIBOR	London Interbank Offered Rate
LLP Act	Limited Liability Partnership Act, 2008
LSHS	Low sulphur Heavy Stock
Mn / mn	Million
MOEF	Ministry of the Environment and Forests
MICR	Magnetic ink character recognition
Mutual Funds	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
MoU	Memorandum of Understanding
National Investment Fund	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NCT	National Capital Territory
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
Notified Sections	The sections of the Companies Act, 2013 that have come into effect on August 30, 2013 and September 12, 2013
NH	National Highway
NHAI	National Highways Authority of India
NOC	No Objection Certificate
NR/Non-Resident	A person resident outside India, as defined under the FEMA and includes an NRI, FIIs registered with SEBI and FVCIs registered with SEBI
NRE Account	Non Resident External Account
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTP	National Tariff Policy
OHSAS	Occupational Health and Safety Advisory Services
OCB/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 beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA



Term	Description
p.a.	Per annum
P/E Ratio	Price/earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PGCIL	Power Grid Corporation of India Limited
PIO	Persons of Indian Origin
PLF	Plant Load Factor
PLR	Prime Lending Rate
PTC	Power Trading Corporation India Limited
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
REC	Rural Electrification Corporation
Registration Act	Registration Act, 1908
RoC	Registrar of Companies
RONW	Return on Net Worth
Rupees/Rs./₹	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI ESOP Guidelines	Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
Securities Act	United States Securities Act, 1933
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Sq. Ft./sq. ft.	Square feet
State Government	The government of a State in India
Sec.	Section
SEZ	Special Economic Zone
Stamp Act	The Indian Stamp Act, 1899
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
South African Rand, R, ZAR	South African Rand
T&D	Transmission and Distribution
TDS	Tax Deduction at Source
TNEB	Tamil Nadu Electricity Board
T.P. Act	Transfer of Property Act, 1882
UIN	Unique Identification Number

Term	Description
Urban Land Ceiling Act	The Urban Land (Ceiling and Regulation) Act, 1976
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD / US\$	United States Dollars
United States QIBs	Qualified Institutional Buyers, as defined in Rule 144A under the Securities Act
VAT	Value added tax
VCFs	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations as the case may be

#### Industry Related Terms

Term	Description
AAI	Airport Authority of India
BOT	Build, Operate and Transfer
BOOT	Build, Own, Operate and Transfer
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CERs	Certified Emission Reductions
CDM	Clean Development Mechanism
COD	Commercial Operation Date
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
EPC	Engineering Procurement and Construction Agreement
MW	Megawatts
MTPA	Million Tons Per Annum
OMDA	Operation Management and Development Agreement

## **CERTAIN CONVENTIONS: USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

All references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India, all references to the “U.S.”, “U.S.A” or the “United States” are to the United States of America. All references to “Indonesia” are to the Republic of Indonesia. All references to “South Africa” are to the Republic of South Africa. All references to “Nepal” are to the Federal Democratic Republic of Nepal. All references to “Maldives” are to the Republic of Maldives. All references to “Turkey” are to the Republic of Turkey. All references to “Mauritius” are to the Republic of Mauritius. All references to “Cyprus” are to the Republic of Cyprus. All references to “Singapore” are to the Republic of Singapore. All references to “Spain” are to the Kingdom of Spain.

### **Financial Data**

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our audited consolidated financial statements for the Fiscals ended March 31, 2009, 2010, 2011, 2012 and 2013, and for the six months period ended September 30, 2013 prepared in accordance with the requirements of the Companies Act and Indian GAAP and restated in accordance with the SEBI Regulations and set out in “Financial Statements” on page F-11. Our financial year commences on April 1 and ends on March 31. So all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Our financial statements and reported earnings could be different in a material manner from those which would be reported under IFRS or U.S. GAAP. The reconciliation of the financial statements to IFRS or US GAAP financial information has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus, and it is urged that you consult your own advisors regarding such differences and their impact on our Company’s financial data. Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting policies and practices, including Indian GAAP, the Companies Act and the SEBI Regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

### **Currency and Units of Presentation**

All references to “**Rupees**”, “₹” or “**Rs.**” are to Indian Rupees, the official currency of the Republic of India. All references to “**US\$**” or United States Dollars are to the official currency of the United States of America. All references to “**Rp**” or “**Indonesian Rupiah**” or “**IDR**” are to Indonesian Rupiah, the official currency of Indonesia. All references to “**R**” or “**ZAR**” or “**Rand**” are to South African Rand, the official currency of South Africa. All references to “**NPR**” is to Nepalese Rupee, the official currency of Nepal. All references to “**YTL**” is to Turkish Lira, the official currency of Turkey. All the numbers in the document, have been presented in million or in whole numbers where the numbers have been too small to present in millions.

Unless otherwise indicated, any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 17, 147 and 275 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the consolidated financial statements prepared in accordance with the Indian GAAP and restated in accordance with the SEBI Regulations.

### **Exchange Rates**

This Draft Red Herring Prospectus contains conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be, converted into Indian Rupees at any particular conversion rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and various other currencies.

*(₹ In Million)*

Currency	Rate for exchange into ₹ as on March 25, 2014	Rate for exchange into ₹ as on March 28, 2013 <sup>(3)</sup>	Rate for exchange into ₹ as on March 30, 2012 <sup>(3)</sup>	Rate for exchange into ₹ as on March 31, 2011
1 USD <sup>(1)</sup>	60.494	54.389	51.157	44.650
1 CDN <sup>(2)</sup>	53.998	53.444	51.043	45.940
100 IDR <sup>(2)</sup>	0.531	0.557	0.556	0.512
1 Rand <sup>(2)</sup>	5.614	5.912	6.639	6.582
1 NPR <sup>(2)</sup>	0.617	0.626	0.622	0.625
1 YTL <sup>(2)</sup>	27.181	30.099	28.575	28.857

Source: (1) RBI; (2) Bloomberg; (3) If March 31, is a holiday, the closing price of the previous trading day has been considered

## Industry and Market Data

Unless stated otherwise, market and industry data used in this Draft Red Herring Prospectus have been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in those publications have been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors” on page 17. Accordingly, investment decisions should not be based solely on such information.

Further, the extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. In addition, certain data in relation to our Company used in this Draft Red Herring Prospectus has been obtained or derived from reports published, or studies conducted, by CRISIL Limited and differs in certain respects from our restated consolidated financial statements as a result of, inter alia, the methodologies used in compiling such data. Accordingly, no investment decision should be made based on such information.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors” on page 17. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI Regulations, the “Basis for the Issue Price” on page 110 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

Further, in accordance with Regulation 51A of the SEBI Regulations, our Company may be required to undertake an annual updation of the disclosures made in the Draft Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

## Definitions

For definitions, see “Definitions and Abbreviations” on page 1. In “Main Provisions of the Articles of Association” on page 515, defined terms have the meaning given to such terms in the Articles of Association.

## FORWARD-LOOKING STATEMENTS

All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements with respect to our business strategy, our revenue and profitability, our projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. The investors can generally identify forward looking statements by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “may”, “will”, “will continue”, “will pursue”, “will likely result”, or other words or phrases of similar import. All forward looking statements (whether made by us or any third party) are predictions and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Further the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in India and our ability to respond to them, our ability to successfully implement our strategy, our development plan, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and overseas, which have an impact on our business activities or investments, the monetary and fiscal policies of India and other jurisdictions in which we operate, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our inability to estimate our future performance because of limited operating history;
- Inability to obtain and retain adequate numbers of skilled and educated employees;
- Failure to commence operations of our projects as expected;
- Our inability to raise the necessary funding for our capital expenditures, including for the development of our projects;
- Inability of our offtakers to meet their payment obligations to us under the relevant PPAs;
- Our inability to establish new offtake arrangements;
- Unavailability of fuel for our power plants;
- Certain inherent construction, financing and operational risks in relation to our projects;
- The monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates;
- A liquid market fails to develop for our Equity Shares;
- Changes in the foreign exchange control regulations in India;
- Foreign exchange rates, equity prices or other rates or prices;
- The performance of the financial markets in India;
- General economic and business conditions in India;

- The ability to successfully implement our strategy;
- Changes in laws and regulations that apply to our clients, suppliers and the power generation and trading and construction and property development sectors;
- Increasing competition in and the conditions of our clients, suppliers and the power generation and trading; and
- Changes in political conditions in India;
- Our dependence on our Key Management Personnel and Promoters;
- Conflicts of interest with affiliated companies, the Group Entities and other related parties;
- Contingent liabilities, environmental problems and uninsured losses;
- Government approvals;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Developments affecting the Indian economy; and
- Our ability to manage risks that arise from these factors.]

For further discussion of factors that could cause our actual results to differ, see “Risk Factors”, “Our Business” and “Management’s Discussion of Financial Condition and Results of Operations” on pages 17, 147 and 275, respectively.

By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the Selling Shareholders, our Directors, the BRLMs, other members of the Syndicate and their respective affiliates or associates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company, the Selling Shareholders (in respect of its own information and information relating to the Equity Shares being Offered for Sale by the Selling Shareholders included in this Draft Red Herring Prospectus) and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permissions by the Stock Exchanges.

## SECTION II: RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Shares.*

*If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could suffer, the price of our Shares could decline, and all or part of your investment may be lost. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not, in any manner, indicate a ranking of risk factors or the importance of one risk factor over another. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the risks involved.*

*This Draft Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus.*

### **Risks Associated with our Natural Gas Based Power Generation Business**

- 1. We may be unable to ensure uninterrupted supply of natural gas to our natural gas-based power plants, which may have an adverse effect on our business, results of operation, cash flows and financial condition.***

We have two operational natural gas-based power plants, at Kakinada and Vemagiri in Andhra Pradesh, with an aggregate capacity of 623 MW. For the Kakinada Power Plant, we have received a firm allocation from the Ministry of Petroleum and Natural Gas of India ("MoPNG") for natural gas in a quantity which is expected to be sufficient to fuel 75% of the power plant's capacity. Accordingly, we have entered into a fuel supply agreement with Reliance Gas ("Reliance"), Niko (NECO) Ltd ("Niko") and BP Exploration (Alpha) Limited ("BP") for the supply of natural gas to the Kakinada Power Plant, which will expire in March 2014. Additionally, GVPGL, our Subsidiary that operates the Vemagiri Power Plant, has entered into a fuel supply agreement with Reliance, Niko and BP, which expired in March 2014, to supply natural gas in a quantity that we expect to be sufficient to fuel 90% of the power plant's capacity. Reliance sources natural gas from the Krishna-Godavari Basin. Reliance's obligations under the fuel supply agreements are subject to the availability of natural gas from the Krishna-Godavari Basin. The allocation of natural gas by Reliance from Krishna-Godavari Basin has a priority ranking based on which it is allocated to various contracted procurers. For instance, in fiscal year 2013 owing to the lower availability of natural gas, we received only enough natural gas to run the Kakinada Power Plant at a plant load factor ("PLF") of 19.6% and the Vemagiri Power Plant at a PLF of 26.9%. As a result, our income from the sale of electrical energy declined from Rs. 20,404.52 million in fiscal year 2012 to ₹ 13,727.40 million in fiscal year 2013. In addition, since March 1, 2013, we have not received any natural gas supply to run 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 PLF 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 are currently in discussions regarding the extension of the agreements for a further five years, subject to new pricing terms. There can be no assurance that we will succeed in discussions regarding the extension of the fuel supply agreements with respect to our Kakinada and Vemagiri Power Plants. Although we have committed agreements for an alternative 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 be unable to make alternate arrangements for the supply of natural gas for these power plants. The audit report in respect of our audited consolidated financial statements as at and for the period ended September 30, 2013 included an emphasis of matter regarding (i) the cessation of operations and losses incurred by us and GMR Vemagiri Power Generation Limited, our subsidiary, and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) the rescheduling of the commercial operation date and the repayment of certain project loans by GREL pending linkage of natural gas supply. The emphasis of matter notes that 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.

We do not have natural gas allocation for our Rajahmundry Power Project. We have put the active construction of this power project on hold from July 1, 2012, owing to the non-availability of natural gas. Owing to the scarcity of natural gas in India, on 19 March 2012, the Central Electricity Authority of India issued a notification advising parties not to plan power plants based on natural gas until fiscal year 2016. As at financial closure, our estimated total cost for the Rajahmundry Power Project was ₹ 32,500 million. As at March, 2013, we estimated our total cost of the Rajahmundry Power Project to be ₹ 40,600 million based on a CoD of 1 April 2014. The cost overrun of ₹ 8,100 million was primarily on account of the two-year delay in securing fuel for this power project resulting in a delay in achieving commercial operations. Due to this delay, we have incurred additional interest and preservation costs to maintain the power project during its non-operational period. The audit reports in respect of our audited consolidated financial statements as at and for the period ended September 30, 2013 and year ended March 31, 2013 were qualified to indicate that our capitalization of indirect expenditure and borrowing costs (net of income earned on temporary investments) in the amount of ₹ 2,823.86 million and ₹ 1,836.70 million for the period July 1, 2012 to March 31, 2013 and April 1, 2013 to September 30, 2013, respectively, incurred on the construction of the Rajahmundry Power Plant, where active construction work has been put on hold pending securing supply of the requisite natural gas for the project, is not in accordance with the relevant accounting standards. The audit report in respect of our financial audited consolidated financial statements as at and for the period ended September 2013 states that had we not capitalized the aforesaid expenditures, our loss after tax and minority interest for the year ended March 31, 2013 would have been ₹ 2,823.86 million higher and for the period ended September 30, 2013 would have been ₹ 1,836.70 million higher. Cumulatively, our losses for the period July 1, 2012 to September 30, 2013 would have been ₹ 4,660.56 million higher.

There can be no assurance that we will receive sufficient natural gas supply to operate our natural gas-based power plants or that in the case of delays or failures of natural gas supply attributable to the suppliers or the applicable natural gas reserves, we will be adequately compensated. Consequently, the commissioning of our power plants under construction and development may be delayed. In the event that the commissioning of our projects is delayed beyond the timelines specified in our government approvals, our approvals will lapse and we will be required to obtain fresh approvals which may not be obtained in a timely manner or at all. If a supplier fails or is unable to deliver natural gas to us as scheduled, or the natural gas supply to one or more of our operating power plants is otherwise delayed or disrupted, we may not be able to make alternative arrangements, either in a timely manner or at all, and any such alternative arrangements may be more costly to us, and we may not be able to produce power in sufficient quantities to cover our costs or at all. The occurrence of any of the foregoing events would materially and adversely impact our business, financial condition, results of operations and cash flows.

**2. *Increases in natural gas costs may materially and adversely affect our operating results and cash flows if we are unable to pass on such increases to our customers in a timely manner.***

For fiscal years 2011, 2012 and 2013 and the six months ended September 30, 2013, consumption of fuel of our gas based Vemagiri power plant was Rs. 4,544.18 million, Rs. 3,968.21 million, Rs. 2,697.93 million and Rs. 1,894.81 million, which represented 67.23%, 66.79%, 69.15% and 77.59% of total expenses of Vemagiri Power Plant for the period. For fiscal years 2011, 2012 and 2013 and the six months ended September 30, 2013, consumption of fuel of our gas based Kakinada power plant was Rs. 1,836.92 million, Rs. 2,336.04 million, Rs. 1,033.01 million and Rs. 39.85 million, which represented 37.08%, 43.50%, 26.75% and 2.36% of total expenses of Kakinada Power Plant for the period. The decline in our natural gas costs in fiscal year 2013 and the six months ended September 30, 2013 is reflective of the lower availability of natural gas during those years. As such, our results of operation and cash flows 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 of India 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 of India revised the natural gas price upwards. In January 2014, the Government of India announced the Domestic Natural Gas Pricing Guidelines, 2013 that will come in to effect from April 2014. Under these guidelines the price for natural gas 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 of India 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, cash flows and results of operations may be materially and adversely affected.

3. ***We do not have any natural gas allocation for our Rajahmundry Power Project. If we are unable to secure natural gas in a timely manner or at all, we will not be able to complete the construction of the power project and may default on our commitments under our loan agreements for this power project.***

The original commercial operation date ("COD") for the Rajahmundry Power Project was expected to be April 2012. However, we have put on hold construction activities of this project since July 2012 due to non-availability of natural gas. As a result, we had restructured the terms of our agreements with the lenders for this power project and extended the COD until April 1, 2014. Further, Rajahmundry Power Project has sought further extension of COD and repayment of project loans with the consortium of lenders in the absence of gas linkage. In terms of our agreements with lenders, we also obtained a moratorium on payment of principal up to September 2015. The lenders also provided a funded interest loan to meet the interest payment obligations on account of delays in CoD. In the event we are unable to secure natural gas allocation for the operation of the Rajahmundry Power Project in a timely manner or at all, we may be required to further restructure the financing arrangements for this power project. Delays may also result in forfeiture of security deposits, performance guarantees being invoked, cost overruns, lower or no returns on capital, erosion of capital and reduced revenue for the power project company, as well as failure to meet scheduled debt service payment dates. The failure by our power project companies to make timely debt service payments could result in a loss on our investment in such power project companies, if lenders trigger the security under the financing agreements due to a power project company's payment default. Moreover, any loss of goodwill could adversely affect our ability to prequalify for future power projects. See also " - We may be unable to ensure uninterrupted supply of natural gas to our natural gas-based power plants, which may have an adverse effect on our business, results of operations, cash flows and financial condition" on page 17 above.

#### **Risks Associated with Our Coal Based Power Generation Business**

4. ***Operation of our thermal power generation business has significant coal requirements. We may be unable to ensure uninterrupted availability and/or required quality of coal at competitive prices or at all, which may have an adverse effect on our business, results of operations, cash flows and financial condition.***

We operate our Warora Power Plant and our Phase I Kamalanga Power Project, which are fuelled by coal. We rely primarily on coal sourced from Coal India Limited ("CIL") and its subsidiaries under fuel supply agreements and coal linkages. 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, the open market, import from third parties or pursuant to our coal supply agreements with PT Golden Energy Mines Tbk ("GEMS"). For further details, see "Our Business – Our Operational Power Plants and Power Projects under Construction" on page 152 in this Draft Red Herring Prospectus. Our counterparties may fail to honour their fuel supply commitments and we could face difficulties in obtaining coal for our coal-based power plants. 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 GRCPPL must compensate for the difference in sales price. Further, 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, we may be unable to source coal in sufficient quantities. We may also face delays in obtaining contracted quantities of coal from GEMS and the Rampia Coal Mine. If our counterparties fail to honor 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.

We have also been allocated up to 112.2 million tons of coal from the Rampia Coal Mine for captive usage in our Kamalanga Power Project. We received a show cause notice from the Ministry of Coal on January 15, 2014 regarding the delay in the development of the Rampia coal mine. Subsequently, the relevant inter-ministerial group of the Government of India recommended the de-allocation of the Rampia coal mine. We are challenging the de-allocation of the Rampia coal mine and on February 12, 2014, the High Court of Delhi granted a stay order against re-allocation of the coal block. Further action on the recommendations of the inter-ministerial group is currently put on hold by the Ministry of Coal in view of the order of the High Court of Delhi. For further details on the dispute regarding the Rampia coal mine, see "Outstanding Litigations and Defaults" on page 360. There is no guarantee that we will succeed in challenging the de-allocation. We have received a letter of assurance from the Ministry of Coal allocating a tapering coal

linkage to supply 550 MW of capacity to the Kamalanga Power Project, which tapering has been extended through September 30, 2016 or upon commercial operations of the Rampia Coal Mine, whichever is earlier. If we are unsuccessful in the challenging the de-allocation of the Rampia Coal Mine, we will need to find alternative fuel sources for 550 MW of capacity at the Kamalanga Power Plant once the tapering linkage becomes zero in 2019. However, there is no assurance that we will be able to find such alternative fuel sources, and an inability to do so may adversely affect our business, financial condition, cash flows and results of operations.

We are constructing coal-based power projects aggregating to a total capacity of 1,370 MW. We have not secured coal linkage for the Chhattisgarh Power Project, which is under construction, and for the Phase II Kamalanga Power Plant and the SJK Power Project, both of which are under development. There can be no assurance that we will be able to obtain long-term coal linkages or enter into fuel supply agreements for our coal-based power projects under construction and development. Further, if we are unable to secure coal linkage for our power projects, we will not be able to bid for PPAs under Case I bidding.

The price of coal procured through CIL's e-auction process and the open market as well as imported coal varies based on the notified price determined from time to time and competition. Accordingly, we may be subject to price fluctuations of coal, which may lead to an increase in our expenses and materially and adversely affect our business, financial condition, cash flows and results of operations. The import of coal is also expensive due to the cost of transport, exchange rate fluctuations and fluctuations in global coal price, among other factors. The Government of India has proposed the formation of an independent regulatory body through the introduction of the Coal Regulatory Authority Bill, 2013. It is expected that the new regulatory authority will have no power in the determination of fuel rates, which will continue to vest with the coal producers. However, the regulatory authority will be empowered to specify the principles and methodology for determining the price of raw coal and washed coal and any other by-products generated during washing. Any sharp increase in the prices of coal by its producers pursuant to the principles and methodology framed under the Coal Regulatory Authority Bill, 2013, may adversely affect our business, financial condition, cash flows and results of operations.

In the event that we are unable to obtain long-term coal linkages or enter into fuel supply agreements, or the quality of coal allocated to us is not of the expected calorific value, or our coal suppliers default on their obligations to us under any fuel supply agreements we may enter into in the future, or we fail to satisfy any of the terms and conditions attaching to the supply of coal contained in our current and any future fuel supply agreements, then we may be required to make alternative arrangements for coal supply for our coal based power plants. Although we be entitled to claim coal cost pass through in situations in which our domestic suppliers fail to meet their coal supply obligations, there is no guarantee that the procurer of power from our coal-based plants will be willing to continue purchasing power at the increased costs. Moreover, the amount of coal cost pass through will depend on CERC's review of the tariff and the extent of relief granted.

There can be no assurance that we will be able to obtain coal supplies both in sufficient quantities, acceptable qualities, and on commercially acceptable terms, or at all. We may also have to purchase coal at a significantly higher price from the market for carrying out our operations, which could have an adverse effect on our business, financial condition, cash flows and results of operations. Further, the coal mined from our coal blocks may not be of the quality to be used for our power generation business operations, which could have an adverse impact on our operations.

**5. *We may be unable to realize 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 of India 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 Red Herring Prospectus, 35% of the capacity of our Chhattisgarh Power Project is tied-up under tariff based competitive bidding. Moreover, in September 2013 we received a letter from Chhattisgarh State Power Trading Company Limited ("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 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 are currently challenging CSPTCO's position, though there is no guarantee that we will succeed in our challenge. Accordingly, our Chhattisgarh Power Project may not qualify as a Mega Power Project, if we do not fulfill the abovementioned requirement by September 2016. For further details, see "Regulations and Policies" and "Statement of Tax Benefits" and page 181 and 113, respectively.

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.

**6. *Operations in our coal-based power generation business carry inherent risks of damage to the environment. This could subject us to significant disruptions in business, legal and regulatory actions, which could adversely affect our business, financial condition, cash flows and results of operations.***

Use of coal in power plants generates a considerable amount of ash and greenhouse gases, which are major contributors to environmental pollution, global warming, greenhouse effects and potentially, climate change. There are limited options for utilizing ash and therefore the demand for ash is currently low. While we continue to explore methods to utilize or dispose of ash, our ash utilization activities may be insufficient to dispose of the ash we expect to generate. We are subject to a Government of India requirement that within four years from the date of commissioning of each of our coal-based power plants, 100% of the fly ash produced by such power plant must be gainfully utilized. Compliance with these requirements, as well as any future norms with respect to ash utilization, may add to our capital expenditures and operating expenses.

In the event that our coal-based power generation operations cause any environmental hazard or result in the contamination of the environment, we could be subject to substantial criminal and/or civil liabilities and other regulatory consequences, including being liable for certain costs related to hazardous materials, such as costs for health or environment related claims, or removal or treatment of such substances and/or claims and litigation from our current or former employees or other persons for injuries arising from exposure to materials or other hazards at the power plants. We are the subject of public interest litigation 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 control authorities. See "Outstanding Litigation and Defaults" on page 360. Any adverse ruling or regulatory action in these cases could adversely affect our business, reputation, financial condition, cash flows and results of operations.

**7. *The unavailability of appropriate infrastructure or any disruption of existing infrastructure could impair the delivery of coal required for the operation of our thermal power plants and could materially and adversely affect our business, cash flows and results of operations.***

We require transport infrastructure consisting of railway tracks, railway sidings, ports and roads to receive an uninterrupted supply of coal required for the operation of our coal-based power plants. The building of transportation infrastructure such as railway sidings entails obtaining approvals, rights of way and development by the Government of India or the state governments and their nominated agencies. As a result, we may have no control over the construction, operation and maintenance of the transportation infrastructure. Further, such transportation infrastructure may not be constructed in a timely manner and maintained at adequate levels, which may impact the estimated commissioning dates for our thermal power plants under construction or development. We are, in some instances, dependent on government entities and third parties for the construction of transportation infrastructure for our thermal power plants. These agencies may be unable to complete the construction of the transportation facilities in a timely manner or at all. Also, there can be no assurance that these transportation facilities will be available or even be adequate to support our operations at our coal-based power plants that are currently operational, under construction or development, or in the future.

One of the options for the evacuation of coal from BSL's mines is by river barge. The barging distance is about 400 km and this route can be used for a period of 9 months in a year when the river has sufficient draft. This method of transportation has not been tested.

Disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road or rail infrastructure, or other events could impair the ability of our suppliers to deliver coal. Further, pilferage or theft of coal in transit could impair our suppliers' ability to deliver coal in quantities

that we require or at all. We can provide no assurance that such disruptions, due to the occurrence of any of the factors cited above, will not occur in the future. Our inability to obtain coal or a decrease in coal supply could, among other things, reduce the effective capacity of our thermal power plants and cause delays in the performance of our contractual obligations, which could materially and adversely affect our business, financial condition, cash flows and results of operations.

**8. *We have limited history in managing or operating coal based power plants.***

We operate our Warora Power Project, for which we commissioned Unit 1 and Unit 2 in March 2013 and September 2013, respectively, and our Phase I Kamalanga Power Project, for which we commissioned Unit 1, Unit 2 and Unit 3 in April 2013, November 2013 and March 2014, respectively. Accordingly, we have a limited operating history with respect to coal-based power plants. We also have limited expertise in operation and management of coal-based power plants. While we have engaged third party contractors to manage many of these risks, there can be no assurance that we will be able to successfully monitor and supervise the operation and maintenance of our coal-based power plants, which could have a material adverse impact on our business, prospects, financial condition and cash flows.

In addition, we are constructing coal based power projects aggregating to a total capacity of 1,370 MW. Our limited experience in constructing and operating coal-based power plants could impair our ability to complete construction and development of our coal-based power projects in a timely manner or at all. We may also be subject to delays and cost overruns or additional liabilities in connection with the construction and development of such power projects. Further, we have no prior experience in constructing and developing power projects of the scale we are currently constructing and developing, as a consequence of which, we may also face difficulties in operating and managing those power projects. The occurrence of any of these events could materially and adversely affect our business, financial condition, cash flows and results of operations.

**Risks Associated with Our Coal Mining Business**

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

We own a 95% equity interest in PT Barasentosa Lestari ("**PT BSL**"), a company that owns mining rights in certain coal blocks in Indonesia (the "**BSL Coalfields**"); a 28.5% equity interest in GEMS, which owns four producing and six non-producing coal concessions in Indonesia ("**GEMS Coal Assets**"); and, depending on the outcome of our challenge to the Ministry of Coal's de-allocation notice in respect of the Rampa Coal Mine, a 17.39% equity interest in Rampa Coal Mine and Energy Private Limited, pursuant to which we have been allocated up to 112.2 million tons of coal from the Rampa 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 BSL Coalfields are estimated in accordance with the reporting guidelines of the 2004 Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy (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 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.

**10. *We are susceptible to operating risks common to the coal mining industry which may result in losses and claims against us for which we may not have sufficient insurance coverage.***

We are susceptible to operating risks common to the coal mining industry, including the risk of fire, explosions, blow-outs, abnormal geological formations, mining mishaps, severe seismic activities, flooding, extended interruptions due to inclement or hazardous weather conditions, natural disasters and environmental hazards such as gas leaks, ruptures or discharges of toxic gases. The occurrence of any of these risks and hazards could result in substantial losses to us due to injury or loss of life, severe damage or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Such losses may have a material adverse effect on our business, financial performance, financial condition, results of operations, cash flows and prospects. Damages occurring as a result of such risks may give rise to claims against us, which may not be covered, in whole or part, by insurance. While we intend to and will endeavour to obtain sufficient insurance coverage for our business, certain types of losses and/or claims such as acts of God, acts of terrorism, war and civil disorder are generally very costly to insure against and it may not be practical, cost-effective or within our financial ability to obtain sufficient insurance coverage, if at all, for such losses and/or claims. In the event such losses and/or claims are not adequately covered, if at all, by insurance, our business, financial performance, financial condition, results of operations, cash flows and prospects may be materially and adversely affected.

One of the options for the evacuation of coal from BSL's mines is by river barge. The barging distance is about 400 km and this route can be used for a period of 9 months in a year when the river has sufficient draft. This method of transportation has not been tested.

**11. *Our coal assets are based on concessions from government bodies, which may revoke the concessions granted to us. In addition, there may be conflicts arising out of competing concessions or land use/occupancy claims on the underlying concession area. Any revocation of a concession or dispute on the concession could materially and adversely affect our mining operations.***

Governmental bodies grant coal mining concessions to us and can also revoke such concessions. For instance, with respect to our Indonesian coal mining concessions, the Government of Indonesia can cancel or terminate the concessions if we are unable to fulfill our obligations under the coal concession agreements. With respect to coal mining 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. If any of our coal mining concessions are revoked, our business, financial condition, cash flows 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. Furthermore, our interest in the Belani coal block overlaps with PT. London Sumatera Tbk ("**Lonsum**"), a palm oil plantation company. Lonsum has the surface rights of land in the Belani coal block, whereas we have the mineral rights for exploiting the coal in the Belani coal block. We have negotiated a settlement with Lonsum which includes payment of U.S.\$1.55 per metric ton of coal mined and sold from the overlapping area. Accordingly, there may be conflicts of interest between such third parties and us, which may cause delays or disruptions in our mining operations. We may also be subject to disputes arising out of such conflicts of interest. Any delay or disruption in our mining operations and any disputes, which we may be subject to, will materially and adversely affect our business, financial condition, cash flows and results of operations.

Further, the validity and/or ownership of land title and/or land use/occupancy rights within concession area(s) in which we operate and/or may operate in the future can be uncertain and may be contested. Although we will attempt to acquire satisfactory title and/or rights to any concession area(s) in which we operate and/or may operate in the future, various risks pertaining to the ownership and/or validity of land title and/or land use/occupancy rights exist, such as restrictions on foreign ownership and compulsory acquisitions by the relevant government authorities. We received a show cause notice from the Ministry of Coal on January 15, 2014 regarding the delay in the development of the Rampia coal mine. Subsequently, the relevant inter-ministerial group of the Government of India recommended the de-allocation of the Rampia coal mine. We are challenging the de-allocation of the Rampia coal mine and on February 12, 2014, the High Court of Delhi granted a stay order against re-allocation of the coal block. Further action on the recommendations of the inter-ministerial group is currently put on hold by the Ministry of Coal in view of the order of the High Court of Delhi. For further details on the dispute regarding the Rampia coal mine, see "Outstanding Litigations and Defaults" on page 360. However, there is no guarantee that we will succeed in challenging the de-allocation. Further, we acquired the land use/occupancy rights in respect of 1065.3 hectares of land for BSL Coalfields. This is part of the 24,385 hectares of land on which BSL Coalfields is premised. There is no assurance that we will be able to acquire satisfactory title and/or rights to the concession areas, where we presently, or may in the future, operate. In the event we are not able to obtain satisfactory title and/or rights to the relevant concession areas, we will not be able to carry out production

operations in these areas, which may in turn, materially and adversely affect our business, financial performance, financial condition, results of operations, cash flows and prospects. Furthermore, we may incur additional expenditure in paying compensation to displaced persons while acquiring land required for our mining operations, which could materially and adversely affect our business, financial condition, cash flows and results of operations.

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 Red Herring Prospectus, we have not been involved in any dispute over the uncertificated land controlled by us.

**12. *Compliance with mining related regulations in Indonesia could increase our operating costs, which could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.***

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.

**13. *Substantial changes in international coal markets, coal prices and other macroeconomic factors including foreign exchange rates, could have an adverse impact on the commercial viability of the operation of our coal mines.***

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 US dollar price. Consequently, an unfavourable fluctuation of the U.S. dollar against the Indian 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, cash flows and results of operations.

**14. *Mining operations are polluting and 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.***

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. Mining can cause physical disturbances to the landscape, and may contribute to the decline of wildlife and plant species in an area. Condensation of coal dust in the mining facilities and on subsurface may also negatively affect human health or pollute environment. Water pollution problems caused by mining include acid and metal contamination and increased sediment levels in streams, which affects fisheries, domestic water supply, irrigation, and other uses of streams. Finally, mines may be flooded with the subsoil waters, which may lead to accidents. We

may experience mine shutdowns or periods of reduced production as a result of any of the above factors. Such occurrences could result in material damage to, or the destruction of, mineral properties or production facilities, human exposure to pollution, personal injury or death, environmental and natural resource damage, delays in mining, delays in shipment, monetary losses and possible legal liability. Also, we may be subject to legal proceedings and the regulatory authorities may require us to perform some corrective actions to decrease the amount of emission of pollutants or to take additional measures to ensure labour safety.

Any unexpected significant production disruption, legal proceedings or performance of the corrective actions could have a negative effect on our profitability and cash flows. In addition to the revenue losses, longer-term business disruption could result in a loss of customers. If this were to occur, our business, reputation, financial condition, cash flows and results of operations could be materially and adversely affected.

### **Risks Associated with Our Hydroelectric Power Generation Business**

#### **15. *Extreme variations in hydrological conditions and geological uncertainties may materially and adversely affect our results of operations.***

The capacities of our hydroelectric power projects have been designed based on historical hydrological data and detailed optimization studies in line with the guidelines of CEA/CWC. The hydroelectric power projects that we are developing are dependent on the amount and location of rainfall, snow melt and river flows in the respective regions, which vary considerably from quarter to quarter within a year and from year to year. The generation of power by run-of-river projects in the Himalayan region is subject to seasonal variations. For instance, the water flow from the rivers on which our hydroelectric power projects are located, increases during the months of May to September each year due to melting snow and monsoons. As a result, approximately 70% to 75% of our hydroelectric power projects' annual power generation is expected to occur during this period. As a result of this seasonal variation, our profitability and revenue will vary quarter to quarter for each financial year. 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. For Projects in India, the saleability of power to discoms in North India or any other part of India, given the seasonality of the generation profit from our hydroelectric projects in India, may be a challenge.

Furthermore, the advent of climate change may cause conditions that may result in unusual hydrological variations and extremities. Any adverse hydrological condition could render us unable to meet the requirements of the PPAs. Conversely, if hydrological conditions are such that too much rainfall occurs at any one time, such as during the monsoon, water may flow too quickly and at volumes in excess of a particular hydroelectric power plant's designated flood levels, which may result in power plant shutdowns due to corresponding increase in silt levels or in certain extreme cases, even cause damage to the access roads and project structures. 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.

Extensive geological investigations have been carried out by independent engineers/ specialized agencies before the design and engineering of our hydroelectric power projects were finalized. While past studies have not indicated many adverse geological features, such as major faults, thrusts or highly stressed rock mass, occurrences of such adverse geological conditions in the future during actual execution cannot be ruled out. Furthermore, the conclusions of independent geological investigations are subject to uncertainty. 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. Adverse geological features could have a negative effect on our business, financial condition and results of operations.

#### **16. *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. Recently the Supreme Court of India, while considering a petition on the impact of hydroelectric power projects being developed on the Alaknanda river, issued certain directions. These directions to the Ministry of Environment and Forests of Government of India (the “MoEF”), are aimed at formation of an expert body, which would make an independent assessment if the under construction or operational hydroelectric projects, had caused the recent floods and also aims to review and take into account the findings of earlier reports submitted by Wildlife Institute of India (WII) on 24 on-going hydroelectric power projects on the Bhagirathi and the Alaknanda rivers, including our power project on the Alaknanda river, and submit the report in three months. The MoEF has been directed to determine whether the 24 proposed projects, including our power project on the Alaknanda River, would cause a significant impact on the biodiversity of Alaknanda and Bhagirath River basins. If an adverse order is passed by the Supreme Court of India after its review of the MoEF findings, our on-going hydroelectric power project being developed over Alaknanda river may get delayed or stalled, which would adversely affect our operations. We may also be subject to significant financial penalties for any environmental damage caused or likely to be caused because of the project,. Financial losses and liabilities as a result of increased compliance costs or due to environmental damage may affect our reputation and financial condition. We may also be subject to legal proceedings, which may materially and adversely affect our business, reputation, financial condition and results of operations.

**17. *The Electricity Act, 2003 and the Hydro Power Policy, 2008 have introduced measures that may result in increased competition for us.***

The statutory and regulatory framework for the Indian power sector generally, and the hydroelectric power sector specifically, has changed significantly in recent years and there may be more changes in the next few years. Proposed changes in power tariff policy based on the Central Electricity Regulatory Commission of India's ("CERC") Approach Paper by public notice dated June 25, 2013, the unbundling of the state electricity boards 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, 2003, 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. A key objective of the Hydro Power Policy 2008 is 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. The power sector in India may also attract increased investment from international companies with greater resources and assets than us which may be able to achieve better economies of scale, allowing them to bid profitably at more competitive rates. In addition, there may be increased competition from Central and State power utilities. This competition may result in a material adverse effect on our business, prospects and financial condition.

**18. *Our income from the hydroelectric power projects may decline if the respective state governments increase the amount of power to be provided free of charge as royalty or if our interest in our power projects is diluted. This could materially and adversely affect our business, financial condition, cash flows and results of operations.***

Pursuant to the implementation agreement with the state of Himachal Pradesh with respect to the Bajoli Holi Power Project, we have agreed to provide 12% of power produced during the first 12 years from the



commercial operation date, 18% of power for the next 18 years and 30% of power thereafter, free of charge to the state of Himachal Pradesh as royalty payments. Similarly, pursuant to the implementation agreement with the state of Uttarakhand with respect to the Alaknanda Power Project, we have agreed to provide 13% of the power generated, free of charge to the state government for the entire life of the power project. If the respective state governments of Himachal Pradesh and Uttarakhand increase the amount of power to be provided free of charge, revenue generated by the Bajoli Holi and Alaknanda Power Projects may decline. As a result, our business, financial condition and results of operation could be materially and adversely affected.

Further, pursuant to the terms of the memorandum of agreement with the Government of Arunachal Pradesh with respect to the Talong Power Project, we are required to transfer a 12.00% equity interest in GMR Londa Hydropower (the company we formed to develop and implement this power project) at the time of construction of this power project, to the Government of Arunachal Pradesh for which either (i) the Government of Arunachal Pradesh will arrange its own equity funding or (ii) we will receive deferred compensation in . With respect to the Upper Karnali Power Project, our joint venture partner, Italian-Thai Development Public Company Limited, may acquire up to 22.5% of GMR Upper Karnali (which is developing the Upper Karnali Power Project) from us and GIL. A dilution of interest in the Talong and Upper Karnali Power Projects will result in a decrease of our share of revenue from such power projects. As a result, our business, financial condition and results of operation could be materially and adversely affected. See also, risk factor titled "*GEL holds all of its power projects other than the Kakinada Power Plant through subsidiaries and joint ventures, and GEL relies on dividends and other payments from such subsidiaries and joint ventures for a large portion of its cash flow*".

**19. *Our hydroelectric power projects are located in inhospitable geographical locations increasing the risks of project implementation and construction delays which may materially and adversely impact our business, cash flows and results of operations.***

Like most other hydroelectric Projects, our hydroelectric power projects under development in India and Nepal are located in inhospitable geographical locations. 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. 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 would adversely impact our results of operations and business.

We are subject to risks associated with power evacuation for our hydro-electric projects. For instance there may be delays in the transmission line by the state transco. Even after these are built, power evacuation can still get disrupted, in the event of partial or full breakdown of the line. These events may pose financial risks, in terms of default on PPA for non-supply of power, default on free power supply as per IA terms, and loss of revenue and financial losses.

For projects in Nepal, this risk can assume significant risk, if any one or more legs (Indian leg or the Nepal leg of the overall transmission line project) gets affected in terms of delay in completion, it will lead to default on PPA and loss of revenue and financial losses.

Further, the Alaknanda Power Project does not have peaking capabilities which may further affect marketability and tariff rates.

**Risks Associated with Our Solar Power Generation Business**

**20. *The viability and level of power generation from our solar power plant is dependent on the amount of solar irradiation and our ability to generate maximum power output from available solar irradiation.***

Viability of solar power plant is primarily dependent on the amount of solar irradiation at the power plant site and the technology that is used to make use of the radiation effectively. Accordingly, variations due to weather and seasons could reduce the amount of solar irradiation at our power plant site. In addition, our inability to source good quality photovoltaic cells for our solar power plant could materially and adversely affect our ability to generate maximum power output from our solar power plant. Consequently, a decrease in the amount of solar irradiation at the power plant site and our inability to make use of the radiation effectively could impair our ability to achieve PLF.

The PLF of a solar power plant may also be affected indirectly due to a grid failure, since the generation of power from solar power plant cannot be stored and during grid outage, the power generated cannot be

evacuated. This can result in the loss of power fed into the grid. In the event of decrease of the PLF of our solar power plant, our revenues, cash flows and profitability from the solar power generation business could be materially and adversely affected.

#### **Internal Risks Associated with Our Businesses**

- 21. *The audit report in respect of our audited consolidated financial statements as at and for the period ended September 30, 2013 and year ended March 31, 2013 contains a qualification in respect of our capitalization of certain expenses; and emphases of matter regarding the going concern assumption of our Kakinada Power Plant and our subsidiaries that owns Vemagiri Power Plant and Rajahmundry Power Plant, and regarding certain amounts which are not recognised as revenue by our subsidiary which owns the Chennai power plant.***

The audit reports in respect of our audited consolidated financial statements as at and for the period ended September 30, 2013 and year ended March 31, 2013 were qualified to indicate that our capitalization of indirect expenditure and borrowing costs (net of income earned on temporary investments) amounting to ₹ 2,764.9 million and ₹ 1,798.31 million for the period July 1, 2012 to March 31, 2013 and April 1, 2013 to September 30, 2013, respectively, incurred on the construction of the Rajahmundry Power Plant, where active construction work has been put on hold pending securing supply of the requisite natural gas for the project, is not in accordance with the relevant accounting standards. The audit report in respect of our audited consolidated financial statements as at and for the period ended September 30, 2013 states that had we not capitalized the aforesaid expenditures, our loss after tax and minority interest for the year ended March 31, 2013 would have been ₹ 2,764.9 million higher and for the period ended September 30, 2013 would have been ₹ 1,798.31 million higher. Cumulatively, our losses for the period July 1, 2012 to September 30, 2013 would have been ₹ 4,562.31 million higher.

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 on acceptable terms. There can be no assurance that our auditors will not qualify their opinion in the future.

Further, the audit report in respect of our audited consolidated financial statements as at and for the period ended September 30, 2013 and year ended March 31, 2013 included an emphasis of matter regarding (i) the cessation of operations and losses incurred by us and GMR Vemagiri Power Generation Limited, our subsidiary, and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) the rescheduling of the commercial operation date and the repayment of certain project loans by GREL pending linkage of natural gas supply. The emphasis of matter notes that 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 GVPGL, GREL and us to establish consistent profitable operations as well as raising adequate finance to meet their short term and long term obligations. This emphasis indicates that there is substantial doubt on the part of our auditors as to these entities' ability to continue as a going concern due to the risk that it may not have sufficient cash and liquid assets to cover its operating capital requirements.

In addition, the audit report in respect of our audited consolidated financial statements as at and for the period ended September 30, 2013 and year ended March 31, 2013 also included an emphasis of matter noting that the matter relating to claims/counter claims arising out of the power purchase agreement and land lease agreement, filed by GMR Power Corporation Limited ("GPCL"), our subsidiary that owns the Chennai Power Plant, and Tamil Nadu Generation and Distribution Corporation Limited ("TANGEDCO"), is sub-judice before the Supreme Court of India and has not attained finality. Pending the resolution of matter, no adjustments have been made in the consolidated interim financial statements. The emphasis of matter further notes that considering that a substantial amount, though under protest, has been received, GPCL, based on an expert opinion, has offered the amount of claims received up to March 31, 2013 as income in its tax returns and has claimed the deduction under Section 80IA of the Income Tax Act, 1961.

- 22. *Our statutory auditors did not audit the financial statements and other financial information of certain subsidiaries and jointly controlled entities and these financial statements and financial information have been incorporated in the consolidated financial statements of the Group based on unaudited financial statements provided by our management.***

Our statutory auditors did not audit the financial statements and other financial information of certain subsidiaries and jointly controlled entities as at and for the six month period ended September 30, 2013 and

as at for each of the years ended March 31, 2013, March 31, 2012 and March 31, 2011. These financial statements and financial information have been incorporated in the consolidated financial statements of the Group based on unaudited financial statements provided by our management, as audited financial statements of such component entities for the relevant periods were not available. For details, see “Financial Statements” on page F-1.

**23. Our Company is a party to a number of legal proceedings.**

We are involved in certain civil and criminal legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals in India. Should any new development arise, such as a change in Indian law or rulings against us by the courts or tribunals, we may need to make provisions in our financial statements which could increase our expenses and our current liabilities. We can give no assurance that these legal proceedings will be decided in our favour. Further, we may also not be able to quantify all the claims in which we or any of our subsidiaries or joint ventures are involved. Any adverse decision may have a significant effect on our business, financial condition and results of operations.

In addition a subsidiary of Gen B.V., GMR Energy Mauritius and DSI are involved in a litigation against the sellers of the shares claiming contractual breach. An adverse outcome of the proceedings may result in us losing control of PTPSL. The details of the cases filed against our Company, our Promoters, our Group Companies, our Directors and our Subsidiaries are disclosed in the table below:

The details of the cases filed against our Company, our Promoters, our Group Companies, our Directors and our Subsidiaries are disclosed in the table below:

Sl. No.	Name of entity/person	Civil case	Criminal case	Total Amount involved (in rupees million)
1.	<b>Our Company</b>	36	-	86.2
2.	<b>Our Promoters</b>	3	-	11.73
3.	<b>Group Companies</b>	139	-	2,272.27
4.	<b>Our Directors</b>	-	2	2.50
5.	<b>Our Subsidiaries</b>	74	-	2,858.30

Our Company is also involved in 17 tax matters.

For further details, see “Outstanding Litigations and Defaults” on page 360.

**24. Two of our Directors are involved in a criminal proceeding, which if determined against them, could adversely impact our business, results of operations, financial condition and prospects.**

A criminal case has been filed by Chhattisgarh Environment Conservation Board, Raipur under various environmental laws and criminal statutes, on September 29, 2010 against one of our Directors, B. V. N. Rao and another party claiming that the accused have carried out construction work without obtaining prior approval of the complainant in violation of various sections of environment protection statutes.

A criminal has been filed against S. Rajagopal and others before the Metropolitan Magistrate, 33rd Court, Mumbai under Sections 138 and 141 of the Negotiable Instruments Act, 1881 by Kishco Limited and others, claiming that the accused issued a cheque for an amount of Rs. 2,500,000 towards part payment of an assignment of immovable property which was dishonoured by the bank. In a criminal revision petition filed by our Director he has submitted that the cheque was issued without his knowledge or information and that he resigned from the company in which he was a director prior to the period when the cheque was presented to the bank, and have requested to set aside the order passed by the court and call for records of matter.

For more details see “Outstanding Litigations and Defaults” on page 360.

If the criminal proceeding is decided or determined against our Director, such decision may have an adverse effect on our Company’s business, results of operations, financial condition and prospects.

**25. The tariffs for our power projects are subject to regulatory scrutiny and are determined based on policies formulated by the Government of India.**

The Government of India 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 state electricity regulatory commissions for the fixation of tariffs for their respective entities as well as the CERC. These guidelines include detailed methodology for the different components of the tariff and also lay down the parameters for what types of charges are escalable and non-escalable.

Once the tariff for a power project under construction or an operating power plant has been approved by the state electricity regulatory commission 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 state electricity regulatory commission 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. For example, there are currently three petitions filed by GMR Kamalanga Energy Limited ("**GKEL**") with CERC, two of which are in respect of revisions of tariff under the PPAs with Uttar Haryana Bijli Vitran Nigam Ltd and Dakshin Haryana Bijli Vitran Nigam Ltd, and one is in respect of the tariff determination for the sale of power to GRIDCO.. Furthermore, GUNVL filed a petition before Gujarat Electricity Regulatory Commission ("**GERC**") seeking a downward revision of tariff payable by it under various PPAs, including ours, which was dismissed by the GERC. GUNVL has appealed to the Appellate Tribunal for Electricity against GERC's decision. Moreover, EMCO has also previously filed petitions for the revision of tariffs under its PPA. GKEL has requested to be paid for the additional project cost incurred primarily on account of delay in execution of the power project due to force majeure and change in law events including: (i) devaluation of the India Rupee against the US Dollar, (ii) delays in land acquisition and construction of railway line, and (iii) a change in visa policy for foreign workers. Since the additional capital cost cannot be recuperated as tariff, GKEL has requested the CERC to devise a mechanism to compensate GKEL for the various force majeure events and change in law events. There cannot be any assurance that we will be compensated adequately, or at all, for such cost overruns. In situations where we incur additional costs in the implementation of a power project or the operation of our power plants and are unable to obtain the approval of the state electricity regulatory commissions or the CERC for increased tariffs, our financial condition, cash flows and results of operation may be adversely affected.

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

We have a pipeline of five hydroelectric power projects with an aggregate gross capacity of 2,205 MW that are currently under various stages of construction and development. Additionally, we own a 95% equity interest in PT BSL, a company that owns mining rights to our BSL Coalfields; a 28.5% equity interest in GEMS, which owns the GEMS Coal Assets; and, depending on the outcome of our challenge to the Ministry of Coal's de-allocation notice in respect of the Rampia Coal Mine, a 17.39% interest in Rampia Coal Mine and Energy Private Limited, pursuant to which, we have been allocated up to 112.2 million tons of coal in the Rampia Coal Mine.

In addition, Rajasthan Rajya Vidyut Prasaran Nigam Limited ("**RRVPNL**") has granted us two transmission projects, aggregating 365 circuit kilometers of electrical transmission lines and two electrical substations. One of these projects is expected to be commissioned in fiscal year 2015. We are also developing two transmission lines aggregating approximately 277 circuit kilometers and three electrical substations to transfer the power generated by each of our Upper Karnali Power Project and Upper Marsyangdi-2 Power Project from Nepal to the Indian electricity grid.

We have limited experience in constructing, managing and operating hydroelectric 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 power plants, transmission projects and mining blocks such as:

- our ability to raise capital to finance these projects;
- our ability to hire and retain skilled personnel;
- our ability to adapt to changes in technology;
- the future competitive environment for the power industry in India;
- adverse developments in the area surrounding our operations;
- economic and political environment in India, Indonesia and Nepal in particular;
- regulations and policies relating to the power sector in India, Indonesia and Nepal in particular; and
- 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, reputation, financial condition, cash flows and results of operation may be adversely affected.

**27. We had a negative net worth as of September 30, 2013, which may make it more difficult for us to obtain financing in the future and may otherwise negatively impact our business**

As per our restated consolidated financial information for the six months ended September 30, 2013 included in this Draft Red Herring Prospectus, as of September 30, 2013, we had a negative net worth of ₹ 8,635.88 million as stated in Annexure XXIII in the Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. The negative networth is calculated as equity share capital plus reserves and surplus less arrears of cumulative preference dividend. Our negative net worth primarily resulted from non availability of gas which resulted in loss of operations of gas plants, rescheduling of COD and recognition of finance cost in GKEL, impairment loss of Homeland asset and preliminary loss absorption of coal assets operation of GKEL and EMCO. Our negative net worth could trigger an event of default under certain loans availed by us. For further details see “Financial Indebtedness” on page 302. As a result of our negative net worth, we may face greater difficulty and expense in obtaining future financing than we would face if we had a greater net worth, which may limit our ability to meet our needs for liquidity or otherwise compete effectively in the marketplace. Further, certain of our subsidiaries also had a negative net worth as of September 30, 2013.

Additionally, the audit report in respect of our audited consolidated financial statements as at and for the period ended September 30, 2013 and year ended March 31, 2013 included an emphasis of matter regarding (i) the cessation of operations and losses incurred by us and GMR Vemagiri Power Generation Limited, our subsidiary, and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) the rescheduling of the commercial operation date and the repayment of certain project loans by GREL pending linkage of natural gas supply. The emphasis of matter notes that 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.

**28. Our Company has experienced losses and negative cash flow in prior periods and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.**

Our Company has experienced losses in the past, the details of which as per restated consolidated summary statements are provided below:

(₹ In Millions)					
Particulars	For the fiscal year ended 31 March				
	2009	2010	2011	2012	2013
Restated (loss)/ profit for the year	584.56	1,590.32	92.67	(848.77)	(9,636.97)

Particulars	For the six months ended September 30, 2013	
Restated (loss)/ profit for the year	(8,633.01)	

Our Company has also experienced negative net cash flow in the past, the details of which are provided below:

(₹ In Millions)					
Particulars	For the fiscal year ended 31 March				
	2009	2010	2011	2012	2013
Net (decrease)/increase in cash and cash equivalents	(169.62)	(1,218.15)	1,678.35	(787.96)	(4,419.69)

Particulars	For the six months ended September 30, 2013	

Our profits declined significantly in fiscal year 2011, primarily due to an increase in our sub-contracting expenses and an increase in other expenses. Our sub-contracting expenses increased in fiscal year 2011 due to the consolidation of Homeland, which was considered as our subsidiary in fiscal year 2011. The increase in other expenses in fiscal year 2011 was primarily due to a provision for doubtful advances/ non-trade receivables recognised in fiscal year 2011 in relation to a naphtha sales and an increase in repairs and maintenance costs of plants and machinery. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Comparison of fiscal year 2011 and fiscal year 2010*" on page 292. We incurred losses in fiscal year 2012 owing to an increase in expenses attributable to full-year operations of Homeland's Kendal and Eloff Mines and one-month operations of GEMS. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Comparison of fiscal year 2012 and fiscal year 2011*" on page 289. Our losses incurred in fiscal year 2013 were due to a decrease in our income from the sale of electrical energy and recognition of impairment loss of Homeland of ₹ 2,506.66 million. Our income from the sale of electrical energy declined in fiscal year 2013 primarily due to the lower generation of electrical energy by the Kakinada and the Vemagiri Power Plants owing to the shortage of natural gas to fuel these power plants and due to lower offtake of electrical energy from the Chennai Power Plant by Tamil Nadu Electricity Board ("**TNEB**"). For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Comparison of fiscal year 2013 and fiscal year 2012*" on page 286. Our losses incurred for the six months ended September 30, 2013 were primarily due to increased expenses resulting from the commencement of operations at the Warora Plant and Unit 1 of Phase 1 Kamalanga Power Project.

Although we have historically experienced positive net cash flow from operating activities, we have in the past experienced negative net cash flow after taking into account investing activities and financing activities. In fiscal year 2013 and fiscal year 2012, our negative cash flows were due primarily to substantial purchases of fixed assets in total amounts of ₹ 50,435.52 million and ₹ 69,038.16 million, respectively.

We may continue to experience losses in the future which may have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition.

**29. *Poor financial health of state-owned entities could adversely affect their ability to pay us. Further, political or financial pressures could cause state-owned entities to renegotiate our contracts and could adversely affect their ability to pay us.***

Approximately 52.75% and 67.44% of our total income in fiscal year 2013 and the six months ended September 30, 2013, respectively, came from the supply of electricity to state utility companies such as TNEB (and its successor, TANGEDCO), Transmission Corporation of Andhra Pradesh Limited ("**AP Transco**"), Gujarat Urja Vikas Nigam Limited ("**GVNL**") 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 Project.

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 and has also failed to comply with the payment terms of the underlying PPA with respect to the Chennai Power Plant. See the notes to our restated consolidated financial statements included in this Draft Red Herring Prospectus for additional information on the dispute with the TNEB. 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 offtake arrangements could still adversely affect our operational cash flows. We cannot assure you that the payments we are entitled to receive under our offtake arrangements will not be subject to further reductions, delay or default by state-owned entities. Any such reductions, delays or defaults, if material, could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

Furthermore, government authorities, as well as the relevant state electricity boards 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 offtakers ability to pay us for supply of electricity. Political pressures or new regulations may lead to renegotiation of our offtake agreements with state-owned entities at reduced rates. For instance, the state of Karnataka has in

the past invoked Section 11 of the Electricity Act, 2003 to significantly reduce the prices realized by us for sales of power to the state.

**30. *Our power projects under construction and development require a long gestation period and substantial capital outlay before we realize any benefits or returns on investments. In addition, the time and costs required in completing a power project may be subject to substantial increases.***

Due to the nature of our business, our power projects, mining projects and transmission projects typically have a long gestation period and require substantial capital outlay before completion and may take months or even years before positive cash flows can be generated, if at all. For instance, we commenced construction of our Chhattisgarh Power Project in fiscal year 2011 and we do not expect to commence the two units of the Chhattisgarh Power Project until fiscal year 2015; one of our transmission projects is not expected to be operational until fiscal year 2015; and we anticipate coal production from our PT BSL coal blocks to begin in fiscal 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.

Further, the time and costs required in completing a project may be subject to substantial increases due to factors including delay in debt financing, shortages of materials, equipment, skilled personnel and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Also, our estimates of cost and time required to complete a project may not be accurate. Such estimates are also based on current conditions and may therefore be subject to revisions. Any of these factors may lead to delays in, or prevent, the completion of our projects or result in costs substantially exceeding those originally budgeted for, which would have a material adverse effect on our business, financial condition, cash flows and results of operations. For instance, there have been delays with respect to completion of our Phase I Kamalanga Power Plant and our Rajahmundry Power Project. In addition, we have incurred cost overruns with respect to the Phase I Kamalanga, Warora, Chhattisgarh and Rajahmundry Power Projects. For further details on delays and cost-overruns, see "*Our Business – Our Operational Power Plants and Power Projects Under Construction*" on page 152.

In addition, it is likely that the benefits of our utilization of the Issue 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 power project in which an investment is made using the proceeds of this Issue.

**31. *Our management will have significant flexibility in applying the proceeds received from the Issue.***

We intend to use the net proceeds of the Issue as described in the chapter titled "*Objects of the Issue*" on page 99 of this Draft Red Herring Prospectus. Our management may determine that it is appropriate to revise our estimated costs, fund requirements and deployment schedule owing to factors such as geological assessments, exchange or interest rate fluctuations and changes in design or configuration of a power project, incremental rehabilitation and other preoperative expenses and other external factors that may not be within the control of our management.

Two of the projects towards which we intend to apply the proceeds that we receive from the Issue, namely the Kamalanga Power Plant and Chhattisgarh Power Project, have been subject to delays and cost overruns. Regarding the Kamalanga Power Project, a total cost overrun of ₹ 19,790 million was primarily due to increases in EPC costs due to fluctuations in the US dollar to Chinese Yuan Renminbi exchange rate, for which hedging facilities were not readily available, customs duty impacts due to delays in achieving MPP status and increases in non-EPC costs due to increases in the scope of transmission line and social development activities.

Regarding the Chhattisgarh Power Project, a total cost overrun of ₹ 27,260 million was primarily due to increased EPC costs as a result of changes in the US dollar to Indian Rupee exchange rate and increased finance and interest costs as a result of delays to the project's original anticipated timetable. Moreover, if the Chhattisgarh Power Project does not qualify as a Mega Power Project, the duty component of the project cost for this power plant will experience an increase. There is no guarantee that we will develop the projects to which we intend to apply the proceeds of the Issue in line with our anticipated timelines and the estimated project costs. Cost overruns in respect of these projects may be significant and require us to secure additional financing in order to bring the projects to completion, which financing we may not be able to secure on terms that we find acceptable, or at all.



Further, pending utilization of the net proceeds of the Issue and other financings, we intend to invest such net proceeds in interest-bearing liquid instruments, including money market mutual funds, bank deposits with banks and principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures as approved by our Board of Directors, Audit Committee or any other duly authorized committee thereof. Although the utilization of the net proceeds from the Issue and other financings will be monitored by the Board of Directors and the Monitoring Agency, there are no limitations on interim investments that we can make using such net proceeds.

**32. *We have substantial indebtedness and will continue to have substantial indebtedness and debt service obligations following the Issue.***

As a developer of power projects, transmission projects and mining projects, we require substantial upfront capital expenditure. As of September 30, 2013, the aggregate amount of our total borrowings drawn and outstanding was ₹ 245,776.98 million, which comprises long-term borrowing of ₹ 177,121.47 million, short-term borrowings of ₹ 57,200.40 million and current maturities of long-term borrowings of ₹ 11,455.11 million. As of September 30, 2013, ₹ 195,417.06 million of our outstanding borrowings were secured and ₹ 50,359.92 million of our outstanding borrowings were unsecured. As of September 30, 2013, our total borrowings of ₹ 245,776.98 million represents a debt to equity ratio of 19.8 to 1. Equity for the purposes of the debt to equity ratio is calculated as equity share capital plus preference share capital plus reserves and surplus. Our indebtedness could have several important consequences, including but not limited to, the following:

- we may be required to dedicate a portion of our cash flow toward repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future may be impacted;
- fluctuations in market interest rates may adversely affect the cost of our borrowings, since the interest rates on certain of our borrowings are subject to changes based on the prime lending rate of the respective bank lenders and are not covered by interest rate hedge agreements;
- there could be a material adverse effect on our business, prospects, financial condition, cash flows and results of operations if we are unable to service our indebtedness or otherwise comply with covenants of such indebtedness; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Any additional financing that we require to fund our capital expenditure, if met by way of additional debt financing, may result in increased debt service obligations and may place restrictions on us which may, among other things, increase our vulnerability to adverse economic and industry conditions; limit our ability to pursue our growth plans; require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and to be used for other general corporate purposes; limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise. We cannot assure you that market conditions and other factors will permit future project financing 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. Our ability to arrange for financing on a substantially non-recourse basis and the costs of such capital are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of current projects, including our ability to secure favourable power purchase, fuel supply and other material agreements, and the continued existence of tax and other laws which are conducive to raising capital in this manner.

Additionally, as of September 30, 2013, our Company had unsecured loans amounting to ₹ 50,359.92 million and repayment of these loans may be called by lenders at any time in case of breach of covenants by one company. In the case of such an event, we may have to raise large amounts of money at short notice to refinance these obligations, which we may not be in a position to do. This may materially and adversely affect our business, results of operations, cash flows and financial condition.

As of September 30, 2013, our company had issued debentures amounting to ₹ 17,685 million and our debenture holders may seek mandatory redemption of the debentures on the occurrence of certain specified events such as a change in control of our Company, change in control of GIL or a downgrade in the rating



of our debentures.

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 execute our development plans and growth strategy. Furthermore, our promoters, GIL and GREL have pledged the shares of the Company with various lenders to secure our indebtedness. In the event of our failure to meet our payment obligations, lenders may affect this security and the shares of the Company may be transferred to such lenders. If any of these eventualities materialise, our business, prospects, financial condition, cash flows and results of operations may be adversely affected.

**33. *Our lenders as well as the lenders of our promoter, GIL, have significant rights which may affect how we conduct our businesses and could take control of us and our Subsidiaries in certain circumstances.***

We have entered into various financing arrangements that grant our lenders certain rights to determine how we operate our business. Our promoter, GIL, has also entered into similar financing arrangements which, although principally affecting how GIL operates its businesses may, in certain cases, have an impact on us. For instance, any default by GIL under its loan agreements, could trigger a cross-default in our loan agreements.

Our financing arrangements also limit our ability to incur additional debt, create liens or other encumbrances on our property, acquire other businesses, sell or otherwise dispose of assets, make certain payments and investments, pay dividends and merge or consolidate with other entities in certain circumstances. Additionally, in an event of default, our lenders have the right to nominate one director to our Board. Consent from these lenders is required for certain corporate and business actions, changes in shareholding and management decisions. The restrictions under the financing arrangements entered by us as well as those entered into by GIL may affect our growth, our ability to expand into targeted markets and our ability to plan for and react to changes in our business. Any of the foregoing could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

Further, certain of our financing agreements contain financial covenants which require us to maintain including but not limited to: (a) stipulated debt to equity ratio; (b) debt service coverage ratio; (c) total long term debt; (d) interest coverage ratio; (e) specified percentage of security margin; and (f) limit on total debt.

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 (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. For this period, we were not in compliance with the specified financial covenants, which would amount to an event of default under the agreement. Subsequently, we have availed of additional rupee financing from some of the lenders that were party to the 2010 facility agreement. This additional facility agreement also requires us to comply with financing covenants that will be tested on March 31, 2014. For details, see "Financial Indebtedness" on page 302.

These debt obligations are secured by a combination of security interests over our power and other assets, pledges over the shares of certain of our Subsidiaries, hypothecation of movables and future receivables and in some cases promoter or personal guarantees. We have pledged a large portion of the shares we hold in all of our Subsidiaries which have availed project financing, and we may be required to pledge a large portion of the shares we hold in our Subsidiaries which are developing power projects, in favour of the lenders as security for the loans provided to these companies. If our Subsidiaries default in their repayment obligations under the relevant financing documents, the lenders may, upon the expiry of the applicable cure periods, exercise their rights under the share pledges, have the shares transferred to their names and take management control over the companies whose shares have been pledged. If this happens, we will lose the value of any such pledged shares and we will no longer be able to recognize any revenue attributable to them. In addition, if we lose control of any of our Subsidiaries, our ability to implement our overall business strategy will be materially and adversely affected. For further details, see "Financial Indebtedness" on page 302.

**34. *The Company has given guarantees in relation to certain debt facilities provided to our Subsidiaries, which if called upon may materially and adversely affect our business, results of operations, cash flows and financial condition. Additionally, our promoter has given corporate guarantees in relation to certain debt facilities provided to us, which if revoked may require alternative guarantees, repayment of amounts due or termination of the facilities.***

The Company has given corporate guarantees in relation to certain debt facilities availed by its Subsidiaries aggregating to approximately ₹ 60,259.20 million as of September 30, 2013. Guarantees of indebtedness of

Subsidiaries are recognized in our financial statements as contingent liabilities. In the event these guarantees are called upon, our business, results of operations, cash flows and financial condition may be adversely affected.

Additionally, our promoter, GIL has given corporate guarantees in relation to certain debt facilities availed by us aggregating to approximately ₹ 51,458.6 million as of September 30, 2013. In the event that any of the guarantees provided by our promoter 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 financial condition and cash flows.

**35. *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 Kamalanga Power plant is currently connected to Talcher-Meramandali line-in-line-out for temporary evacuation of power until a proposed PGCIL pooling station at Angul is ready. However, there is no assurance the proposed PGCIL pooling station will commence operations, in which case we would be required to find alternative power evacuation for the Kamalanga Power Project. 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.

**36. *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.***

We are in the process of acquiring land required for developing our power projects, mining projects and our transmission projects under development and construction. Our land requirement in India involves land held by private individuals (acquired or expected to be acquired pursuant to the Land Acquisition Act, 1894 of India, as amended by the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, (the "**Land Acquisition Act**")), forest land (expected to be diverted for use in the relevant project to the state government by MoEF, Government of India, and leased out by the state government for the relevant project) and 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).

In Indonesia, Article 100 of Regulation No. 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 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 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.

Several of the parcels of land on which our power projects are situated were acquired by the Government of India or the relevant state governments under the Land Acquisition Act and were thereafter awarded to us under the provisions of the Land Acquisition Act. Land acquired by the state governments in India 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 Kamalanga Power Project, the land acquisition procedures prescribed under the Land Acquisition Act 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, and we have not yet obtained rights to any of the land required for direct approach road and water pipelines for this power project. 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.

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.

**37. *The land acquisition process for our Kamalanga Power Plant is currently subject to litigation.***

One of the objects of the Issue is to fund the equity contribution in relation to the Kamalanga Power plant. See “Objects of the Issue” on page 99. We are in the process of acquiring land required to construct this project. We require approximately 1,177 acres of land for the operation of the Kamalanga Power Project. 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 have 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 on our ability to complete the construction of the power project in a timely manner, or at all, which could materially and adversely affect our business, financial condition, cash flows and results of operations. For further details, see “Outstanding Litigation and Defaults” on page 360.

**38. *We enjoy only leasehold rights over the underlying land on which certain of our power plants and projects are located. 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 Project, Kamalanga Power Project, Rajahmundry Power Project, Chhattisgarh Power Project, Bajoli Holi Power Project, Alakananda 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.

**39. *Any inability to identify or correct any defects or irregularities of title to land may have an adverse effect on our business.***

There may be various legal defects and irregularities in title to the land on which we intend to develop our power projects and transmission projects, which we may not be able to identify or accurately assess. Our rights with respect to any land may be compromised by improperly executed, unregistered or insufficiently stamped conveyance instruments in the chain of title for such property, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners, or other defects that we may not be aware of. Any defects or irregularities of title may result in loss of

development rights over land, which will prejudice the success of our power projects, transmission projects and mining projects and may prevent us from benefiting from substantial expenditures in respect of a project. Any inability to identify defects or irregularities of title, and any inability to correct any such defects or irregularities of title may have an adverse effect on our business, financial condition, cash flows and results of operations. Any decision to acquire land based on inaccurate, incomplete or outdated information may result in risks and liabilities associated with acquiring and owning such parcels of land. See also, risk factor titled "*Our coal assets are based on concessions from government bodies, which may revoke the concessions granted to us. In addition, there may be conflicts arising out of competing concessions or land use/ occupancy claims on the underlying concession area. Any revocation of a concession or dispute on the concession could materially and adversely affect our mining operations*" on page 23.

**40. *Our investors/ selling shareholders have a right to convert some of their securities into equity shares in GIL on the satisfaction of certain conditions which may impact our ability to complete the Offer for Sale.***

Under the terms of our agreements with our investors (also the Selling Shareholders), the investors have a right to transfer their Equity Shares and / or CCPS at any time under certain specified events, including among others, the investors have a right to sell their Equity Shares or CCPs as the case may be, held by them to our Promoter, GIL, and be issued equity shares in our Promoter, if the weighted average price of the equity shares of GIL exceeds Rs.40; where the equity shares issued by GIL will be at the minimum price prescribed under the relevant SEBI regulations. Under the terms of the agreements the investors can exercise this right at any time prior to the occurrence of an IPO. However, the Investors have agreed that for a period of 30 days from the filing of the Red Herring Prospectus or till listing of the Equity Shares, whichever is earlier, the Selling Shareholders will not exercise their rights to be issued equity shares in our Promoter, GIL. In the event of the occurrence of the above or any of the events mentioned in the agreements, the entire shareholding of the Selling Shareholders in the Company may be transferred. For more details, please see "History and Corporate Structure" on page 197.

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

Pursuant to the enactment of the open access provisions in the Electricity Act, 2003, operators of power plants in India are technically permitted to sell electricity directly to retail power customers. However, due to practical considerations, the customers for power plants are 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:

- Each of our PPAs only provides for very limited instances in which penalties are the relevant power purchaser's principal remedy 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.
- 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 and the right to force the government or our power purchaser to buy our power plant, may not adequately compensate us.
- Although the PPAs do not include a provision for liquidated damages, penalties may be imposed in the form of reduced capacity or energy payments from 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 may opt in its sole discretion to either 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 for up to six months or require us to sell our power plants as per the terms of the PPA.

Further, in accordance to the terms of our PPA, we are required to guarantee to our power customers certain minimum performance standards with respect to our Chennai Power Plant, Vemagiri Power Plant, Warora Power Plant and Unit 1 and Unit 2 of Phase I Kamalanga Power Project. For instance, we have guaranteed a minimum availability for each of these power plants and power projects under the terms of the respective PPAs. If any of our Chennai Power Plant, Vemagiri Power Plant, Unit 1 of Warora Power Plant or Unit 1 of

Phase I Kamalanga Power Plant does not meet the required performance standards, we need to pay a penalty to our customers in an amount which is linked to the fixed charge 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.

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 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 are currently challenging CSPTCO's position, though there is no guarantee that we will succeed in our challenge.

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

**42. *Our PPA for our Chennai Power Plant expired in February 2014, we do not have a long-term power purchase agreements for our Kakinada Power Plant and Rajahmundry Power Project, and there is a dispute regarding part of the off-take from the Chhattisgarh Power Project. Any failure to extend or renew the PPA for the Chennai Power Plant or execute a PPA for the Kakinada Power Plant and the Rajahmundry Power Project, will have a material and adverse effect on our business, financial condition, cash flows and results of operations.***

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 power plant. The PPA expired in February 2014, and we are currently in discussions with TNEB regarding a one-year extension of the PPA. There is no guarantee that we will succeed in our negotiations with TNEB to extend the PPA. The tariff payable by TNEB for fiscal year 2013 under the PPA was ₹ 13.06 per kWh, which is higher than the tariff payable under other PPAs. Revenue from operations of the Chennai Power Plant was Rs. 7,731.24 million, Rs. 9,628.83 million, Rs. 7,964.42 million and Rs. 4,811.65 million for fiscal years 2011, 2012 and 2013 and the six months ended September 31, 2013, respectively. Our consolidated sale of electrical energy for fiscal years 2011, 2012 and 2013 and the six months ended September 31, 2013 were Rs. 18,908.27 million, Rs. 20,404.52 million, Rs. 13,727.40 million and Rs. 10,183.43 million respectively. Consequently, the revenue attributable to the Chennai Power Plant constituted 40.89%, 47.19%, 58.02% and 47.25% of our total income from sale of electrical energy for fiscal years 2011, 2012 and 2013 and the six months ended September 31, 2013, respectively.

For further details on tariff payable with respect to the Chennai Power Plant, see “Our Business – Our Operating Power Plants and Power Projects under Construction – The Chennai Power Plant”.

If we are unable to extend our PPA with TNEB, this may materially and adversely affect our business, financial condition, cash flows and results of operations.

We do not have a long-term PPA for the sale of power generated by the Kakinada Power Plant. Following the relocation of the Kakinada Power Plant from Mangalore to Kakinada, we have been selling power generated by the Kakinada Power Plant in the open market pursuant to a medium-term arrangement with GETL. This arrangement is for the purchase of up to 220 MW of net capacity of the Kakinada Power Plant subject to GETL having a corresponding contract for this offtake from the open market.

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. See also risk factor titled “We do not have any natural gas allocation for our Rajahmundry Power Project. If we are unable to secure natural gas in a timely manner or at all, we will not be able to complete the construction of the power project and may default on our commitments under our loan agreements for this power project”.

We do not have long-term PPAs for most of the capacity of our Chhattisgarh Power Plant. In January 2011, we entered into a 20-year PPA with CSPTCO under which we are obliged to sell 30% of the gross capacity generated and 5% of the net power generated by the Chhattisgarh Power Project. In September 2013 we received a letter from CSPTCO 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 are currently challenging CSPTCO's position, though there is no guarantee that we will succeed in our challenge. One of the objects of the Issue is funding equity

contribution in relation to the Chhattisgarh Power Project. See “Objects of the Issue” on page 99.

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 Kakinada Power Plant and Rajahmundry Power Project, extend the PPA for the Chennai Power Plant, or if the TNEB exercises its option to buy-out the power plant, will materially and adversely impact, our business, financial condition, cash flows and results of operation.

**43. *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. 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. According to CRISIL, the average merchant tariffs for bilateral trades have fallen from ₹ 5.26 per unit during fiscal year 2010 to ₹ 4.33 per unit in fiscal year 2013. (*Source: CERC; CRISIL Research*)
- Merchant tariffs are also determined by the ability of the state electricity boards, which are the primary procurer of power on merchant basis, to purchase power at higher tariffs. In the case of high tariffs, the state electricity boards may decide to load-shed 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;
- Regulators may decrease the return on equity afforded by regulated tariffs for short term PPAs as part of their periodic review of the tariffs;
- 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.

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.

**44. *The terms of our power offtake 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 offtake 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 PPA may not correspondingly increase. In addition, a PPA 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.

**45. *Activities in the power generation business can be dangerous and can cause injury or fatalities to people or damage to property in certain circumstances. This could subject us to significant disruptions in our***

***energy business and to legal and regulatory action, which could adversely affect our business, financial condition, cash flows and results of operations.***

The power generation 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 generation business is subject to hazards associated with handling of such dangerous materials. If improperly handled or subjected to unsuitable conditions, these materials could injure our employees, contract labourers or other persons, cause damage to our properties and properties of others and harm the environment. This may result in disruption in our construction, subject us to regulatory proceedings or litigation, and impose significant restorative costs and liabilities, which may adversely affect our reputation, cash flows and financial condition.

There have been six fatalities at the Kamalanga Power Plant since fiscal year 2012, two fatalities at the Warora Power Plant in fiscal year 2012 and three fatalities at the Chhattisgarh Power Project in fiscal 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.

***46. We depend on third-party contractors to construct and develop our power projects and we are exposed to risks relating to timing and quality of services, equipment or supplies provided to us by these third-party contractors.***

We generally enter into contracts with third parties for the construction and development of our power projects. For example, with respect to our Kamalanga Power Project, we have entered into an EPC contract with SEPCO, which is based in China, for the construction of the power project; with respect to our Rajahmundry Power Project, we have entered into an EPC contract with Larsen & Toubro, which is based in India, for construction of two 384 MW boiler turbine generator units; and with respect to our Warora Power Plant we have entered into an equipment supply contract with Shanghai Electric Group Co. Ltd, which is based in China. In addition, we have entered into a contract with a Korean company, Doosan Projects India Private Limited for the supply and setting up of boiler turbine and generator units for our Chhattisgarh Power Project. Gammon has been appointed as contractor for Bajoli Holi Project. We expect to be dependent on third party contractors with respect to each of our power projects under construction and development.

We do not have any direct control over the timing or quality of services, equipment or supplies provided by these contractors. In addition, as a result of increased industrial development in India in recent years, the demand for contractors with specialist design, engineering and project management skills and services has increased manifold, resulting in a shortage of and increasing costs of such contractors. We cannot assure you that such skilled and experienced contractors will continue to be available at reasonable rates in the areas in which we conduct our operations, and we may be exposed to risks relating to the quality of their services, equipment and supplies. Some of our contractors may not have significant experience in the tasks for which we have engaged them.

The concentration of imports from certain countries, including the People's Republic of China, can affect our business, including when there is a change in the political, social or economic conditions in such country, leading to shutdown or longer gestation periods of our power plants for non-availability of spares or delays in equipment supplies. Further, the project management teams of various foreign contractors, which will be required to visit India for the purpose of setting up our power plants, may face difficulty in obtaining travel permissions and visa for travel in a timely manner, which could adversely affect our operations. In addition, we require the continued and timely support of certain original equipment manufacturers to supply necessary services and parts to maintain our operating power plants in a cost-effective manner. If we are unable to procure the required services or parts from these manufacturers (for example, as a result of the bankruptcy or cessation of operations of any such manufacturer) or if the cost of



these services or parts exceed the budgeted cost, our business, financial condition, cash flows and results of operations could be materially and adversely affected.

There can be no assurance that our contractors will be able to complete the construction of our projects on time, within budget or to the specifications and standards set out in contracts with them. For example, the notice to proceed ("NTP") with respect to our EPC contract with SEPCO for construction of our Kamalanga Power Plant was issued two months later than initially planned pursuant to our financing for the power project owing to the delay in the issuance of visas for workers and the delay in the acquisition of land. We cannot assure you that the construction milestones for our power projects will be met, or that the power projects will be completed on time. To the extent our contractors do not deliver as per schedule and to agreed specification, we may be liable to other parties, including our power customers and the entities that have granted us the concessions. Although certain of our contracts with third parties require our contractors to pay liquidated damages if they are unable to perform to specification and in a timely manner, there can be no assurance that the compensation (if any) that we actually receive will fully offset our own damages and liability to other parties. Any damage to us or liability that we face as a result of the failure of our contractors to perform to specification and in a timely manner would adversely affect our business prospects, financial condition and results of operations. Further, if the third-party contractors fail to achieve monthly extraction volumes of coal, or otherwise fail to perform their obligations, there could be delays in our coal production, which could adversely affect our operating results and cash flows.

Additionally, there can be no assurance that any cost overruns or additional liabilities in connection with the development, expansion, conversion or relocation of new or existing power projects would be fully or partly offset by our third-party contractors, suppliers or insurance policies that we maintain. Delays in the completion and commercial operations of our power projects under construction or development due to third party contractors' default could increase the financing costs associated with the construction and cause our forecasted budgets to be exceeded. In addition, failure to complete a power project according to its original specifications or schedule, may give rise to potential liabilities and, as a result, our returns on investments may be lower than originally expected. Any delay, cost overruns or liabilities in the development, construction or operation of any of our or their material new projects or existing projects is likely to materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

***47. The successful operation of our power plants depends on reliable and stable supply of water to the power plants. In the event of water shortages, the power plants may be required to reduce their water consumption, which would reduce their power generation capability.***

Our power projects under operation, construction and development will require substantial amount of water, which is critical to the operations of these power plants. While we have received water allocation for all our power projects under operation and construction, in the event of water shortages at various sources from which our power projects are required to draw water, our power projects may be required to reduce their water consumption, which would reduce their power generation capability. In the event the water supply to our power projects from the various sources falls below the required amount, we may be required to arrange alternate sources of water for our power projects. There can be no assurance that we will be able to make such alternate arrangements on acceptable terms or at all. There can also be no assurance that we will be able to source water for our power projects under development, in sufficient quantities or at all.

***48. A number of government-related entities act as our regulators, customers, joint venture partners and direct or indirect competitors, and this may give rise to conflicts of interest which may adversely affect our business.***

We have entered into contracts with government entities and state governments, including TNEB, GUVNL, AP Transco and our other power customers. Many of these government entities are also our sole customers and in some cases, our competitors. We may face or suffer potential conflicts of interest, which may arise from the fact that such government authorities play multiple roles in our business model. For example, the Government of Arunachal Pradesh has an option to acquire 12% of GMR Londa Hydropower (the company that is developing the Talong Power Project), and the Nepal Electricity Authority, which owns 27% of GMR Upper Karnali (the company that is developing the Upper Karnali Power Project), have certain regulatory authority over the respective power projects in which they are our partners. We cannot assure you that the potential conflict of interest 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, cash flows and results of operations.

***49. We hold all of our power plants and projects, transmission project and mining projects other than the***



***Kakinada Power Plant through Subsidiaries and joint ventures, and we rely on dividends and other payments from such Subsidiaries and joint ventures for a large portion of our cash flow.***

Other than the Kakinada Power Plant, which is owned directly by us, all of our business operations are conducted through our Subsidiaries and joint ventures. We own a substantial interest in each of the Subsidiaries and joint ventures that operate or are constructing or developing our power projects, transmission project and mining projects. In most cases, we own a controlling interest. Our financial condition, cash flows and results of operations are dependent on the performance of our Subsidiaries and the dividends we receive from them net of applicable dividend distribution tax. The valuations made for the purposes of this Issue may change materially should our equity stake in our Subsidiaries be diluted or should they cease to be our Subsidiaries.

We own a 51% equity interest in GMR Power Corporation Limited, which owns the Chennai Power Plant, a 99.90% interest in GMR (Badrinath) Hydro Power Generation Private Limited, which is developing the Alaknanda Power Project, an 81.44% interest in GKEL, which is developing our Kamalanga Power Project, and a 95% equity interest in PT BSL, which is developing our BSL Coalfields. Pursuant to our memorandum of understanding with the state of Arunachal Pradesh, the Government of Arunachal Pradesh is entitled to up to 12% of the equity in GMR Londa Hydropower, which is developing the Talong Power Project, such that we expect our present 100% interest in this company to be reduced to an 88% interest. We currently own a 69.35% interest and our promoter, GIL currently owns a 3.65% in GMR Upper Karnali which is developing 900MW Upper Karnali Power Project. We also own 100% percent in GMR Bajoli Holi Power Project Private Limited and 82% in GMR Upper Marsyandi Power Project. Our joint venture partner, Italian-Thai Development Public Company Limited, may acquire up to a 22.5% equity interest of GMR Upper Karnali from us and GIL, provided that our and GIL's aggregate equity interest in GMR Upper Karnali does not fall below 50.5%. See also, risk factor titled "*Our income from the hydroelectric power projects may decline if the respective state governments increase the amount of power to be provided free of charge as royalty or if our interest in such power projects are diluted. This could materially and adversely affect our business, financial condition, cash flows and results of operations*" on page 26 in this Draft Red Herring Prospectus.

To the extent there are disagreements between us and our partners regarding the business and operations of the project, 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 the joint venture agreements and shareholder agreements that we have entered into or expect to enter into, disagreements between the partners are, or are expected to be, required to be submitted to the relevant arbitration panels whose decisions are final. Further, under the terms of certain joint ventures, minority interest holders have veto rights, and any decision taken by such minority interest holders may not be beneficial for us. Our partners in our joint ventures may:

- be unable or unwilling to fulfill 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, cash flows and results of operations.

**50. *Our influence over the business operations and decision making of companies in which we own minority interests is extremely limited, which may materially and adversely affect our financial condition, cash flows and results of operations.***

We own minority interests in some companies. For instance, we own a 28.5% equity interest in GEMS, which owns our GEMS Coal Assets. We cannot assure you that we will not divest all or a portion of any of these minority investments or that we will not acquire other interests in the future.

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 realize the financial benefits of our investments, which could

have a material adverse effect on our financial condition, cash flows and results of operations. To date, we have not received any dividends from companies in which we have a minority interest.

In addition, in the case of any 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 materially and adversely affect our financial condition, cash flows and results of operations.

**51. *We may, as part of our efforts to raise funds, sell interests in one or more of our Subsidiaries.***

As part of our funding exercises, we may sell all or part of our interests in one or more of our Subsidiaries to third parties.

Following the sale of all or part of our interest in our Subsidiaries, our equity interest in the assets held by such Subsidiaries would be reduced by a corresponding amount. Although we would receive the proceeds of any sale of shares in a Subsidiary, there can be no assurance that such proceeds will accurately reflect the value of such Subsidiary to our business or that our share price will not fall as a result of such sale of interests. Furthermore, there can be no assurance that the proceeds of any sale of interests in a Subsidiary will be reinvested in our business and that the benefits of such proceeds will accrue to our shareholders to the extent of the benefits generated by the sold interests or at all.

**52. *Our results of operations and cash flows could be adversely affected by strikes, work stoppages or increased wage demands by our employees or other disputes with our employees or our contractors' employees.***

As of February 28, 2014, we had 1,150 employees. None of our employees at the workman level are affiliated with any labour union. However, there can be no assurance that our or other GMR Group Companies' employees will not form a union, join any existing union or otherwise organize themselves.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although, we currently have harmonious relations with our employees and they are not unionized at present, there can be no assurance that we will continue to have such relations or that the employees will not unionize in the future. If our relations with the employees are strained, it may become difficult for us to maintain our existing labour policies, and our business may be adversely affected. Furthermore, we do not monitor the employees of our contractors and any dispute between our contractors and their employees could adversely affect the development of our projects.

Organized efforts by our, or our contractors', employees to affect compensation increases and other terms of employment may divert management's attention and increase operating expenses which could adversely affect our business, cash flows and results of operations.

**53. *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 executing our growth strategies 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, cash flows 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.

**54. *We are significantly dependent on our Promoter, our Promoter Group and other Group Companies for execution of our projects and for financial support.***

We are significantly dependent on our controlling shareholder, GMR Infrastructure Limited, or GIL, and our ultimate controlling shareholder, Mr. G.M. Rao, for financial support and execution expertise for our projects. GIL has also provided corporate guarantees for certain of our borrowings. In the past, we have availed loans from our Promoters and Promoter Group and we may continue to do so in the future. We may also be dependent on GIL and other Group Companies in order to meet pre-qualification requirements for bidding on power projects. Going forward, however, there is no assurance that our controlling shareholder

will continue to provide us with the same degree of financial, and other, support and services. Termination of such arrangements could affect our operations, cash flows and financial condition.

**55. *Our Promoter will continue to retain majority control in our Company following the completion of the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval.***

Upon completion of the Issue, our Promoter will control, directly or indirectly, approximately 70% of our outstanding equity shares. As a result, our Promoter will continue to exercise significant control over us, including matters relating to any sale of all or substantially all of our assets, timing and distribution of dividends and controlling the composition of our Board and determining matters requiring shareholder approval or approval of our Board. Our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising its control, our Promoter could delay, defer or cause a change of our control or a change in our capital structure, or a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. In addition, for as long as the Promoter continues to exercise control over the Company, it may influence the material policies of our Company in a manner that could conflict with the interest of our other shareholders. The Promoter may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders may not agree.

**56. *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.***

The infrastructure sector in India, particularly the power sector, is 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 still unclear. We expect that certain additional reforms, including change of the current regulatory bodies and existing legal framework, will take place in the next few years. For further details, see “Regulations and Policies” on page 181.

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. In the power sector, the Electricity Act, 2003 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, 2003 permits new generation plants to come into existence without restriction, except for limited approval requirements for hydroelectric power projects.

In addition to complying with regulations and directives, we are also required to maintain all approvals, licenses, registrations and permissions for operating our businesses. Any adverse change in the applicable regulations, any material breach by us, of one or more of the concession agreements, or any failure to obtain an approval, license, registration or permit, could result in our concessions being terminated, which in turn would have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations. Further, we are restricted by both the applicable regulations and our contractual agreements 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. The nature of our business requires us to apply for, and renew, certain approvals on a regular basis to ensure our compliance with applicable laws and the continued operation of our power plants and development of our power projects.

We require certain approvals, licenses, registrations, permissions and recommendations for operating our business, 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, since July 1, 2012, construction on our Rajahmundry Power Project has been suspended due to the non-availability of natural gas. We will resume construction and attain COD once we secure gas linkage, for which we will require a recommendation from the CEA. 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 Kamalanga Power Project, 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 Ministry of Coal on January 15, 2014. We are challenging the de-allocation of the Rampia Coal Mine

and on February 12, 2014, the High Court of Delhi granted a stay preventing de-allocation of the coal block until resolution of the dispute. We are also required to obtain certain regulatory clearances and approvals to commence and carry out construction of our power projects, and any inability and delay in obtaining such approvals may cause delay in power project completion. If we fail to obtain, retain or comply with any such approval, license, registration, permission or recommendation, or renewal thereof, 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.

**57. *We have, in the past, entered into related party transactions and may continue to do so in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.***

We have entered into transactions with several related parties, including our Promoters, Directors and Group Companies. For the fiscal year ended March 31, 2013, in accordance with Accounting Standard and as stated in Annexure XXIV in our Restated Consolidated Financial Statements in this Draft Red Herring Prospectus, ₹ 1,813.70 million (or 8.43%) of our total revenue from operations of ₹ 21,524.83 million related to transactions with related parties, and ₹ 2,850.20 million (or 9.83%) of our total expenses of ₹ 28,991.36 million related to transactions with related parties. For the six months ended September 30, 2013, ₹ 761.03 million (or 5.63%) of our total revenue from operations of ₹ 13,515.50 million related to transactions with related parties, and ₹ 1,721.65 million (or 7.52%) of our total expenses of ₹ 22,901.45 million related to transactions with related parties. In particular, we have in the past received interest free intercompany loans from our related parties. As at 30 September 2013, the outstanding balance of interest-free loans from our related parties was ₹ 18,934.05 million. Out of this, ₹ 14,764.62 million of loans are being converted to equity in our company prior to the Offering. Had we taken these loans at market interest rates, our profitability would have been lower in fiscal year 2013 and in the six months ended September 30, 2013. Moreover, as of September 30, 2013, we had ₹ 967.2 million in unsecured loans and advances to related parties and a further ₹ 493.2 million in loans and advances to related parties for which we consider repayment doubtful. Similarly, in 2010 we gave ₹ 520.0 million in intercorporate deposits to our related party and in the six months ended September 30, 2013 we wrote off the outstanding balance of ₹ 10.0 million and interest accrued thereon of ₹ 47.62 million as irrecoverable. For further details on related party transactions as per AS 18, see “Annexure XXIV – Related Party Disclosure” on page F-111 in our restated consolidated financial statements included in this Draft Red herring Prospectus. While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Further, the transactions we have entered into, or any future transactions with our related parties, have involved or may potentially involve conflicts of interest.

**58. *We have issued equity shares in the last 12 months at a price that may be lower than the Issue Price***

We have issued equity shares in the last 12 months at a price that may be lower than the Issue Price, the details of which are as follows:

Sl No.	Name of Entity	Date of Allotment	Number of the Equity Shares	Issue price (₹)	Reason
1.	Claymore Investments (Mauritius) Pte. Limited ..	March 27, 2014	77,652,220	12.16	Conversion of 944,251 compulsorily convertible preference shares to equity shares
2.	IDFC Private Equity Fund III	March 27, 2014	20,564,144	12.16	Conversion of 250,060 compulsorily convertible preference shares to equity shares
3.	IDFC Limited	March 27, 2014	4,112,828	12.16	Conversion of 50,012 compulsorily convertible preference shares to equity shares
4.	Ascent Capital Advisors India Private Limited	March 27, 2014	4,112,828	12.16	Conversion of 50,012 compulsorily convertible preference shares to equity shares
5.	IDFC Investment Advisors Limited	March 27, 2014	4,112,828	12.16	Conversion of 50,012 compulsorily convertible preference shares to equity shares

For further details regarding such issuances, see “Capital Structure” on page 85.

**59. Some of the Group Companies have incurred losses in the preceding financial years and may incur losses in the future.**

The following entities forming part of our Group Companies have incurred losses in the past:

(i) *Indian Group Companies*

(₹ In Million)

Name of the Company	Profit/ (loss) after tax for the fiscal year ended March 31,			Profit/ (loss) after tax for the six months ended September 30,
	2011	2012	2013	2013
GMR Business Process and Services Private Ltd	-	(8.30)	(0.10)	(0.03)
Delhi Aerotropolis Private Ltd	(0.65)	(0.85)	0.45	(0.39)
MAS GMR Aero Technic Ltd	(4.06)	(598.70)	(906.95)	(609.67)
Devyani Food Street Private Ltd	(42.99)	(30.54)	(20.94)	(9.87)
Travel Food Services (Delhi Terminal 3) Private Ltd	(48.86)	(30.69)	(14.01)	(32.28)
Delhi Select Service Hospitality Private Ltd	(30.19)	(34.48)	(65.16)	(26.62)
MAS GMR Aerospace Engineering Company Ltd	(24.01)	(12.67)	(59.03)	(28.64)
Laqshya Hyderabad Airport Media Private Ltd	(47.19)	5.29	(55.96)	12.78
TVS GMR Aviation Logistics Ltd	0.41	(1.75)	(28.74)	(1.10)

(ii) *Foreign Group Companies*

(₹ In Million)

Name of the Company	Profit/ (loss) after tax for the fiscal year ended March 31,			Profit/ (loss) after tax for the six months ended September 30,
	2011	2012	2013	2013
GMR Airports Malta Ltd	(2.91)	(6.03)	(27.17)	28.65
Istanbul Sabiha Gokcen Uluslararası Havalimani Yer Hizmetleri A.S	(593.66)	(209.30)	(550.08)	134.94
GMR Infrastructure Overseas Ltd	(0.00)	(26.00)	(73.00)	(2.63)

There can be no assurance that our Group Companies will not incur losses in the future.

**60. We do not own the trademarks used in all of our businesses. The failure to protect our intellectual property rights may adversely affect our business.**

We use the trademark "GMR" and its associated logos, for some of our businesses. GMR Holdings, the principal shareholder of GIL, which in turn is our principal shareholder, has applied for registration of the trademark "GMR" under various clauses under the Trademarks Act, 1999. GMR Holdings has been granted registration under certain clauses and is 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, entered into by and among GMR Holdings with GIL and the Subsidiaries of GIL, including our Company and our Subsidiaries, each such entity is granted a non-exclusive personal right to use the "GMR" trademark, associated logo and the artistic work in its ordinary course of business, pursuant to the payment of an annual license fee to GMR Holdings by such Subsidiary. These license agreements are subject to central government approval. The license granted by GMR Holdings to any such entity may be terminated,

if licensee ceases to be a subsidiary, whether directly or indirectly, of the GMR Holdings; a default is committed in the payment of the required license fee; or on default of any of the provisions of the license agreements. Loss of the right to use the "GMR" trademark, the associated logo and the artistic work/copyright would 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" trademark and our other trademarks in any country in which we seek to do business.

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

Basis restated consolidated summary statements as at September 30, 2013, we had the following contingent liabilities, which were not provided for:

(₹ In Million)

Particulars	As at September 30, 2013
Matters relating to income tax under dispute	6.77
Matters relating to indirect taxes under dispute	6,239.47
Arrears of cumulative preference dividend	422.12
Bank guarantees outstanding	12,761.17
Claims against the group not acknowledged as debts	159.87
Corporate guarantee issued on behalf of a fellow subsidiary company	600.00
Pledge of fixed deposits of the group towards loan availed by a fellow subsidiary company	750.00
<b>Total</b>	<b>20,939.40</b>

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

**62. *Our financial results may be subject to seasonal variations.***

Our revenues and results may be affected by seasonal factors. 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. Our operations may also be adversely affected by difficult working conditions due to high temperatures during summer and rain during monsoon, that restrict the ability of mining companies to carry on their mining activities. 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 rainy monsoon could have a material impact.

**63. *We cannot guarantee the accuracy of statistical and other information with respect to India, the Indian economy or the Indian power industry contained in this Draft Red Herring Prospectus.***

Statistical and other information in this Draft Red Herring Prospectus relating to India, the Indian economy or the Indian power industry have been derived from various government publications and obtained in communications with various Indian government agencies that we believe to be reliable. However, we cannot guarantee the quality or reliability of such source of materials. While our directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Underwriters or any of our or their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. These facts and other statistics include the facts and statistics included in "Industry Overview" of this Draft Red Herring Prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such facts or statistics.

**64. *The development and construction costs of our power projects to which we intend to apply the net proceeds of the Issue are subject to change.***

Due to the highly competitive nature of the power industry and factors such as geological assessments, exchange or interest rate fluctuations, changes in design or configuration of the power project, any rehabilitation and other pre-operation expenses, cost overruns as well as other external factors which may not be within the control of our management, the estimated cost of construction and development of our power projects may need to be revised from time to time and consequently our funding requirements may also change. Significant revisions to our funding requirements or the deployment of the net proceeds of the Issue may result in the rescheduling of our power project expenditure programs and an increase or decrease in our proposed expenditure for a particular power project or other delays with respect to our power projects, which could have a material and adverse effect on our business, results of operation, cash flows and financial condition.

**65. *We will not receive any proceeds from the Offer for Sale portion***

This Issue includes an Offer for Sale of 110,554,848 Equity Shares by the Selling Shareholders. The entire proceeds from the Offer for Sale will be paid to the Selling Shareholders in proportion of the Equity Shares offered by the Selling Shareholders in the Offer for Sale and we will not receive any proceeds from such Offer for Sale. For further details, see "Objects of the Issue" on page 99.

**66. *We have not entered into any definitive agreements to utilize the net proceeds of the Issue.***

We have not entered into any definitive agreements to utilize the net proceeds of the Issue. The deployment of funds as stated in "Objects of the Issue" on page 99 of this Draft Red Herring Prospectus is at the discretion of our Board. All the figures included under "Objects of the Issue" on page 99 are based on appraisal reports.

**External Risks Associated with Our Businesses**

**67. *Companies operating in India are subject to a variety of central and state government taxes and surcharges. Additional tax exposure could adversely affect our business and results of operations.***

Taxes and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state governments may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

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

Each of our Subsidiaries that has developed, or is developing, a power projects in India (other than power projects that will not begin to generate and distribute power before March 31, 2014), has been granted a 10-year tax concession by the Government of India, during which time such Subsidiary is subject only to Indian income tax at the minimum alternate tax rate (currently 18.5%), instead of the normal income tax rate (currently 30%). 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 from the date on which the subsidiary begins to generate and distribute power. There can be no assurance that the Government of India will continue to provide such tax benefits in the future. If such tax benefits were to be revoked, our power project costs will significantly increase and 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 impose a direct tax code and goods and services tax in India, which, if adopted, could affect our operating power plants and our power projects under construction or development in India.

Further, the Government of India has granted Mega Power Project Status to our 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

import of goods and services for setting up the power plants. For further details, see “*We may be unable to realize the benefits from the Mega Power Project Status related tax and other benefit, as a result of which, our financial condition, cash flows and results of operations may be materially and adversely affected*”. 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.

**69. *The construction and operation of our power projects or mines may face opposition from local communities and other parties, which could adversely affect our business.***

The construction and operation of power projects and mines has, in the past, faced and may continue to face opposition from the local communities where these power projects are located and from special interest groups. In particular, the public may oppose mining operations due to the perceived negative impact it may have on the environment. Such opposition may negatively affect our ability to develop and operate our power projects and our mines. We cannot assure you that we will not encounter opposition related to our power projects or mining operation.

We develop our resettlement and rehabilitation programs on a project-by-project basis and include them in our budget for each project. The government of the states in which the project is located, however, is ultimately responsible for disbursing compensation funded by us to those individuals that are displaced due to our projects. Non-disbursement of the compensation funded by us could further intensify opposition from local communities.

Significant opposition by local communities, NGOs and other parties to the construction of our power projects or mining operations may adversely affect our results of operations, cash flows and financial condition.

**70. *Political instability and violence in Nepal could adversely affect our power projects under development in Nepal.***

Each of the Upper Marsyangdi-2 Power Project and the Upper Karnali Power Project is a power project 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 damage would likely increase our costs and any delay in completion could impact our expected revenue streams from these power projects, which in turn would adversely impact our results of operations, cash flows and financial performance.

**71. *Demand for power services in India depends on domestic and regional economic growth and imbalances, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.***

The power business in India, like that of many other countries, is dependent on the level of domestic, regional and global economic growth, international trade and consumer spending. The rate of growth of India's economy and of demand for power and infrastructure services in India may not be as high, or may not be sustained for as long, as we have anticipated. Furthermore, due to regional imbalances, it is possible that there may not be adequate demand for the power that we produce in the regions where our power plants operate, notwithstanding that there may be strong demand for power in India generally. During periods of robust economic growth, demand for such services may grow at a rate as great as, or even greater than, that of the GDP. On the other hand, during periods of slow GDP growth, such demand may exhibit slow or even negative growth. Future fluctuations of the economic or business cycle, or other events that could influence GDP growth will have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

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

We acquired all of the shares that we did not previously own in EMCO Energy Limited, the company that is operating our Warora Power Project, and in 2009, sold a 25% interest in GMR Ambala-Chandigarh Expressways Pvt Ltd to Group Company. We also previously owned 10% of the equity shares of Delhi International Airport Private Limited, (“DIAL”), the company that operates, manages and developed the Delhi airport, however, in October 2013, we sold all but 100 of our equity shares to GMR Airports Limited,



a subsidiary of GIL. We could face adverse tax consequences if the Indian tax authorities determine that the contractual arrangements pursuant to which we acquired and sold these interests were not negotiated on an arm's length basis, in which case the tax authorities may adjust our income and expenses for tax purposes, which could result in a higher tax liability, which in turn would materially and adversely impact our financial condition, cash flows and results of operations.

**73. *Trade deficits could have a negative impact on our business. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of the Equity Shares could be adversely affected.***

India's trade relationships with other countries can influence India's economic conditions. In Fiscal 2013, the trade deficit was US\$ 190,920 million compared to US\$ 183,260 million in Fiscal 2012. The large trade deficit neutralises the surpluses in India's invisibles, which are primarily international trade in services, income from financial assets, labour and property and cross border transfers of workers' remittances in the current account, resulting in a current account deficit.

If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of the Equity Shares could be adversely affected.

**74. *We are subject to risks arising from exchange rate fluctuations, which could materially and adversely affect our business, financial condition, cash flows and results of operations.***

We are exposed to risks related to exchange rate fluctuations, particularly with respect to the U.S. dollar, because we report our results in Indian rupees but have debt and some of our projects development contracts denominated in U.S. dollars. We presently receive payment for the electricity we generate in Indian Rupees, while certain of our costs are likely to be incurred in foreign currencies, such as Indonesian Rupiah, with respect to our GEMS Coal Assets or the Nepalese Rupee, with respect to our hydroelectric power projects under development in Nepal. We also have to incur certain expenses for our projects in India, which expenses are dependent, directly or indirectly, on foreign currency rates. As a result, changes in currency exchange rates may affect our results of operations. As at September 30, 2013, borrowings of ₹ 69,518.91 million (US\$ 1,099.29 million), or approximately 28.3%, of our borrowings of ₹ 245,776.98 million was denominated in U.S. dollars. In order to reduce our currency exchange risks, we currently have hedging arrangements in relation to this external commercial borrowing. However, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. dollar or other relevant foreign currencies. In addition, we may have to rely on imports to meet part of the equipment and fuel requirement of some of our projects. For instance, we make payments in Yuan and U.S. dollar in relation to our equipment purchases, and any unfavourable fluctuation in these currencies could negatively impact our project expenses. Accordingly, any depreciation of the Indian rupee against the U.S. dollar or other foreign currencies may adversely affect our results of operations by increasing the cost of financing any debt denominated in U.S. dollars or any proposed capital or revenue expenditure in foreign currencies. If we are unable to pass on the costs of foreign exchange variations to our customers, depreciation of the Indian Rupee against foreign currencies may adversely affect our results of operations, cash flows and financial condition.

**75. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, cash flows and financial performance.***

Our business and financial performance could be adversely affected by changes in or interpretations 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 (the "**New Companies Act**") was notified by the Ministry of Corporate Affairs, Government of India and certain sections of this Act have also come into force. The New Companies Act provides for, among other things, significant changes to the legal framework on the issue of capital by companies, corporate governance, audit matters and corporate social responsibility in addition to identification of key managerial personnel in companies.

Further, the Government of India has proposed the introduction of the Direct Taxes Code ("**DTC**"), to revamp the implementation of direct taxes. If the DTC is notified and becomes applicable, the tax impact discussed in this Draft Red Herring Prospectus may not accurately reflect the provisions of the DTC. In addition, the application of various Indian and international 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) and/ or subject us to penalties, which could affect our business operations and cash flows.

The Government of India has also proposed the formation of an independent regulatory body through the introduction of the Coal Regulatory Authority Bill, 2013 to specify the principles and methodology for determining the pricing of coal and any other by-products and also to regulate the methods for testing for declaration of grades or quality of coal. We have not determined the impact of these proposed legislations on our business. For further details, see “Regulations and Policies” on page 181.

The governmental and regulatory bodies in India may notify new regulations and/ or such policies which will require us to obtain approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on our operations in addition to what we are undertaking as on date. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition, cash flows and results of operations.

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, financial condition, cash flows and results of operations.

**76. *Political instability or changes in the national and state governments in countries where we operate could cause us significant adverse effects.***

We are incorporated in India and majority of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of our equity shares 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 affecting India. The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulations and conditions in various states in India where we operate. Our business, and the market price and liquidity of our equity shares, may be affected by interest rates, changes in government policies, taxation, social and civil unrest, political, economic or other developments in or affecting India. Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will continue to be in effect. Any political instability could affect the rate of economic growth, specific laws and policies affecting foreign investment, the energy sector or investment in our equity shares. A significant change in the government's policies, in particular, those relating to the energy sector in India, could adversely affect our business, results of operations, financial condition, cash flows and could cause the price of our equity shares to decline.

**77. *Our business and activities will be regulated by the Competition Act, 2002.***

The Parliament of India enacted the Competition Act, 2002 (the "**Competition Act**") for the purpose of preventing practices having an adverse effect on competition in the relevant market in India under the auspices of the Competition Commission of India (the "**CCI**"). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. On March 4, 2011, the Government of India 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 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 sets out the mechanism for implementation of the combination regulation provisions under the Competition Act.

The effect of the Competition Act on the business environment in India is currently unclear. If we are affected, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, including any enforcement proceedings initiated by the CCI and any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects.

**78. *Third party statistical and financial data in this Draft Red Herring Prospectus may be incomplete or unreliable.***

We have not independently verified data from industry publications and other sources and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economy or the industries in which we operate in this Draft Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. We make no representation or warranty, express or implied, as to the accuracy or completeness of this information. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus. We cannot provide any assurance that the third parties have used correct or sound methodology to prepare the information included in this Draft Red Herring Prospectus.

**79. *An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business. Outbreaks of infectious diseases could have an adverse impact on the Indian economy, which could adversely affect our business and thereby, our financial condition and cash flows.***

The outbreak of an infectious disease or any other serious public health concern in Asia or elsewhere could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Since 2003, a number of countries in Asia, including India, as well as countries in other parts of the world, have had confirmed cases of the highly pathogenic H5N1 strain of avian influenza in birds and its transmission to humans, which resulted in numerous human deaths. Since April 2009, there have been outbreaks of swine flu, caused by the H1N1 virus, in certain regions of the world, including India. Such outbreaks of infectious diseases could have an adverse impact on the Indian economy, which could adversely affect our business operations and thereby, our financial condition and cash flows.

**80. *Regional hostilities, terrorist attacks or social unrest in India and South Asia or other countries, could adversely affect the financial markets and the trading price of our equity shares could decrease.***

Terrorist attacks and other acts of violence or war including those involving India may adversely affect the Indian and worldwide financial markets. The terrorist acts may result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations, financial condition, cash flows and prospects. Increased volatility in the financial markets, including economic recession, can have an adverse impact on the economies of India and other countries.

In addition, South Asia has from time to time experienced instances of civil unrest and hostilities among neighbouring countries. Present relations between India and certain of its neighbouring countries continue to be fragile because of issues such as terrorism, armament and other political and social matters. Increased tensions and hostilities may occur in the future and on a wider scale. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy by disrupting trade and communications and making travel and transportation more difficult.

India has also experienced social unrest, communal disturbances and riots in some parts of the country during recent times. Such political and social tensions could create a perception that investments in Indian companies involve greater degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Indian economy, our business, future financial performance and the trading price of our equity shares.

**81. *Our ability to raise foreign capital may be constrained by Indian laws. The limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our projects and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

**82. *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 Subsidiaries, not exceeding 100% of the Indian company's net worth as on the date of its last audited balance sheet. 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 to overseas joint ventures or Subsidiaries. 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.

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.

**83. *Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our Company's financial condition. Our failure to successfully adopt IFRS could have a material adverse effect on the price of our Equity Shares.***

Our financial statements, including the financial statements included in this Draft Red Herring Prospectus, are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

India has decided to adopt the "Convergence of its existing standards with IFRS" and not IFRS. These "IFRS based/synchronized Accounting Standards" are referred to in India as IND (AS). Public companies in India, including our Company, may be required to prepare annual and interim financial statements under IND-AS in accordance with the roadmap for the convergence which IFRS announced by the Ministry of Corporate Affairs, Government of India ("MCA"), through the press note dated January 22, 2010. The MCA, through a press release dated February 25, 2011, announced that it will implement the converged accounting standards in a phased manner after various issues, including tax related issues, are resolved. Accordingly, whether the Company's financial results would vary materially due to the convergence to IND-AS is also not possible to quantify given that the accounting principles as laid down in the IND-AS are to be applied to transactions and balances carried in books of accounts as on the date of the applicability of the converged standards (i.e. IND-AS) and for future periods.

Furthermore, we have made no attempt to quantify or identify the impact of the differences between Indian GAAP and IFRS or to quantify the impact of the difference between Indian GAAP and IFRS as applied to the financial statements. There can be no assurance that the adoption of IND-AS will not affect our reported results of operation or financial condition. Any failure to successfully adopt IND-AS would have an adverse effect on the price of the Equity Shares.

Moreover, our transition to IFRS reporting may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. Any of these factors relating to the use of IFRS-converged Indian Accounting Standards may adversely affect our financial condition and results of operations.

**84. *Any downgrade of credit ratings of India or Indian companies or our overseas Subsidiaries or the territory where our overseas Subsidiaries are located may adversely affect our ability to raise debt financing.***

India's sovereign currency long-term debt is currently rated (i) "BBB-" (negative) by Standard & Poor's, (ii) "BBB-" (stable) by Fitch and (iii) "Baa3" (stable) by Moody's. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

No assurance can be given that Standard & Poor's, Fitch, Moody's or any other statistical rating organization will not downgrade the credit ratings of India. Further, there could be a downgrading of our overseas joint ventures or overseas Subsidiaries or of the host country, where our overseas Subsidiary or joint venture is located. Any such downgrade would result in India's sovereign debt rating or that of the other countries where we operate being rated speculative grade, which could 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 project expenditure plans, business and financial performance and future cash flows.

#### **Risks related to the Issue**

**85. *The market value of an investor's investment may fluctuate due to the volatility of the Indian and global securities markets.***

Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities. The SENSEX, BSE's benchmark index, reduced by around 25 per cent., representing approximately 5,100 points, in the calendar year 2011 followed by an increase of around 25 per cent., representing approximately 3,900 points in the calendar year 2012, and subsequently increasing further by around 8 per cent., representing approximately 1,600 points in calendar year 2013. The stock exchanges in India, in line with global developments, have witnessed substantial volatility in 2011, 2012 and 2013. As of February 28, 2014, 200 day volatility of the SENSEX as per Bloomberg data stood at a figure of 18.4 relative to 11.0 for the Dow Jones Industrial Average, 16.4 for the Hang Seng Index and 11.1 for the Strait Times Index (Singapore).

The Indian Stock Exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements.

**86. *There may be less information available about the companies listed on the Indian securities markets compared with information that would be available if we were listed on securities markets in certain other countries.***

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of the markets in the United States and certain other countries. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about companies listed on an Indian stock exchange compared with information that would be available if that company was listed on a securities market in certain other countries.

**87. *Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our articles of association, regulations of our Board of Directors and Indian law govern our corporate affairs. Legal principles related to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

**88. *A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.***

According to a report released by RBI, India's foreign exchange reserves totalled over U.S.\$ 295.4 billion as of March 7, 2014. Foreign exchange reserves have shored up of late and are up U.S.\$ 5.1 billion year-on-year. However, any decline in foreign exchange reserves could adversely affect the valuation of the Indian Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our future financial performance and the market price of our Equity Shares.

**89. *Investors may not be able to enforce a judgment of a foreign court against us.***

We are a limited liability company incorporated under the laws of India. All of the directors named herein are residents of India and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India or enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended (the "**Civil Procedure Code**") on a statutory basis. Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that section, in any country or territory outside India which the Government has by notification declared to be in reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the

Civil Procedure Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Procedure Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian Court would enforce foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered and any such amount may be subject to income tax in accordance with applicable laws.

- 90. *Our Equity Shares have never been publicly traded, and after this Issue, our Equity Shares may experience price and volume fluctuations and an active trading market for our Equity Shares may not develop. Further, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.***

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. Moreover, the Issue Price is intended to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, general economic, political and social factors, developments in India's fiscal regime, variations in our operating results, market conditions specific to the industry that we operate in, developments relating to India (as well as other jurisdictions in which we operate) and volatility in the Indian and global securities market, developments in the power industry and the perception in the market about investments in the power industry, 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. The trading price of the Equity Shares might also decline in reaction to events that affect the entire market and/or other companies in our industry even if these events do not directly affect us and/or are unrelated to our business, financial condition or operating results.

- 91. *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless the company has obtained Government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

**92. *Fluctuation in the exchange rate between the Rupee and the United States dollar could have a material adverse effect on the value of Equity Shares, independent of our operating results.***

On listing, the Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the Net Proceeds received by shareholders.

The exchange rate between the Indian Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

**93. *Any future issuance of Equity Shares may dilute your shareholding, and sales of the Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.***

Any future equity issuances by our Company may lead to the dilution of investors' shareholdings in our Company. In addition, any sales of substantial amounts of the Equity Shares in the public market after the completion of this Issue, including by our major shareholders, or the perception that such issuance or sales may occur could adversely affect the trading price of the Equity Shares and could significantly impair our future ability to raise capital through offerings of the Equity Shares. We cannot predict what effect, if any, market sales of the Equity Shares held by the major shareholders of our Company or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

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

Subsequent to listing, the Equity Shares will be subject to a daily circuit breaker imposed on listed companies which does not allow transactions beyond certain volatility in the trading price of the listed equity shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker is set by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform our Company of the percentage limit of the circuit breaker from time to time, and may change it without its knowledge. This circuit breaker would effectively limit the upward and downward movements in the 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.

**95. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws, capital gains arising from the sale of Equity Shares within 12 months 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 Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is 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 jurisdiction on a gain upon the sale of our Equity Shares.

The above discussion is based on the tax laws currently in force in India. See also, the risk factor titled "Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance" on page 51 in this Draft Red Herring Prospectus.

**96. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under 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 pricing and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing or reporting requirements and does not fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert 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 a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

Under Indian law, the total holdings of all foreign institutional investors ("FIIs") and their sub-accounts cannot exceed 24% of the paid-up equity capital of an Indian company unless such company, pursuant to the approval of its board of directors and a special resolution of its shareholders, authorises an increase of this amount up to the sectoral cap. A prior intimation to the RBI of such increase is also required. The RBI monitors the ceilings on FIIs' investments in Indian companies on a daily basis and has prescribed cut-off points that are two percentage points lower than the FII cap. When the aggregate net purchases of equity shares of the company by FIIs reaches the cut-off point, the RBI issues a caution notice prohibiting FIIs to purchase shares of the company without prior approval of the RBI. The ability of FIIs to purchase the Equity Shares may be restricted in the event that the aggregate shareholding of FIIs in the Company increases reaches the cut-off point. This may adversely affect the market price of the Equity Shares and your ability to sell or purchase the Equity Shares.

**97. *There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner or at all which may restrict your ability to dispose of the Equity Shares.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after the Equity Shares offered in this Issue have been allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

Further, pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Trading in the Equity Shares is expected to commence within 12 Working Days from the Bid/Offer Closing Date.

However, we cannot assure you that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

**Prominent Notes**

1. Public issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million. The Issue consists of a Fresh Issue of [●] Equity Shares aggregating up to ₹ 14,500 million and an Offer for Sale of up to 110,554,848 Equity Shares by the Selling Shareholders aggregating up to ₹ [●] million, respectively. The Issue will constitute [●]% of the post-Issue paid-up equity share capital of our Company.
2. The net worth of our Company, as of September 30, 2013 was ₹ 5,024.16 million as per Annexure XXIII of our Company's restated unconsolidated summary statement of accounting ratios and Rs. (8635.88) million as per our restated consolidated financial information as referred to in Annexure XXIII of Restated Consolidated Summary Statement of Accounting Ratios. The consolidated net worth as referred above, is calculated as Equity share capital plus Reserves and Surplus less arrears of cumulative preference dividend
3. The net asset value per Equity Share of our Company, as of September 30, 2013 was ₹ 7.00 as per our Company's restated standalone financial information and ₹ (11.44) as per our restated consolidated financial information.
4. The average cost of acquisition of Equity Shares by the Promoters is as follows:

Name of the Promoters	Number of Equity Shares held	Average cost of acquisition of Equity Shares (₹)
GMR Infrastructure Limited	536,894,545	27.50
GMR Renewable Energy Limited	891,316,557	17.03



<b>Name of the Promoters</b>	<b>Number of Equity Shares held</b>	<b>Average cost of acquisition of Equity Shares (₹)</b>
GMR Energy Projects (Mauritius) Limited	141,211,225	67.00

For further details, see “Capital Structure” on page 85.

5. For details of related party transactions, the nature and cumulative value of transactions entered into by our Company with Group Companies, Subsidiaries during the last fiscal year, see “Related Party Transactions” on page F-111.
6. There are no Group Companies having business or other interests in our Company.
7. Our Company has not changed its name in the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus.
8. 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 normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI.
9. Investors may contact the BRLMs who have submitted the due diligence certificate to SEBI for any complaint pertaining to the Issue.

## SECTION III: INTRODUCTION

### SUMMARY OF INDUSTRY

*Unless otherwise indicated, all financial and statistical data in the following discussion is derived from websites of and publicly available documents from various sources, including the websites of the Ministry of Power, Planning Commission of India and Central Electricity Authority, or CEA. The data may have been re-classified by us for the purpose of presentation. Unless otherwise indicated, the data presented excludes captive capacity and generation. The term “units” as used herein refers to kilowatt-hours (kWh).*

*Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect the current trend. Industry sources and publications may also base their information on estimates, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on this information.*

#### Overview of the Indian Economy

India, the world’s largest democracy in terms of population (1,204 million, estimated as of March 31, 2013) (*Source: Population Commission of India*), had an estimated Gross Domestic Product (“GDP”) at factor cost of approximately US\$4,771 billion in 2012. This makes it the third largest economy by GDP in the world (by purchasing power parity) after the United States of America and China (*Source: EIU*).

India’s economy is also among the fastest growing economies by GDP globally and its real GDP has grown at an average rate of 7.2% per annum for the period FY08-FY13 (*Source: RBI Economic Review FY 2013*). Increase in real GDP has led to an increase in per capita income at a cumulative average rate of 13.9% for the period FY08-FY13 (*Source: Economic Survey 2012-13*). This has increased the disposable income levels in India leading to higher consumption.

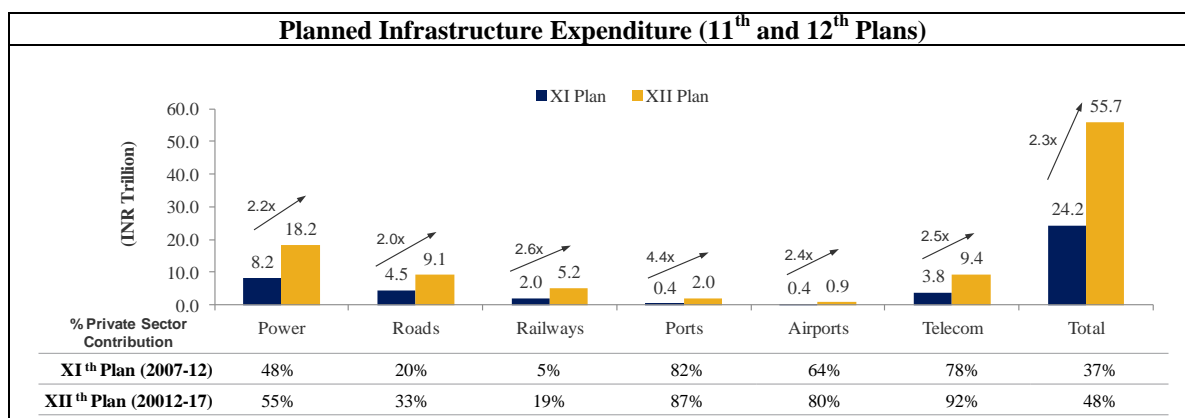
As per Reserve Bank of India (“RBI”) Survey of Professional Forecasters on Macroeconomic Indicators for Q3FY14, despite the recent slowdown the long-term forecast for India’s real GDP growth remains healthy at 6.5% for next five years (FY14 to FY18) and 7.25% for next ten years (FY14 to FY23). The following table presents a comparison of India’s real GDP growth rate with the real GDP growth rate of certain other countries (in percentages):

Country	2008	2009	2010	2011	2012	2013E
Australia	2.7%	1.4%	2.6%	2.4%	3.6%	2.9%
Brazil	5.2%	(0.3%)	7.6%	2.7%	0.9%	3.2%
China	9.6%	9.2%	10.4%	9.3%	7.8%	8.4%
India	6.7%	8.6%	9.3%	6.2%	5.0%	4.8%
Japan	(1.1%)	(5.5%)	4.7%	(0.5%)	2.0%	1.1%
Malaysia	4.8%	(1.5%)	7.2%	5.1%	5.6%	4.6%
Russia	5.3%	(7.8%)	4.5%	4.3%	3.5%	3.3%
South Korea	2.3%	0.3%	6.3%	3.6%	2.1%	2.8%
Thailand	2.5%	(2.3%)	7.8%	0.1%	6.4%	4.4%
United Kingdom	(1.0%)	(4.0%)	1.8%	1.0%	0.3%	0.5%
United States of America	(0.3%)	(3.1%)	2.4%	1.8%	2.2%	2.1%

*Source: Figures for India upto 2013 (corresponding to FY 2014) from RBI Economic Review FY 2013; data post 2012 from RBI Third Quarter Review of Monetary Policy 2013-2014; figures for other nations obtained from EIU*

The Indian economy is based on planning through successive five year plans that set out targets for economic development in various sectors, including power sector. The Draft 12<sup>th</sup> Five-Year Plan (FY13 to FY17), which is currently under implementation, emphasizes a broad-based and inclusive approach to economic growth to improve the quality of life and reduce disparities across regions. There is consensus that infrastructure inadequacies, including insufficient power generation would constitute a significant constraint in realising this development potential. To overcome this constraint, a programme of infrastructure investment, involving both public and private sectors, has been developed for Draft 12<sup>th</sup> Five-Year Plan. Planned infrastructure expenditure

for the Draft 12<sup>th</sup> Plan, which includes target power expenditure, was revised from 7.2% to 8.2% of GDP representing an increase of about 130% from the planned expenditure for the 11<sup>th</sup> Plan. In order to meet the intended level of planned infrastructure spending, the Government is encouraging private sector participation through public-private partnerships, or PPP projects.



Source: Draft 12<sup>th</sup> Five Year Plan

## Overview of Power Sector

### Brief History

The Power Sector in India has made rapid strides during the last six decades in the field of generation, transmission, distribution and utilization of electricity. The installed generating capacity in the country in 1947 was meagre 1,362 MW which has since grown manifold to 235 GW at the end of January 2014. (Source: *Monthly All India Installed Generation Capacity Report January 2014, Ministry of Power*)

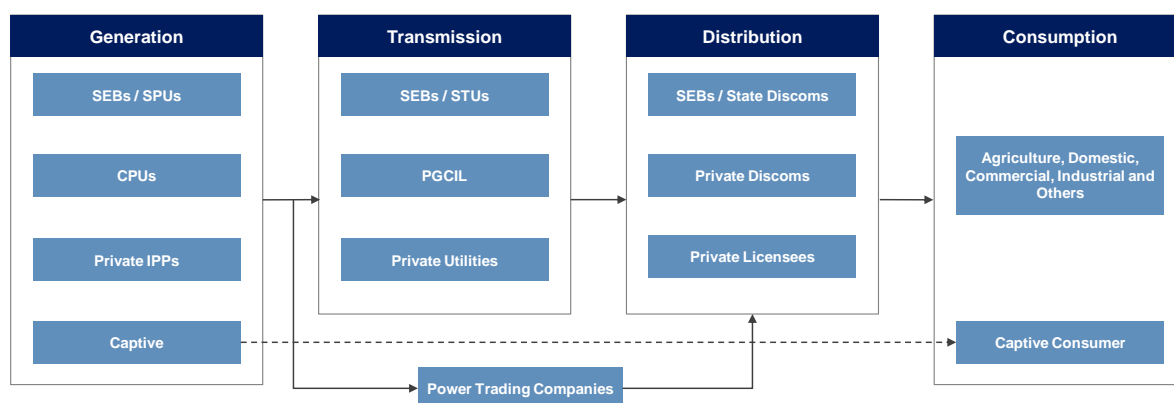
Post-colonisation, the Government of India implemented the Indian Electricity Act 1910, the Electricity (Supply) Act, 1948 of India, or the Supply Act and the Electricity Regulatory Commissions Act, 1998 which together created the institutional framework under which the industry has developed. The intention of the Supply Act was to broaden the supply base in order to stimulate growth throughout the country.

The Supply Act led to the creation of the State Electricity Boards, or SEBs, state government agencies with the sole responsibility for generation, transmission and distribution of electricity within each state. Most states established State Electricity Boards ("SEBs"); the smaller states and Union Territories established Electricity Departments, or EDs, to manage and operate power systems. The Electricity Act, 2003, or the Electricity Act, was passed in May 2003 to counter systemic deficiencies and to overcome the failures of the existing regime. Some of the important features of the Electricity Act included (a) license-free generation (b) creation of State Electricity Regulatory Commissions, or SERCs (c) provision of open access in T&D (d) allowance of power trading and (e) rural electrification. Under the Electricity Act, several states have restructured their boards into separate entities for generation, transmission and distribution, while others are attempting to privatise the former SEB entities. (Source: *Historical Background of Legislative Initiatives, Ministry of Power*)

Private sector participation in power generation had historically been low. However, since the 8<sup>th</sup> Five Year Plan (1992-97), the private sector participation in power generation has increased significantly and is expected to increase further as evident in the targets for the 12<sup>th</sup> Five Year Plan. The share of private sector in 12th Five Year Plan capacity addition is expected to be about 53%. (Source: *Draft 12th Five Year Plan*)

## Industry Structure

The following diagram depicts, in schematic form, the structure of the Indian power sector:



Key to the diagram:

<b>IPPs</b>	<i>Independent Power Producers</i>
<b>CPUs</b>	<i>Central Power Utilities</i>
<b>SEBs</b>	<i>State Electricity Boards</i>
<b>STUs</b>	<i>State Transmission Utilities</i>
<b>SPUs</b>	<i>State Power Utilities</i>
<b>PGCIL</b>	<i>Powergrid Corporation of India Limited</i>
<b>Discoms</b>	<i>Distribution Companies</i>

The power sector in India can broadly be divided into four distinct areas – generation, transmission, distribution and consumption. Power generation is under central government and state governments with increasing participation from private players. Power transmission is handled by central government and state governments, with limited private sector participation so far. Power distribution is carried out by various state discoms as well as by private discoms and licensees in some circles.

## SUMMARY OF OUR BUSINESS

### Overview

We were incorporated in October 1996 with the objective of developing, constructing and operating power projects and we believe that we are one of the first private power generation companies in India. We have a gross operational capacity of 2,498 MW and an additional gross capacity of 2,318 MW under construction. Out of the 2,318 MW under construction, we expect two units of 685 MW capacity each to commence operations by the end of fiscal year 2015. In addition, we have a pipeline of power projects with an aggregate gross capacity of 3,695 MW that are currently under various stages of development.

Within the power generation business, we have followed a strategy of diversification in respect of our fuel source, geographic presence and offtake arrangements. We have 623 MW of gas-based, 200 MW of low-sulphur-heavy-stock ("LSHS") based, and 1,650 MW of coal-based capacity that is operational. Additionally, we have also diversified into renewable energy based power projects. We have 25 MW of operational solar power plant. In our portfolio of projects under construction, we have 1,370 MW of coal-based, 768MW of gas-based and 180MW of hydro-based plants. We are also in the process of developing 2,025 MW of hydroelectric power projects that have not yet commenced construction. Most of our power projects are strategically located close to the fuel source to reduce our fuel transportation costs. While we initially began our operations with a focus on the energy-deficient Southern region of India, we have now diversified across India with power projects in the Eastern, Western and Northern regions as well as into Nepal to develop large hydro power projects aimed at exporting power into India.

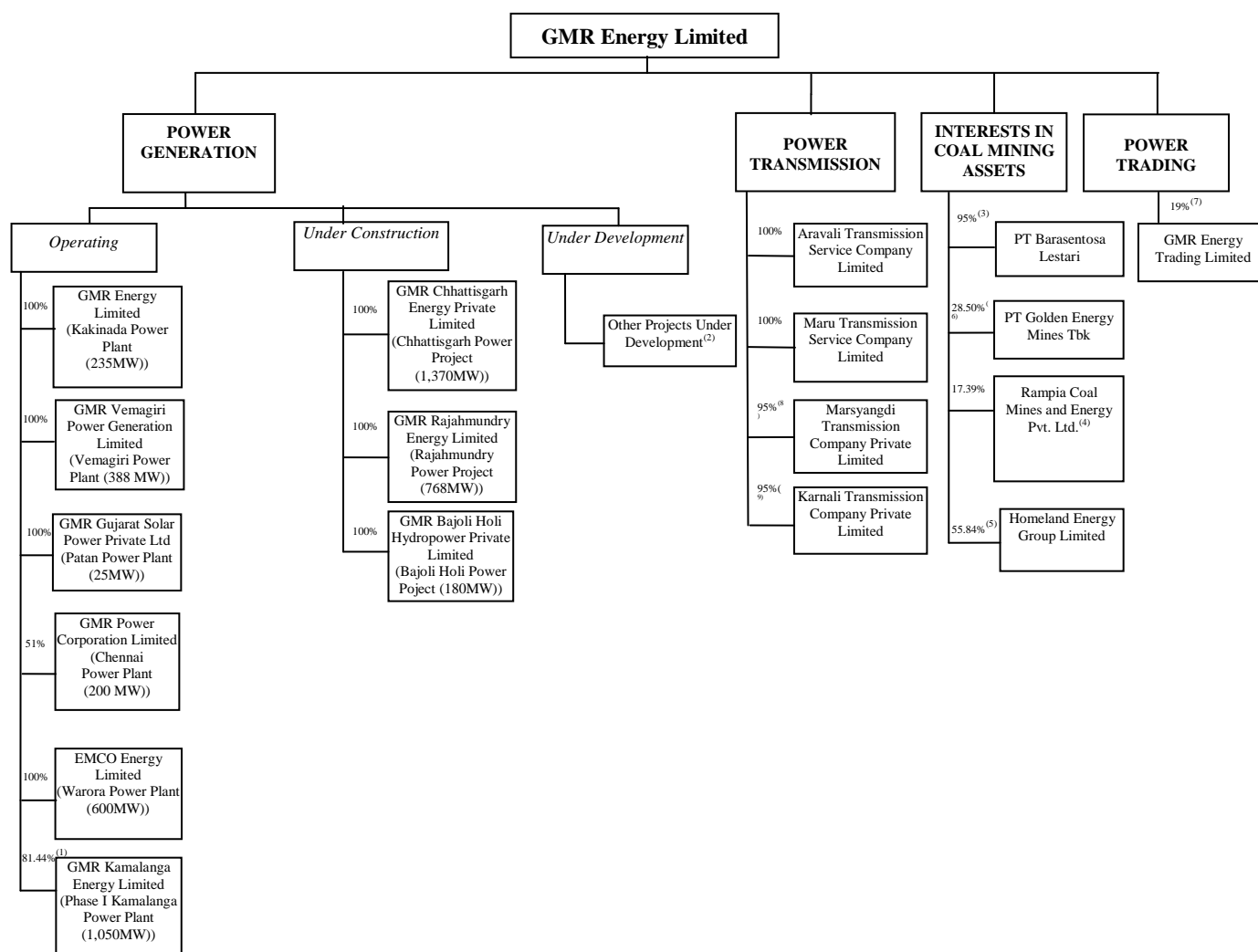
Our power offtake arrangements are intended to achieve a balance between risk, cash flow and revenue through a combination of long-term and short-term power purchase agreements ("PPAs"). At present, a majority of our offtake arrangements are long-term PPAs with various state utility boards. We also sell power on a short-term basis through our power trading company, GMR Energy Trading Limited ("GETL"), in which we own a 19% equity interest, and through other power exchanges.

We believe that we have access to an adequate supply of fuel for our coal-based power plants. We have secured long-term coal supply agreements with South Eastern Coal Fields Limited for the Warora Power Plant and Mahanadi Coal Fields Limited for the Phase I Kamalanga Power Project. We have also acquired equity interests in coal mining assets in India and Indonesia in order to mitigate fuel risk and reduce our dependency on third parties for the supply of coal. We own a 95% equity interest in PT Barasentosa Lestari ("PT BSL"), a subsidiary which has second generation Coal Contract of Work rights to explore and exploit coal from certain mining blocks located in Indonesia. We own an effective 28.5% equity interest in PT Golden Energy Mines Tbk ("GEMS"), a listed entity on the Jakarta Stock Exchange, which owns coal concessions in Indonesia. We have entered into a long-term coal supply agreement with GEMS for the supply of coal which can be used for our power projects in India.

We are part of the GMR Group, which is one of India's most diversified infrastructure conglomerates and which has significant experience and expertise in the development, construction and operation of large infrastructure projects. Our promoter company, GMR Infrastructure Limited ("GIL"), has interests in airports, power, roads and EPC businesses. GIL is listed on the Bombay Stock Exchange and the National Stock Exchange and has a market capitalization of approximately ₹ 84,465.10 million as of March 26, 2014 based on the closing price on the BSE of ₹ 21.70 per share.

For fiscal years 2011, 2012, 2013 and the six months ended September 30, 2013, we generated consolidated income of ₹ 18,908.27 million, ₹ 20,404.52 million, ₹ 13,727.40 million and ₹ 10,183.43 million, respectively, from the sale of electrical energy; and ₹ 751.72 million, ₹ 1,992.53 million, ₹ 7,797.43 million and ₹ 3,332.07 million, respectively, from mining activities. We also generated consolidated revenue of ₹ 43.68 million in fiscal year 2013 and nil in the six months ended September 30, 2013 from the sale of certified emission reduction certificates ("CERs"). Our combined capital work-in-progress and intangible assets under development, which represents our cumulative capital expenditure to develop and construct power projects, was ₹ 41,949.37 million, ₹ 125,899.01 million, ₹ 164,353.18 million and 156,117.03 million as at March 31, 2011, 2012, 2013 and September 30, 2013, respectively.

The chart below sets forth our subsidiaries and their respective businesses.



Notes:

- (1) We have allotted shares representing a combined 18.56% interest in GMR Kamalanga Energy Limited to India Infrastructure Fund (as to 15.00%) and IDFC Limited (as to 3.56%) pursuant to a share subscription and shareholders agreement that we entered into with them in September 2009.
- (2) Other power projects under development includes:
  - 99.90% of a 300 MW planned capacity hydroelectric-based power project in the state of Uttarakhand (the "**Alaknanda Power Project**").
  - 100.00% of a 225 MW planned capacity hydroelectric-based power project in the state of Arunachal Pradesh (the "**Talong Power Project**").
  - 82.00% of 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% by the date of commercial operation of this project. The IFC has an option to acquire a 10% equity stake in the project.
  - 69.35% of a 900 MW planned capacity hydroelectric-based power project in Nepal (the "**Upper Karnali Power Project**").
  - 81.44% of 350 MW planned coal-based power project in the state of Odisha (the "**Phase II Kamalanga Power Project**").
  - 70.00% of 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) We received a show cause notice from the Ministry of Coal on January 15, 2014 regarding the delay in the development of the Rampia coal mine. Subsequently, the relevant inter-ministerial group of the Government of India recommended the de-allocation of the Rampia coal mine. We are challenging the de-allocation of the Rampia coal mine and on February 12, 2014, the High Court of Delhi granted a stay order against de-allocation of the coal block. Further action on the recommendations of the inter-ministerial

group is currently put on hold by the Ministry of Coal in view of the order of the High Court of Delhi. For further details on the dispute regarding the Rampia coal mine, see "Outstanding Litigations and Defaults" on page 360.

- (5) The 6.39% equity interest is held by Crossridge Investments Ltd and 37.77% is held by Homeland Energy Management, public and other retail shareholders. In March 2013, Homeland entered into two share sale agreements to sell all its interests in the Kendal Mine and Eloff Mine, respectively. Homeland has received the entire consideration with respect to the sales and completion of the share transfer is pending approval from the Department of Mineral Resources of South Africa.
- (6) GIL holds a 1.50% equity interest in GEMS.
- (7) The remaining 81% equity interest is held by GIL.
- (8) The remaining 5% equity interest is held by GIL.
- (9) The remaining 5% equity interest is held by GIL.

## **Competitive Strengths**

We believe that the following strengths position us to benefit from India's economic growth and power deficit:

### ***We have a proven track record for developing and operating power projects***

We are an established power generation company in India and have a proven track record of identifying and developing power projects and operating them successfully. We have built and commissioned power plants with an aggregate gross capacity of 2,498 MW and have power projects in different stages of construction with an aggregate gross capacity of 2,318 MW. Through the development, construction and operation of these power projects, we have gained valuable project management expertise and an in-depth understanding of the key risks associated with the development and operation of power projects. We have significant experience in managing the entire development cycle of power projects from the conceptualization stage to the operational stage, including the engineering, procurement, erection and testing of our power projects. This experience will enable us to improve efficiency in developing and operating our power projects. In addition, it will help us identify and mitigate risks in developing and constructing our power projects. We have also built relationships with vendors and equipment suppliers, which we can leverage upon for our future power projects.

### ***Our access to an adequate supply of coal and ability to pass through fuel costs reduce our exposure to fluctuations in availability and cost of coal for our coal-based power projects***

We have long-term coal linkages for a portion of our coal-based power plants under operation and power projects under construction, thereby ensuring coal availability. We have an LOA of 2.6 MTPA for 600 MW of EMCO and 4.524 MTPA for 100 MW of Kamalanga. We have entered into long-term coal supply agreements with South Eastern Coal Fields Limited corresponding to 400 MW of capacity and 10% of auxiliary consumption at the Warora Power Plant and with Mahanadi Coal Fields Limited corresponding to 563 MW of capacity and 10% of auxiliary consumption at the Phase I Kamalanga Power Project. Further, we believe the Chhattisgarh Power Project satisfies each of the criteria set forth by Central Electricity Authority ("CEA") for the award of domestic coal linkage, and we expect to be recommended for the coal linkage. For the Phase I Kamalanga Power Project, we received a letter of assurance from Mahanadi Coalfields Limited ("MCL"), a subsidiary of Coal India Limited, to supply 2.14 MTPA of coal, corresponding to 500 MW of capacity, and a letter of assurance from the Ministry of Coal of India allocating a tapering coal linkage to supply the remaining 550 MW of capacity. For the Warora Power Project, we have two letters of allocation for 1.3 MTPA each and we have signed fuel supply agreements for a total of 1.905 MTPA, for a total of 400 MW of capacity, each from South Eastern Coalfields Limited ("SECL"), a subsidiary of Coal India Limited. We are currently in negotiations to amend this fuel supply agreement to 2.6 MTPA based on a further 150 MW capacity supply under the PPA with TANGEDCO.

Our strategy to diversify into the coal mining business has further enhanced our fuel security. Our subsidiary, GMR Coal Resources Pte. Ltd. has a long-term coal sales agreement with GEMS for a period of 25 years with an initial offtake of 1 MMTPA of coal in the first year, which gradually increases to 10 MMTPA in the seventh year. Based on this coal sales agreement, GCEL has entered into a fuel supply agreement with GEL to procure 4.2 MMTPA of coal, which GEL expect to source primarily from GEMS, from fiscal year 2015 until such period when coal linkage for the entire capacity of 1,370 MW is provided by the Ministry of Coal of India with respect to the Chhattisgarh Power Project. The coal supply will start on the effective date under the coal sales agreements, which is the date of completion of the Chhattisgarh Power Project.

Our subsidiary, PT BSL, is also developing certain coal blocks in Indonesia with aggregate probable reserves of 43.5 MT and aggregate proven reserves of 92.8 MT as at June 2013. Subsequent to the commissioning of these coal blocks, we plan to import coal from PT BSL to meet any shortfall in our fuel requirement. We expect that the first of these coal blocks will begin production during fiscal year 2015. We believe the combination of our

domestic coal supply arrangements and imported coal from GEMS and PT BSL provide adequate fuel security to our coal-based power projects that are either operational or under construction.

Further, pursuant to the power offtake arrangements for our operational and under construction coal-based power projects, we are substantially hedged against any escalation in domestic coal prices. Except for the PPAs entered into with Uttar Haryana Bijli Vitran Nigam Ltd and Dakshin Haryana Bijli Vitran Nigam Ltd, our fuel charge in all our other PPAs is either passed through to our customers or escalable periodically at Central Electricity Regulatory Commission ("CERC") determined rates which are linked to the Wholesale Price Index for domestic coal. We are also eligible to pass through fuel costs arising out of our usage of imported or e-auction coal for long term PPAs where there is a deficit of supply from CIL or its subsidiaries on linkage coal.

***We have a combination of long-term and short-term offtake arrangements***

Our power offtake arrangements are intended to achieve a balance between risk, cash flow and revenue through a mix of long-term and short-term PPAs. At present, a majority of our offtake arrangements are long-term PPAs with different state utility boards. We have entered into long-term PPAs with respect to a significant portion of power produced from Phase I Kamalanga Power Project, Warora Power Project, Patan Power Plant and Vemagiri Power Plant, and have entered into short-term offtake arrangements with respect to our Kakinada Power Plant. Under the present policy of the Government of India, our long-term PPAs make us eligible for the supply of a certain quantity of coal from Coal India Limited. Our long-term PPAs generally have terms of 7.25 to 25 years and provide a stable stream of revenue since these are usually take-or-pay arrangements. The tariffs are generally fixed for the duration of the PPA with certain escalations over the term of the PPA. Conversely, our short-term PPAs and open market sale of power afford us greater revenue potential depending on the prevailing market prices.

***We offer a diversified mix of thermal, hydroelectric and renewable based power projects to manage risk***

In terms of fuel source, our operational and under construction portfolio of power projects comprises of solar, LSHS and hydro-based power projects in addition to coal and gas based power plants. Our power projects under development comprise a mix of hydroelectric, coal-based and natural gas based power projects. We believe that this diverse combination of power projects comprising of different fuel sources partly mitigates our exposure to the potential risks associated with any particular kind of fuel based power project. For example, the key risks associated with thermal power projects include rising coal prices and potential unavailability of fuel sources, whereas the key risks associated with hydroelectric and solar-based power projects include the possibility of adverse geological conditions and the long gestation period for developing such power projects.

***We benefit from our relationship with our promoter company***

We believe our promoter company, GIL, is a leading infrastructure company in India with a proven track record of developing, implementing and operating large infrastructure projects in India and overseas. GIL entered into the infrastructure business by developing power projects. GMR Group and its affiliates have been operating in India for over 30 years in a wide variety of businesses, including airports, power, highways, and urban infrastructure. We believe that our association with GIL gives us significant leverage in growing our business and has helped us attract investments from leading financial sponsors such as Temasek Holdings and the IDFC Group. Further, we look to benefit from GMR Group's experience in the power trading business through insights into a better understanding and management of power offtake from our power projects. In addition, we believe our relationship with GIL has also contributed to our ability to enter into joint venture arrangements, undertake and attract strategic investments such as our investment in GEMS and the International Finance Corporation's (the "IFC") investment in the Upper Marsyangdi-2 Power Project.

***We have an experienced management team and a skilled workforce with a track record of project execution***

The individual members of our management team have significant experience in the power industry and have a strong understanding of the financial and technical aspects of our business. Our key managerial personnel have, on average, over 30 years of experience in the power sector. We invest substantial resources in training our workforce. We also have an in-house knowledge management program and invest extensively in environmental health and safety initiatives in our offices and at our power project sites. In addition, we have developed in-house engineering and project management teams dedicated to our thermal and hydroelectric power projects under development, which provide engineering and consulting services to such power projects. For instance, our in-house engineering and project management teams have undertaken the designing and engineering of hydroelectric power projects, such as Bajoli Holi, Alaknanda, Talong, Upper Marsyangdi-2, and Upper Karnali Power Projects. We believe these factors contribute significantly to our ability to attract and retain talent. For further details, see "Our Management" on page 230.



## **Business Strategy**

Our business strategy consists of the following principal elements:

### ***Focus on the completion of power projects under construction***

We have 2,318 MW of power projects under construction. We are focused on the completion of these power projects and plan to commence commercial operations for two units of 685 MW capacity each by the end of fiscal year 2015. We expect to commence commercial operation of two units of the Chhattisgarh Power Project by fiscal year 2015 and fiscal year 2016, respectively. In addition, we are constructing the 768 MW Rajahmundry Power Project, and its commercial operations are expected to commence once we have secured fuel for the power project. We are in the process of putting in place committed fuel supply, offtake and transmission arrangements for our power projects. We believe the increase in the total number of operating power plants will contribute significantly to our operational and financial performance in the future.

### ***Increasing the operational efficiency and profitability of our power projects***

We have recently commenced commercial operations of Warora Power Plant and Unit 1 and Unit 2 of Phase I Kamalanga Power Plant with a combined generating capacity of 1,650 MW. For further details, see “– Overview of Our Business – Our Operational Power Plants and Power Projects under Construction” on page 152 in this Draft Red Herring Prospectus. We are in the process of stabilizing the operations of these power plants to ensure that they are operating at full efficiency. For example, we are in the process of introducing a SAP based maintenance system in Kamalanga and Warora Power Projects and we are implementing have a centralized online monitoring system for all our power plants. Upon stabilization of the power plants, we aim to further enhance profitability through implementation of measures designed to reduce auxiliary consumption and to minimize unplanned downtime. For example, we have established a center of excellence for the maintenance of our power plants in order to optimize their operational performance. Also, we are constructing the Chhattisgarh Power Project as a super critical power project which will enable us to generate greater output of electrical energy for a given amount of energy input, resulting in increased efficiency.

### ***Benefit from India's growth in the power generation sector and demand for power***

According to the CEA, India's aggregate peak shortage of power was estimated to be 9% of the electricity demand in fiscal year 2013 and 4.2% from April 1, 2013 through December 31, 2013. The Draft 12<sup>th</sup> Five-Year Plan of India envisages the addition of 118.5 GW in capacity during the period from fiscal year 2012 to fiscal year 2017. In addition, the Government of India has taken several steps to encourage investment in the power sector, such as deregulation and liberalization of power generation and power trading activities as well as tax exemptions in the form of benefits of section 80 IA Indian Income Tax Act, 1961. We have significant experience in development, operation and management of power projects. We have successfully commissioned 2,498 MW of capacity and are in the process of constructing another 2,318 MW. We also benefit from our relationship with the GMR Group which lends us significant expertise in managing large infrastructure projects. Further, we have a high degree of fuel security for our coal-based power projects as a result of our domestic coal linkages and our interest in coal mining operations. Given these capabilities, we believe that we are well positioned to capitalize on the opportunities that are expected to emerge in the power generation sector in India in the near future.

### ***Expand our power asset base by expanding our areas of operation geographically and diversifying our fuel type***

While we initially began our power operations with a focus on energy-deficient Southern region of India, we have now diversified across India with power projects in the Eastern, Western and Northern regions. Our presence across India positions us to benefit from any opportunities that could potentially arise in different regions of the country. We are also focusing on diversifying the fuel mix of our power projects. We are in the process of developing 2,205 MW of hydroelectric power projects in the Northern region of India as well as in the adjoining country of Nepal. At the same time, we are also assessing opportunities in the renewable power segment in order to expand our existing footprint, which currently comprises of a 25 MW solar power plant. The expertise derived from the development and operations of various fuel-based power projects enables us to be present across the power generation spectrum to capitalize on opportunities that may arise, and serves as a significant competitive advantage for us.

### ***Maintain an optimal balance between long-term and short-term offtake arrangements***

We continue to balance our long-term and short-term offtake arrangements to optimize our revenues in light of the prevailing tariffs. We also determine the mix of long-term offtake arrangements and short-term offtake arrangements based on the fuel requirements of our power projects. Currently, coal-based power projects with

long-term PPAs are eligible for the supply of a certain quantity of coal from Coal India Limited. Accordingly, for our coal-based power projects we try to ensure that the long-term PPAs account for a majority of the power produced at the power plant. Our coal-based Warora and Kamalanga Power Projects benefit from the security of long-term PPAs that require our customers to purchase the bulk of the energy that we produce. For our natural gas and renewable energy based power projects, we enjoy a greater discretion in the choice of our offtake arrangements. For our Kakinada Power Plant, we currently have short-term sale arrangements with GETL, an entity in which we own a 19% equity interest. Similarly, to the extent permitted by our contractual obligations and subject to regulatory requirements, we intend to sell the power produced by our power projects under construction and development through a combination of long-term and medium-term offtake arrangements and open market sales.

***Pursue development and acquisition opportunities to expand as well as to streamline our business and portfolio of assets***

We continuously develop and expand our business and portfolio of assets by capitalizing on opportunities to increase value to our shareholders. As part of our strategy, we selectively evaluate and consider opportunities for acquiring new units other assets that are complementary to our power business. We focus on areas where we see value enhancement opportunities. For example, we have acquired interests in coal mining assets in India and Indonesia in order to mitigate our fuel risk. We may also seek to divest, in whole or in part, our assets opportunistically to increase value to our shareholders in the future. For example, we recently divested our interest in the Eloff Mine and Kendal Mine in South Africa, both held by Homeland. This divestment is on account of the lack of infrastructure to evacuate coal from South Africa to India, as a result of which, a majority of the coal produced from these mines was sold domestically in South Africa.

As part of our effort to diversify our asset base, we are pursuing a long-term growth objective of focusing on our hydro and renewable power projects. In particular, we have completed financial closure of and issued the notice to proceed for the Bajoli Holi Power Project, a 180 MW run-of-the-river power facility being constructed in the state of Himachal Pradesh, we are working on the financial closure of our Alaknanda Power Project, a 300 MW run-of-the-river power facility to be constructed in the state of Uttarakhand, and we have entered into a joint development agreement with the International Finance Corporation (the "IFC") to develop the Upper Marsyangdi-2 Power Project, a 600 MW run-of-the-river power facility to be constructed in Nepal.

## **SUMMARY FINANCIAL INFORMATION**

The following tables set forth summary financial information derived from our restated consolidated financial statements as of and for the year ended March 31, 2009, 2010, 2011, 2012 and 2013, and for the six months period ended September 30, 2013. These restated consolidated summary statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and are presented in “Financial Statements” beginning on page F-1. The summary financial information presented below should be read in conjunction with our restated consolidated financial statements, the notes thereto, the examination report issued by the Auditor and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 275. The summary consolidated financial information presented below does not purport to project our results of operation or financial condition. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve months ending March 31 of that year.

**Restated consolidated summary statement of assets and liabilities**

₹ in Million

	Particulars	As at					
		September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
	<b>Equity and Liabilities</b>						
<b>A</b>	<b>Shareholders' funds</b>						
	Share capital						
	Equity share capital	7,181.98	7,181.98	7,181.98	7,181.98	7,181.98	5,869.33
	Preference share capital	20,620.77	20,620.77	19,773.52	19,718.52	5,868.52	8,381.43
	Reserves and surplus	(15,395.74)	(4,416.16)	7,304.35	8,112.95	8,352.21	972.14
		<b>12,407.01</b>	<b>23,386.59</b>	<b>34,259.85</b>	<b>35,013.45</b>	<b>21,402.71</b>	<b>15,222.90</b>
<b>B</b>	<b>Share application money pending allotment</b>	<b>5,423.93</b>	<b>-</b>	<b>-</b>	<b>150.00</b>	<b>-</b>	<b>510.00</b>
<b>C</b>	<b>Minority interest</b>	<b>6,891.29</b>	<b>6,660.10</b>	<b>5,596.85</b>	<b>4,559.36</b>	<b>3,614.14</b>	<b>3,505.87</b>
	<b>Liabilities</b>						
<b>D</b>	<b>Non-current liabilities</b>						
	Long-term borrowings	177,121.47	157,411.02	91,989.01	33,608.48	28,138.88	19,745.08
	Deferred tax liability (net)	483.82	444.98	263.81	58.51	-	-
	Trade payables	173.42	201.56	113.07	-	245.10	10.03
	Long-term provisions	29.19	13.52	140.44	26.40	-	-
	Other long-term liabilities	10,472.86	5,414.59	1,668.98	1,303.27	6.37	0.25
		<b>188,280.76</b>	<b>163,485.67</b>	<b>94,175.31</b>	<b>34,996.66</b>	<b>28,390.35</b>	<b>19,755.36</b>
<b>E</b>	<b>Current liabilities</b>						
	Short-term borrowings	57,200.40	45,297.82	56,097.35	23,562.09	6,248.34	1,898.58
	Trade payables	6,285.12	6,069.58	4,674.54	3,308.47	1,798.35	1,034.98
	Short-term provisions	950.25	994.80	700.45	341.72	773.02	127.15
	Other current liabilities	49,861.95	43,653.12	36,725.74	14,778.84	1,358.95	2,929.08
		<b>114,297.72</b>	<b>96,015.32</b>	<b>98,198.08</b>	<b>41,991.12</b>	<b>10,178.66</b>	<b>5,989.79</b>
	<b>Total liabilities (A+B+C+D+E)</b>	<b>327,300.71</b>	<b>289,547.68</b>	<b>232,230.09</b>	<b>116,710.59</b>	<b>63,585.86</b>	<b>44,983.92</b>
	<b>Assets</b>						
<b>F</b>	<b>Non-current assets</b>						
	Fixed assets						
	Tangible assets	83,478.05	46,294.45	23,277.09	19,482.49	13,182.24	12,541.70
	Intangible assets	32,477.46	28,690.06	29,114.75	5,527.00	3,964.02	8,505.52
	Capital work-in-progress	152,492.17	161,246.91	123,383.19	40,782.40	14,534.38	4,916.95
	Intangible assets under development	3,624.86	3,106.27	2,515.82	1,166.97	694.17	213.67
	Non-current investments	572.57	3,022.80	3,180.78	3,180.54	2,885.85	2,942.81
	Deferred tax assets (net)	84.44	52.75	25.44	98.34	364.48	-
	Long term loans and advances	19,991.09	19,785.52	20,750.98	25,038.41	13,274.54	6,092.43
	Trade receivables	447.62	447.62	447.62	447.62	447.62	447.62
	Other non-current assets	6,633.73	5,588.05	5,610.62	1,088.71	323.11	1,659.64
		<b>299,801.99</b>	<b>268,234.43</b>	<b>208,306.29</b>	<b>96,812.48</b>	<b>49,670.41</b>	<b>37,320.34</b>
<b>G</b>	<b>Current assets</b>						
	Current investments	2,536.66	206.41	1,048.00	4,452.55	7,214.60	1,487.23
	Inventories	1,280.31	932.23	680.62	532.10	763.70	852.04
	Trade receivables	3,086.72	7,590.99	8,281.90	2,272.91	988.58	852.39
	Cash and bank balances	13,965.14	6,098.31	10,253.79	9,019.18	1,479.00	2,598.26
	Short term loans and advances	2,920.73	3,286.13	2,308.36	1,435.96	1,468.29	173.14
	Other current assets	3,709.16	3,199.18	1,351.13	2,185.41	2,001.28	1,700.52
		<b>27,498.72</b>	<b>21,313.25</b>	<b>23,923.80</b>	<b>19,898.11</b>	<b>13,915.45</b>	<b>7,663.58</b>
	<b>Total assets (F + G)</b>	<b>327,300.71</b>	<b>289,547.68</b>	<b>232,230.09</b>	<b>116,710.59</b>	<b>63,585.86</b>	<b>44,983.92</b>

**Restated consolidated summary statement of profit and loss**

₹ in Million

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Income</b>						
Revenue from operations						
Income from sale of electrical energy	10,183.43	13,727.40	20,404.52	18,908.27	19,184.03	18,742.68
Income from mining activities	3,332.07	7,797.43	1,992.53	751.72	-	-
Toll income from expressways	-	-	-	-	111.31	48.92
Other operating income						
Sale of certified emission reductions	-	43.68	-	-	-	-
Other income	526.62	1,007.99	623.88	1,002.77	1,281.70	706.78
<b>Total income (i)</b>	<b>14,042.12</b>	<b>22,576.50</b>	<b>23,020.93</b>	<b>20,662.76</b>	<b>20,577.04</b>	<b>19,498.38</b>
<b>Expenses</b>						
Consumption of fuel	8,400.53	10,204.02	14,344.39	12,657.35	13,832.18	13,449.85
Sub-contracting expenses	2,554.54	6,611.08	2,147.63	1,557.06	612.10	570.39
Purchase of traded goods	54.72	-	-	-	-	-
Consumption of stores and spares	46.72	103.99	289.10	138.72	130.73	201.29
Employee benefit expenses	599.28	810.87	532.91	319.71	324.74	132.23
Other expenses	3,083.48	3,603.07	2,743.79	1,949.27	1,420.38	1,363.16
Depreciation and amortisation expenses	1,989.07	1,574.72	1,208.69	1,138.69	939.67	1,475.72
Finance costs	6,173.11	6,083.62	1,798.84	1,626.42	1,240.25	1,292.92
<b>Total expenses (ii)</b>	<b>22,901.45</b>	<b>28,991.37</b>	<b>23,065.35</b>	<b>19,387.22</b>	<b>18,500.05</b>	<b>18,485.56</b>
<b>Restated (loss) / profit before exceptional items, tax expenses, minority interest and share of (loss) / profit of associates (iii = i - ii)</b>	<b>(8,859.33)</b>	<b>(6,414.87)</b>	<b>(44.42)</b>	<b>1,275.54</b>	<b>2,076.99</b>	<b>1,012.82</b>
<b>Exceptional items</b>						
Loss on impairment of assets in a subsidiary	-	(2,506.66)	-	-	-	-
Profit on sale of assets held for sale	370.21	-	-	-	-	-
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss) / profit of associates</b>	<b>(8,489.12)</b>	<b>(8,921.53)</b>	<b>(44.42)</b>	<b>1,275.54</b>	<b>2,076.99</b>	<b>1,012.82</b>

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss) / profit of associates from continuing operations</b>	<b>(8,412.34)</b>	<b>(5,218.33)</b>	<b>973.66</b>	<b>1,512.30</b>	<b>2,133.31</b>	<b>1,092.50</b>
<b>Tax expenses from continuing operations</b>						
Current tax	255.14	402.93	403.34	475.86	220.16	290.44
Deferred tax expenses / (credit)	11.30	149.87	296.76	324.65	(364.48)	-
Fringe benefit tax	-	-	-	-	-	5.24
<b>Restated (loss) / profit after tax expenses and before minority interest and share of (loss) / profit of associates from continuing operations</b>	<b>(8,678.78)</b>	<b>(5,771.13)</b>	<b>273.56</b>	<b>711.79</b>	<b>2,277.63</b>	<b>796.82</b>
Share of (loss) of associates - share of (loss) from continuing operations	-	-	-	-	-	-
Share of (loss) / profit of associates - share of loss from continuing operations	-	-	-	-	-	-
Minority interest - share of loss / (profit) from continuing operations	122.55	(442.57)	(584.56)	(381.20)	(562.63)	(171.33)
<b>Restated (loss) / profit after minority interest and share of (loss) / profit of associates from continuing operations (iv)</b>	<b>(8,556.23)</b>	<b>(6,213.70)</b>	<b>(311.00)</b>	<b>330.59</b>	<b>1,715.00</b>	<b>625.49</b>
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss) / profit of associates from discontinuing operations</b>	<b>(76.78)</b>	<b>(3,703.20)</b>	<b>(1,018.08)</b>	<b>(236.76)</b>	<b>(56.32)</b>	<b>(79.68)</b>
<b>Tax expenses from discontinuing operations</b>						
Current tax	-	-	9.41	13.42	-	-
Fringe benefit tax	-	-	-	-	-	0.58
<b>Restated (loss) / profit after tax expenses and before minority interest and share of (loss) / profit of associates from discontinuing</b>	<b>(76.78)</b>	<b>(3,703.20)</b>	<b>(1,027.49)</b>	<b>(250.18)</b>	<b>(56.32)</b>	<b>(80.26)</b>
Share of (loss) / profit of associates - share of loss from discontinuing operations	-	-	-	(90.56)	(227.60)	-
Minority interest - share of loss / (profit) from discontinuing operations	-	279.93	489.72	102.82	159.24	39.33
<b>Restated (loss) / profit after minority interest and share of (loss) / profit of associates from discontinuing operations (v)</b>	<b>(76.78)</b>	<b>(3,423.27)</b>	<b>(537.77)</b>	<b>(237.92)</b>	<b>(124.68)</b>	<b>(40.93)</b>
<b>Restated (loss) / profit for the period / year (vi = iv + v)</b>	<b>(8,633.01)</b>	<b>(9,636.97)</b>	<b>(848.77)</b>	<b>92.67</b>	<b>1,590.32</b>	<b>584.56</b>

# Restated consolidated summary statement of cash flows

₹ in Million

Particulars	For the period/ years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Cash flow from / (used in) operating activities</b>						
Restated (loss) / profit before tax expenses and minority interest from continuing operations	(8,412.34)	(5,218.33)	973.66	1,512.30	2,133.31	1,092.50
Restated (loss) / profit before tax expenses and minority interest from discontinuing operations	(76.78)	(3,703.20)	(1,018.08)	(236.76)	(56.32)	(79.68)
<b>Restated (loss) / profit before tax</b>	<b>(8,489.12)</b>	<b>(8,921.53)</b>	<b>(44.42)</b>	<b>1,275.54</b>	<b>2,076.99</b>	<b>1,012.82</b>
<b>Non-cash adjustment to reconcile (loss) / profit before tax to net cash out flows:</b>						
Depreciation and amortisation expenses of continuing operations	1,986.33	1,501.47	1,075.91	1,115.04	881.53	1,454.40
Depreciation and amortisation expenses of discontinuing operations	2.74	73.25	132.78	23.65	58.14	21.32
Interest income	(271.29)	(495.67)	(211.81)	(545.98)	(320.62)	(370.37)
Income from current investments- other than trade	-	-	-	-	-	(68.64)
Loss on sale of fixed assets (net)/ fixed assets written off	58.49	352.28	0.44	20.91	-	0.08
Adjustments to the carrying amount of current investments	2.28	22.99	79.68	7.75	-	213.34
Provision for diminution in the value of long-term investments	0.23	-	-	-	-	-
Effect of changes in exchange rates	(419.65)	(388.92)	296.56	314.10	335.39	24.99
Profit / (loss) on sale of assets held for sale	(370.21)	-	-	-	-	-
Inventory written off	-	-	-	72.64	-	-
Provision for doubtful advances / non-trade receivables	-	506.88	96.42	318.68	10.00	-
Provisions no longer required, written back	-	-	-	(52.61)	(2.52)	-
Bad debts / advances written off	10.71	38.58	-	-	-	-
Loss on impairment of assets in a subsidiary	-	2,506.66	-	-	-	-
Finance costs	6,173.11	6,083.62	1,798.84	1,626.42	1,240.25	1,292.92
Profit on disposal / dilution of investments in subsidiaries / jointly controlled entities	-	-	-	-	(142.15)	-
Net gain on sale / disposal of current / long-term investments	(36.57)	(87.11)	(156.17)	(237.81)	(241.21)	(35.61)
<b>Operating (loss) / profit before working capital changes</b>	<b>(1,352.95)</b>	<b>1,192.50</b>	<b>3,068.23</b>	<b>3,938.33</b>	<b>3,895.80</b>	<b>3,545.25</b>
<b>Adjustments for movement in working capital:</b>						
Decrease / (increase) in trade receivables	4,504.27	652.33	(5,205.34)	(980.48)	(822.85)	(781.95)
(Increase) / decrease in inventories	(348.08)	(251.60)	3.42	449.23	88.34	(471.83)
Decrease / (increase) in loans and advances and other assets	231.74	398.07	(1,751.95)	(1,041.26)	756.74	(1,233.22)
(Decrease) / increase in trade payables, other liabilities and provisions	(871.41)	1,900.99	4,095.09	1,714.11	724.53	(784.46)
<b>Cash from / (used in) / generated from operations</b>	<b>2,163.57</b>	<b>3,892.29</b>	<b>209.45</b>	<b>4,079.93</b>	<b>4,642.56</b>	<b>273.79</b>
Direct taxes paid (net of refunds)	(176.46)	(567.54)	(175.22)	(519.04)	(205.09)	(310.97)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>1,987.11</b>	<b>3,324.75</b>	<b>34.23</b>	<b>3,560.89</b>	<b>4,437.47</b>	<b>(37.18)</b>

Particulars	For the period/ years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Cash flows (used in) / from investing activities</b>						
Purchase of fixed assets	(21,504.32)	(50,435.52)	(69,038.16)	(38,604.69)	(17,600.32)	(6,524.19)
Proceeds from sale of fixed assets including advances	1,752.69	0.23	11.51	0.30	24.05	-
Purchase of long term investments (including share application money)	-	(34.31)	-	(1,280.23)	(173.88)	(1,856.71)
Sale of long term investments (including refund of share application money)	-	186.40	-	0.06	245.47	-
(Purchase) / sale of current investments (net), including investment in restricted and other deposits	(3,428.66)	734.97	2,029.00	(2,678.29)	(3,208.16)	(922.82)
Sale of investments in subsidiaries	-	-	-	-	232.73	-
Advance for investment in companies	-	-	-	1,241.03	220.64	(986.40)
Income from current investments (other than trade)	-	-	-	-	-	68.64
Loans to other companies	(8.20)	(1,803.85)	(77.44)	(333.74)	(259.93)	(1,922.71)
Proceeds from repayment of loans granted	976.13	90.78	233.78	595.52	-	-
Purchase consideration paid on acquisition of subsidiaries/jointly controlled entities	-	(161.87)	(26,556.01)	(592.58)	(1,368.08)	(2,164.24)
Interest received	180.12	315.51	393.67	392.09	358.07	332.70
<b>Net cash flow (used in) / from investing activities (B)</b>	<b>(22,032.24)</b>	<b>(51,107.66)</b>	<b>(93,003.65)</b>	<b>(41,260.53)</b>	<b>(21,529.41)</b>	<b>(13,975.73)</b>
<b>Cash flows from / (used in) financing activities</b>						
Proceeds from issue of equity shares (including share application money pending allotment and securities premium)	5,423.93	-	-	150.05	1,792.60	10.00
Proceeds from issue of preference shares (including securities premium)	-	2,250.00	-	13,950.00	3,000.00	6,259.92
Redemption of preference shares (including redemption premium)	-	(135.38)	(142.50)	(150.00)	-	-
Redemption premium on repayment of preference shares and debentures and security issue expenses	(1,444.43)	(2,848.57)	(626.79)	(1,175.01)	(126.52)	-
Issue of common stock in consolidated entities (including share application money)	355.30	978.11	942.65	144.94	1,150.58	619.77
Proceeds from borrowings	41,158.14	71,951.12	106,900.39	43,660.37	15,414.36	9,031.78
Repayment of borrowings	(14,516.64)	(22,988.09)	(12,707.16)	(15,880.54)	(1,625.50)	(908.94)
Finance costs paid	(5,839.35)	(5,843.97)	(2,177.04)	(1,275.07)	(1,295.42)	(1,160.38)
Dividend paid (including dividend distribution tax) (March 31, 2013: Rs. 2,099)	-	0.00	(8.09)	(46.75)	-	(8.86)
<b>Net cash flow from financing activities (C)</b>	<b>25,136.95</b>	<b>43,363.22</b>	<b>92,181.46</b>	<b>39,377.99</b>	<b>18,310.10</b>	<b>13,843.29</b>
<b>Net (decrease) / increase in cash and cash equivalents (A + B + C)</b>	<b>5,091.82</b>	<b>(4,419.69)</b>	<b>(787.96)</b>	<b>1,678.35</b>	<b>1,218.15</b>	<b>(169.62)</b>
Cash and cash equivalents as at April 1,	2,229.84	6,536.54	3,251.35	1,358.01	156.03	321.38
Cash and cash equivalents on acquisitions during the period / year	-	-	3,985.67	215.17	18.46	0.03
Less: cash and cash equivalents transferred on disposal of investment in subsidiary / jointly controlled entities	-	-	-	-	(8.19)	-
Effect of exchange differences on cash and cash equivalents held in foreign currency	35.01	112.99	87.48	(0.18)	(26.44)	4.24
<b>Cash and cash equivalents as at September 30 / March 31,</b>	<b>7,356.67</b>	<b>2,229.84</b>	<b>6,536.54</b>	<b>3,251.35</b>	<b>1,358.01</b>	<b>156.03</b>
<b>Components of cash and cash equivalents</b>						
Cash on hand	18.04	6.72	16.96	3.19	1.96	3.85
Balance with banks on current accounts	4,806.55	2,124.83	5,344.23	2,071.27	440.11	151.54
Balance with banks deposits with less than three months maturity	2,532.08	98.29	1,175.35	1,176.89	915.94	0.64
<b>Total cash and cash equivalents</b>	<b>7,356.67</b>	<b>2,229.84</b>	<b>6,536.54</b>	<b>3,251.35</b>	<b>1,358.01</b>	<b>156.03</b>



## THE ISSUE

<b>Equity Shares Offered</b>	
Issue of Equity Shares	[●] Equity Shares
<i>of which</i>	
Fresh Issue <sup>(1)</sup>	[●] Equity Shares
Offer for Sale <sup>(2)</sup>	110,554,848 Equity Shares
A) QIB portion <sup>(3)(4)</sup>	not more than [●] Equity Shares
<i>of which:</i>	
Anchor Investor Portion	[●] Equity Shares
Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
Available for allocation to Mutual Funds only (5.00% of the QIB Portion (excluding the Anchor Investor Portion))	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion <sup>(4)</sup>	Not less than [●] Equity Shares
C) Retail Portion <sup>(4)(5)</sup>	Not less than [●] Equity Shares
<b>Pre and post Issue Equity and Preference Shares</b>	
Equity Shares outstanding prior to the Issue	1,694,996,895 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Preference Shares outstanding prior to the Issue	175,831,903 Preference Shares
Preference Shares outstanding after the Issue	[●] Preference Shares
<b>Use of Net Proceeds</b>	See “Objects of the Issue” on page 99 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, if any, shall be made on a proportionate basis. For further details, see “Issue Procedure - Basis of Allotment” on page 501.

- (1) *This Fresh Issue has been authorized by a resolution of our Board of Directors dated April 18, 2013 and a resolution of our shareholders in their Extraordinary General Meeting dated April 26, 2013.*
- (2) *The Equity Shares being offered by the Selling Shareholders in the Issue, or the compulsorily convertible cumulative preference shares which was converted into such Equity Shares, as the case may be, being included in the Issue, have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Issue. The Offer for Sale has been authorised by the Selling Shareholders as follows: (i) Claymore has authorised offer of 77,652,220 Equity Shares in the Issue by way of the board resolution dated March 27, 2014; (ii) IDFC PE Fund III has authorised offer of 2,05,64,144 Equity Shares in the Issue by way of the board resolution dated March 27, 2014; (iii) IDFC has authorised offer of 4,112,828 Equity Shares in the Issue by way of letter dated March 27, 2014; (iv) IAL has authorised offer of 4,112,828 Equity Shares in the Issue by way of the letter dated March 27, 2014; and (v) Ascent Capital has authorised offer of 4,112,828 Equity Shares in the Issue by way of the letter dated March 27, 2014.*
- (3) *Our Company and the Selling Shareholders may, in consultation with the BRLMs allocate up to 30.00% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5.00% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see “Issue Procedure” on page 460.*
- (4) *Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.*
- (5) *Our Company and the Selling Shareholders may, in consultation with the BRLMs, offer a discount of up to [●]% (equivalent to ₹ [●]) on the Issue Price to Retail Individual Bidders.*
- (6) *Allocation to all categories shall be made in accordance with SEBI Regulations.*

## GENERAL INFORMATION

### Registered Office

#### **GMR Energy Limited**

Skip House, 25/1  
Museum Road  
Bengaluru 560 025  
Karnataka, India  
CIN: U85110KA1996PLC021262  
Tel: (91 80) 4053 4000  
Fax: (91 80) 2227 9353  
Email: gel.ipo@gmrgroup.in  
Website: www.gmrgroup.co.in

### Address of RoC

Our Company is registered with the Registrar of Companies, Karnataka at Bengaluru situated at the following address:

#### **The Registrar of Companies**

‘E’ wing, 2nd floor  
Kendriya, Sadana  
Koramangala  
Bengaluru, 560 034  
Karnataka, India

### Board of Directors of the Issuer

Name, Designation, Occupation	Age	Address
<b>G. B. S. Raju</b> Chairman and Managing Director	40	Varalakshmi Nilayam, 486/76, 38th Cross, 1st Main Road, 8 <sup>th</sup> Block, Jayanagar, Bengaluru 560 082, Karnataka, India
<b>B. V. N. Rao</b> Non-Executive Director	60	98, next to NAL Layout, behind FCI Building, East End Main Road, 4 <sup>th</sup> T. Block, Jayanagar, Bengaluru 560 041, Karnataka, India
<b>Madhva B. Terdal</b> Non-Executive Director	59	B-7-4, Oakyard Apartments, East End, ‘C’ Main Road, Jayanagar, 9 <sup>th</sup> Block, Bengaluru 560 069, Karnataka, India
<b>Satish Kumar Mandhana</b> (Nominee Director of IDFC PE Fund III)	53	Flat No. 901, 9th Floor, Virgo Heights, Plot No. 388, 16 <sup>th</sup> Road, Bandra West, Mumbai 400 050, Maharashtra, India
<b>N. C. Sarabeswaran</b> Independent Director	69	No. 27, Papanasam, Sivan Salai, Palace Road, Chennai 600 004, Tamil Nadu, India
<b>S. Rajagopal</b> Independent Director	74	“Varenja”, 1043, 10 <sup>th</sup> Main Road, Judicial Officers Layout, GKVK Post, Bengaluru 560 065, Karnataka, India
<b>S. Tatwamasi Dixit</b> Independent Director	41	A-5, Kumara Vijayam, 99/187, Royapettah High Road, Mylapore, Chennai 600 004, Tamil Nadu, India
<b>Ramakrishna Rajasekharan Nair</b> Independent Director	73	Aavishkar, 785, 4 <sup>th</sup> Block, 5 <sup>th</sup> Cross, Koramangala, Bengaluru 560 034, Karnataka, India
<b>K. Parameswara Rao</b> Independent Director	63	Flat-411, Shiva Prakruthi Apartments, Tala Cauveri Layout, Amruthahalli, Bytarayanapura, Bengaluru 560 092, Karnataka, India
<b>V. Santhana Raman</b> Independent Director	63	New No. 06 (Old No. 14) 1st floor, Sri Devi Colony, Near 7th Avenue – Titan Showroom (End of 1st Postal Colony Street), West Mambalam Ashok Nagar Chennai 600 083 Tamil Nadu, India

For further details of our Directors, see “Our Management” on page 230.

### Company Secretary and Compliance Officer

V. Mohana is the Company Secretary and the Compliance Officer of our Company. Her contact details are as follows:

**V. Mohana**  
**GMR Energy Limited**  
IBC Knowledge Park

No. 4/1, Tower D, 10th Floor  
 Bannerghatta Road  
 Bengaluru, 560 029  
 Karnataka, India  
 Tel: (91 80) 4043 2000  
 Fax: (91 80) 4043 2180  
 Email: gel.ipo@gmrgroup.in

**Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account, refund orders, etc.**

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, application number, address of the applicant, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the entity and centre where the Bid cum Application Form was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB and the Syndicate Members at the Specified Locations with whom the Bid cum Application Form was submitted, giving full details such as name and address of the applicant, Bid cum Application Form number, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and Designated Branch or the collection centre of the SCSB or the address of the centre of the Syndicate Member at the Specified Locations where the Bid cum Application Form was submitted by the ASBA Bidder.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/information mentioned herein above.

#### BOOK RUNNING LEAD MANAGERS

##### **DSP Merrill Lynch Limited**

8<sup>th</sup> Floor, Mafatlal Center  
 Nariman Point  
 Mumbai 400 021  
 Maharashtra, India  
 Tel: (91 22) 6632 8000  
 Fax: (91 22) 2204 8518  
 Email: dg.gel\_ipo@baml.com  
 Investor grievance email:  
 dg.india\_merchantbanking@baml.com  
 Website: www.dspml.com  
 Contact Person: Mr. Abhinandan Prasad  
 SEBI Registration No.: INM000011625

##### **ICICI Securities Limited**

ICICI Centre, H.T. Parekh Marg  
 Churchgate, Mumbai 400 020  
 Maharashtra, India  
 Tel: (91 22) 2288 2460/70  
 Fax: (91 22) 2282 6580  
 Email: gmrenergy.ipo@icicisecurities.com  
 Investor grievance email:  
 customercare@icicisecurities.com  
 Website: www.icicisecurities.com  
 Contact Person: Mr. Ayush Jain / Mr. Gaurav Goyal  
 SEBI Registration No.: INM000011179

##### **Kotak Mahindra Capital Company Limited**

27 BKC, 1st Floor, Plot No. C-27,  
 'G' Block, Bandra Kurla Complex  
 Bandra (East), Mumbai 400 051,  
 Maharashtra, India  
 Tel: (91 22) 4336 0000  
 Fax: (91 22) 6713 2447  
 Email: gmrenergy.ipo@kotak.com  
 Investor grievance email: kmccredressal@kotak.com  
 Website: www.investmentbank.kotak.com  
 Contact Person: Mr. Ganesh Rane  
 SEBI Registration No.: INM000008704^

##### **Macquarie Capital (India) Private Limited**

92, Level 9, 2 North Avenue  
 Maker Maxity, Bandra Kurla Complex,  
 Bandra (E), Mumbai 400 051  
 Maharashtra, India  
 Tel: (91 22) 6720 4000  
 Fax: (91 22) 6720 4301  
 Email: gel.ipo@macquarie.com  
 Investor grievance id:  
 msgrievanceredressal@macquarie.com  
 Website: www.macquarie.in/mgl/in  
 Contact Person: Mr. Vivek Agarwal  
 SEBI Registration No.: INM000010932

##### **Nomura Financial Advisory & Securities (India) Limited**

Ceejay House, Level 11  
 Dr. Annie Besant Road  
 Worli, Mumbai 400 018  
 Maharashtra, India  
 Tel: (91 22) 4037 4037

##### **Standard Chartered Securities (India) Limited**

2nd Floor, 23-25, M.G. Road  
 Fort, Mumbai 400 001  
 Maharashtra, India  
 Tel: (91 22) 4205 6119  
 Fax: (91 22) 4205 5999  
 Email: gmrenergy.ipo@sc.com

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Fax: (91 22) 4037 4111  
Email: gmrenergypipo@nomura.com  
Investor grievance email: investorgrievances-  
in@nomura.com  
Website:  
<http://www.nomuraholdings.com/company/group/asia/india/index.html>  
Contact Person: Mr. Sumit Sukhramani  
SEBI Registration No.: INM000011419

Investor grievance email: investor@sc.com  
Website: [www.standardcharteredsecurities.co.in](http://www.standardcharteredsecurities.co.in)  
Contact Person: Mr. Nikhil Tulsyan  
SEBI Registration No.: INM000011542

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**Yes Bank Limited**

IFC, Tower II, 18th Floor, Senapati  
Bapat Marg, Elphinstone (W), Mumbai  
400 013, Maharashtra, India  
Tel: (91 22) 3366 9000  
Fax: (91 22) 2421 4508  
Email: dlgmrenergypipo@yesbank.in  
Investor grievance email: merchantbanking@yesbank.in  
Website: [www.yesbank.in](http://www.yesbank.in)  
Contact Person: Dr. Dhanraj Uchil / Mr. Ankur Singla  
SEBI Registration No.: MB / INM

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**Syndicate Members**

[●]

**Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA Process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For details of the Designated Branches which shall collect the Bid cum Application Forms from the ASBA Bidders, please refer to the above mentioned link. Further, the branches of the SCSBs where the Syndicate at the Specified Locations could submit the Bid cum Application Form is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>.

**Registered Brokers**

Bidders can submit Bid cum Application Forms in the Offer using the stock broker network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3) and [http://www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm), respectively.

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**Domestic Legal Counsel to the Company**

**Link Legal**

Thapar House, Central Wing  
First Floor, 124 Janpath  
New Delhi 110 001, India  
Tel: (91 11) 4651 1000/(91 80) 4123 1072  
Fax: (91 11) 4651 1099

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**Domestic Legal Counsel to the BRLMs**

**Amarchand & Mangaldas & Suresh A. Shroff & Co.**

201, Midford House, Midford Garden  
Off M.G. Road  
Bengaluru 560 001  
Karnataka, India  
Tel: (91 80) 2558 4870  
Fax: (91 80) 2558 4266

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**International Legal Counsel to the BRLMs**

**Clifford Chance Pte. Ltd.**

12, Marina Boulevard

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25th Floor Tower 3  
Marina Bay Financial Centre  
Singapore 08982  
Tel: (+65) 6410 2200  
Fax: (+65) 6410 2288

#### **Statutory Auditors to the Company**

##### **S.R. Batliboi & Associates LLP, Chartered Accountants**

UB City, Canberra Block, 12th Floor  
No. 24 Vittal Mallya Road  
Bengaluru-560 001  
Karnataka, India  
Email ID: SRBA@in.ey.com  
Fax no: (91 80)2210 6000  
Tel: (91 80) 6727 5000  
Firm Registration No.: 101049W

#### **Registrar to the Issue**

##### **Karvy Computershare Private Limited**

Plot Nos. 17-24  
Vittal Rao Nagar, Madhapur Hyderabad 500 081  
Andhra Pradesh, India  
Tel: (91 40) 4465 5000  
Fax: (91 40) 2343 1551  
Email: gmrenergy.ipo@karvy.com  
Website: www.karvycomputershare.com  
Contact Person: Muralikrishna. M  
SEBI Registration No: INR000000221

#### **Bankers to the Issue and/or Escrow Collection Banks**

[●]  
Tel: [●]  
Fax: [●]  
Email: [●]  
Website: [●]  
Contact Person: [●]

#### **Refund Bankers**

[●]  
Tel: [●]  
Fax: [●]  
Email: [●]  
Website: [●]  
Contact Person: [●]

#### **Bankers to our Company**

##### **Axis Bank Limited**

#6A, Amit Plaza, Ground Floor  
JP Nagar, 3<sup>rd</sup> Phase  
Bannerghatta Road, Bengaluru 560 076  
Karnataka, India  
Tel: (91 80) 2658 6835/34/43  
Fax: (91 80) 2658 6833  
E-mail: jpnagar.branchhead@axisbank.com, jpnagar.operationshead@axisbank.com  
Contact Person: Mr. Godfrey Kiren (Branch Head, Axis Bank, JP Nagar)  
Website: www.axisbank.com

##### **Central Bank of India, Corporate Finance Branch Bengaluru**

No. 75, 1<sup>st</sup> Floor, Brigade Road  
Bengaluru 560 025  
Karnataka, India  
Tel: (91 80) 2556 2885  
Fax: (91 80) 4164 4966  
Email: agmbang3816@centralbank.co.in  
Contact Person: Mr. Saurabh Udas  
Website: www.centralbankofindia.co.in

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**ING Vysya Bank Limited**  
 ING Vysya Bank Limited  
 #22, M G Road, Bengaluru  
 Karnataka, India  
 Tel: (91 80) 2500 5418  
 Fax: (91 80) 2500 5484  
 Email: vachan.anand@ingvysyabank.com  
 Contact Person: Mr. Vachan Anand  
 Website: www.ingvysyabank.com

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### **Monitoring Agency**

The Monitoring Agency will be appointed prior to the filing of the Red Herring Prospectus with the RoC.

### **Credit Rating**

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

### **Trustees**

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

### **Project Appraisal**

Our project undertaken by GMR Chhattisgarh Energy Limited is being appraised by STEAG Energy Services India Private Limited.

### **STEAG Energy Services Private Limited**

Address A29, Sector-16, NOIDA – 201301, India  
 Tel: (91 120) 4625000  
 Fax: (91 120) 4625100  
 Email: info@steag.in

### **Experts**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received consent from the Statutory Auditors of our Company namely, S.R. Batliboi and Associates LLP, Chartered Accountants, to include their name as an expert under Section 58 of the Companies Act, 1956 in this Draft Red Herring Prospectus in relation to the report of the Statutory Auditor's dated March 24, 2014 and statement of tax benefits dated March 24, 2014 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

### **Statement of Inter-se Allocation of Responsibilities for the Issue**

The following table sets forth the distribution of responsibility and coordination for various activities in this Issue amongst the BRLMs:

<b>S. No.</b>	<b>Activities Responsibility</b>	<b>Coordinating</b>	<b>Responsibility</b>
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, size of issue, allocation between primary and secondary, etc.	DSPML, Macquarie, StanC, I-Sec, Nomura, YES Bank & Kotak	DSPML
2.	Due diligence of the Company's operations/ management/ business plans/ legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same, follow up and coordination till final approval from all regulatory authorities,	DSPML, Macquarie, StanC, I-Sec, Nomura, YES Bank & Kotak	DSPML
3.	Drafting and approval of publicity material including statutory advertisement, corporate advertisement, brochure, etc.	DSPML, Macquarie, StanC, I-Sec,	Nomura

S. No.	Activities Responsibility	Coordinating	Responsibility
		Nomura, YES Bank & Kotak	
4.	Appointment of all other intermediaries (e.g. Registrar(s), Printer(s) and Banker(s) to the Issue, Advertising agency etc.)	DSPML, Macquarie, StanC, I-Sec, Nomura, YES Bank & Kotak	YES Bank
5.	International Institutional Marketing ; allocation of investors for meetings and finalizing road show schedules and preparation and finalization of the road-show presentation	DSPML, Macquarie, StanC, I-Sec, Nomura, YES Bank & Kotak	DSPML
6.	Domestic Institutional Marketing (including banks/ mutual funds); allocation of investors for meetings and finalizing road show schedules; FAQs	DSPML, Macquarie, StanC, I-Sec, Nomura, YES Bank & Kotak	StanC
7.	Non-Institutional & Retail Marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget</li> <li>Finalising Media and PR strategy</li> <li>Finalising centres for holding conferences for brokers etc.</li> <li>Finalising collection centres; and</li> <li>Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material</li> </ul>	DSPML, Macquarie, StanC, I-Sec, Nomura, YES Bank & Kotak	I-Sec
8.	Pricing and managing the book	DSPML, Macquarie, StanC, I-Sec, Nomura, YES Bank & Kotak	StanC
9.	Coordination with Stock-Exchanges for book building software, bidding terminals etc.	DSPML, Macquarie, StanC, I-Sec, Nomura, YES Bank & Kotak	Macquarie
10.	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.	DSPML, Macquarie, StanC, I-Sec, Nomura, YES Bank & Kotak	Kotak
11.	Payment of the applicable Securities Transaction Tax ("STT") on sale of unlisted equity shares by the Selling Shareholders under the offer for sale included in the Issue to the Government and filing of the STT return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004		Macquarie

Even if any of these activities are handled by other intermediaries, the designated BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with our Company and the Selling Shareholders.

### Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by our Company in consultation with the BRLMs, and advertised at least five days prior to the Bid/Issue Opening Date. The Issue Price is finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- Selling Shareholders;
- the BRLMs;

- the Syndicate Members who are intermediaries registered with the SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. The Syndicate Members are appointed by the BRLMs;
- the SCSBs;
- the Registered Brokers;
- the Registrar to the Issue; and
- the Escrow Collection Banks.

In terms of Rule 19(2)(b)(ii) of the SCRR and under the SEBI Regulations, the Issue is being made in accordance with Regulation 26(1) of the SEBI Regulations, through the Book Building Process wherein not more than 50.00% of the Issue shall be made available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders may allocate up to 30.00% of the QIB Portion to Anchor Investors on a discretionary basis. 5.00% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15.00% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription if any, in any category, except in the QIB category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

**QIBs (excluding Anchor Investors) and Non-Institutional Bidders can participate in the Issue only through the ASBA process and Retail Individual Bidders have the option to participate through the ASBA process. Anchor Investors are not permitted to participate through the ASBA process.**

**In accordance with the SEBI Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Issue Period and withdraw their Bids until finalisation of the Basis of Allotment. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period. Allocation to the Anchor Investors will be on a discretionary basis.** For further details, see “Issue Procedure” on page 460.

Our Company and the Selling Shareholders will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

**The process of Book Building under the SEBI Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.**

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue).*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%



The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The Issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below ₹ 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

#### **Steps to be taken by the Bidders for Bidding**

1. Check eligibility for making a Bid (For further details see “Issue Procedure - Who Can Bid” on page 463);
2. Ensure that you have a PAN, an active dematerialized account and the dematerialized account details including DP ID, Client ID and PAN are correctly mentioned in the Bid cum Application Form;
3. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI Circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in securities market, and (ii) Bids by persons resident in the State of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see “Issue Procedure” on page 460);
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form;
5. Ensure the correctness of your demographic details given in the Bid cum Application Form, with the details recorded with your Depository Participants;
6. Bids by QIBs (excluding the Anchor Investors) and Non Institutional Bidders shall be submitted only through the ASBA process;
7. Bids by non-ASBA Bidders will have to be submitted to the Syndicate (or their authorized agents) or the Registered Brokers;
8. Bids by ASBA Bidders will have to be submitted to the Designated Branches or the Syndicate in the Specified Locations or the Registered Brokers in physical form. It may also be submitted in electronic form to the Designated Branches of the SCSBs only. ASBA Bidders should ensure that the specified bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the Bid cum Application Form submitted by the ASBA Bidders is not rejected; and
9. Bids by the QIBs including Anchor Investors will have to be submitted to the BRLMs or their affiliates.

#### **Withdrawal of the Issue**

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment of the Equity Shares without assigning any reasons therefore. However, if our Company and the Selling Shareholders withdraw the Issue, after the Bid/Issue Closing Date, our Company shall issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

If our Company and the Selling Shareholders withdraw the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with an issue of our Company’s Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus.

## Bid/Issue Programme

**BID/ISSUE OPENS ON**

[•]\*

**BID/ISSUE CLOSES ON**

[•]\*\*

\* Our Company and the Selling Shareholders in consultation with the BRLMs may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date in accordance with the SEBI Regulations.

\*\* Our Company and the Selling Shareholders in consultation with the BRLMs may consider closing the Bid/Issue Period for QIB Bidders one day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations.

## Underwriting Agreement

After the determination of the Issue Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that, pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the underwriters. The Underwriting Agreement is dated [•]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.*

(₹ In Million, except share data)

Name, address, telephone number, fax number and email of the Underwriters	Indicative Number of the Equity Shares to be Underwritten	Amount Underwritten
[•]	[•]	[•]

*The above-mentioned underwriting commitments are indicative and will be finalised after pricing of the Issue and actual allocation and subject to provisions of Regulation 13(2) of the SEBI Regulations.*

In the opinion of the Board of Directors (based on certificates provided by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/Committee of Directors, at its meeting held on [•], has accepted and entered into the Underwriting Agreement on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.

## CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this Draft Red Herring Prospectus, is set forth below:

	Aggregate Value at nominal value	Aggregate Value at Issue Price <sup>#</sup>
<b>A) Authorised Share Capital*</b>		
3,000,000,000 Equity Shares of ₹ 10 each	30,000,000,000	[●]
172,500,000 Preference Shares of ₹ 10 each	1,725,000,000	
14,275,000 Preference Shares of ₹ 1,000 each	14,275,000,000	
<b>Total</b>	<b>46,000,000,000</b>	
<b>B) Issued, subscribed and paid up share capital before the Issue</b>		
1,694,996,895 Equity Shares of ₹ 10 each as on the date of the DRHP	16,949,968,950	[●]
162,901,250 Non Cumulative Redeemable Preference Shares of ₹ 10	1,629,012,500	[●]
12,930,653 Compulsorily Convertible Cumulative Preference Shares of ₹ 1,000 as on the date of the DRHP	12,930,653,000	[●]
• Conversion of such outstanding Compulsorily Convertible Cumulative Preference Shares: Up to 981,610,756 Equity Shares of ₹ 10 each <sup>@</sup>	9,816,107,560	[●]
<b>C) Present Issue in terms of this Draft Red Herring Prospectus**</b>		
[●] Equity Shares <sup>#</sup>	[●]	[●]
Out of which		
<b>a. Fresh Issue</b>		
[●] Equity Shares	[●]	[●]
<b>b. Offer for Sale</b>		
Up to 110,554,848 Equity Shares <sup>^</sup>	1,105,548,480	[●]
Of which:		
QIB Portion of not more than [●] Equity Shares	[●]	[●]
Of which:		
Anchor Investor Portion is up to [●] Equity Shares	[●]	[●]
Net QIB Portion of up to [●] Equity Shares	[●]	[●]
Of which:		
Mutual Fund Portion is [●] Equity Shares	[●]	[●]
Other QIBs (including Mutual Funds) is [●] Equity Shares	[●]	[●]
Non Institutional Portion of [●] Equity Shares	[●]	[●]
Retail Portion of [●] Equity Shares	[●]	[●]
<b>D) Issued, subscribed and paid up Equity Capital after the Issue</b>		
[●] Equity Shares of ₹ 10 each fully paid up	[●]	[●]
<b>E) Share premium account</b>		
Before the Issue	20,397,913,861.50	
After the Issue <sup>#</sup>		[●]

\* For details in change of the authorised capital of our Company, see "History and Corporate Structure" on page 197.

\*\* This Issue has been authorized by a resolution of our Board of Directors dated April 18, 2013 and a resolution of our shareholders in their Extraordinary General Meeting dated April 26, 2013.

<sup>^</sup> The Equity Shares being offered by the Selling Shareholders in the Issue, or the compulsorily convertible cumulative preference shares which was converted into such Equity Shares, as the case may be, being included in the Issue, have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Issue. The Offer for Sale has been authorised by the Selling Shareholders as follows: (i) Claymore has authorised offer of 77,652,220 Equity Shares in the Issue by way of the written resolution of directors dated March 26, 2014; (ii) IDFC PE Fund III has authorised offer of 2,05,64,144 Equity Shares in the Issue by way of the investment committee resolution dated March 27, 2014; (iii) IDFC has authorised offer of 4,112,828 Equity Shares in the Issue by way of letter dated March 28, 2014; (iv) IAL has authorised offer of 4,112,828 Equity Shares in the Issue by way of circular board resolution dated August 19, 2010; and (v) Ascent Capital has authorised offer of 4,112,828 Equity Shares in the Issue by way of the letter dated March 25, 2014.

<sup>#</sup> To be finalized upon determination of the Issue Price.

<sup>@</sup> The compulsorily convertible cumulative preference shares held by the Investors and Promoters ("Convertible Securities") shall be converted into Equity Shares prior to the filing of the Red Herring Prospectus with the Roc as follows:

Sl. No.	Name of the Investor and Promoters	At DRHP (Compulsorily Convertible Cumulative Preference Shares)	Before filing of RHP (maximum number of equity shares to be issued to Investors on conversion)
1	Claymore	3,705,749	370,574,900
2	IDFC Private Fund III	9,99,940	99,994,000

3	IDFC Limited	199,988	19,998,800
4	IAL**	449,988	35,238,828 #
5	Ascent Capital	199,988	19,998,800
6	GKFF Capital*	325,000	32,500,000
7	GREL	6,400,000	393,603,936
8	GEPML	650,000	9,701,492
	<b>TOTAL</b>	<b>12,930,653</b>	<b>981,610,756</b>

\*The 325,000 CCPS is a fresh issuance of CCPS made to GKFF Capital on March 27, 2014 at a price of ₹ 1000 per CCPS.

\*\* Pursuant to the Amended and Restated Share Subscription and Shareholders agreement dated February 21, 2014 between IAL, IDFC Private Fund III, our Company, GIL and other intermediate companies, one of the Promoters of our Company shall acquire 250,000 compulsorily convertible cumulative preference shares (which shall be converted to equity shares) prior to the filing of the Red Herring Prospectus with the RoC

# includes those Equity Shares which shall be acquired by one of the Promoters of our Company, pursuant to the compulsorily convertible cumulative preference shares which shall be acquired and then converted to equity shares prior to filing of the Red Herring Prospectus with the RoC

For further details, see "History and Corporate Structure – Shareholders' Agreements" on page 203.

## Notes to Capital Structure:

### 1. Share capital history of our Company

#### (a) Equity share capital history

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued and paid up Capital	Cumulative Share Premium (₹)
December 4, 1997	20	10	10	Cash	subscribers to memorandum	20	200	Nil
June 20, 1998	966,646	10	10	Cash	allotment of equity shares <sup>1</sup>	966,666	9,666,660	Nil
October 8, 1998	33,334	10	10	Cash	allotment of equity shares <sup>2</sup>	1,000,000	10,000,000	Nil
January 10, 2000	263,000,000	10	10	Cash	allotment of equity shares <sup>3</sup>	264,000,000	2,640,000,000	Nil
July 25, 2002	12,837,298	10	10	Cash	allotment of equity shares <sup>4</sup>	276,837,298	2,768,372,980	Nil
March 11, 2004	49,236,829	10	20.31	Cash	preferential allotment <sup>5</sup>	326,074,127	3,260,741,270	507,631,707
February 9, 2008	260,859,301	10	10	Bonus issue	bonus issue in the ratio of 8:10 <sup>6</sup>	586,933,428	5,869,334,280	507,631,707
November 26, 2009	29,476,973	10	52	Cash	preferential allotment <sup>7</sup>	616,410,401	6,164,104,010	1,745,664,573
November 26, 2009	86,786,624	10	52	Cash	conversion of preference shares to equity shares <sup>8</sup>	703,197,025	7,031,970,250	5,390,702,781
November 26, 2009	15,000,000	10	51.32	Cash	preferential allotment <sup>9</sup>	718,197,025	7,181,970,250	6,010,502,781
December 1, 2009	1	10	52	Cash	preferential allotment <sup>10</sup>	718,197,026	7,181,970,260	6,010,502,823
July 7, 2010	1,000	10	51.32	Cash	allotment of equity shares <sup>11</sup>	718,198,026	7,181,980,260	6,010,544,143
October 21, 2013	80,954,162	10	67	Cash	allotment of equity shares <sup>12</sup>	799,152,188	7,991,521,880	10,624,931,377
March 12, 2014	180,219,096	10	27.50	Cash	conversion of preference shares to equity shares <sup>13</sup>	979,371,284	9,793,712,840	13,778,765,557
March 12, 2014	536,894,545	10	27.50	Cash	conversion of loan <sup>14</sup>	1,516,265,829	15,162,658,290	23,174,420,094
March 22, 2014	60,257,063	10	67	Cash	allotment of equity shares <sup>15</sup>	1,576,522,892	15,765,228,920	26,609,072,685
March 27, 2014	7,919,155	10	27.50	Cash	allotment of equity shares <sup>16</sup>	1,584,442,047	15,844,420,470	26,747,657,898
March 27, 2014	77,652,220*	10	12.16	Cash	conversion of cumulative convertible	1,662,094,267	16,620,942,670	26,915,386,698

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued and paid up Capital	Cumulative Share Premium (₹)
					preference shares to equity shares <sup>17</sup>			
March 27, 2014	20,564,144*	10	12.16	Cash	conversion of compulsorily convertible cumulative preference shares to equity shares <sup>18</sup>	1,682,658,411	16,826,584,110	26,959,805,258
March 27, 2014	4,112,828*	10	12.16	Cash	conversion of compulsorily convertible cumulative preference shares to equity shares <sup>19</sup>	1,686,771,239	16,867,712,390	26,968,688,978
March 27, 2014	4,112,828*	10	12.16	Cash	conversion of compulsorily convertible cumulative preference shares to equity shares <sup>20</sup>	1,690,884,067	16,908,840,670	26,977,572,698
March 27, 2014	4,112,828*	10	12.16	Cash	conversion of compulsorily convertible cumulative preference shares to equity shares <sup>21</sup>	1,694,996,895	16,949,968,950	26,986,456,418
<b>TOTAL</b>	<b>1,694,996,895</b>							

- (1) Allotment of 483,323 equity shares to GMR Investments Private Limited and 483,323 equity shares to Varalakshmi Investments Private Limited
- (2) Allotment of 33,334 equity shares to Tanir Bavi Power Company Limited
- (3) Allotment of 25,433,334 equity shares to GMR Vasavi Infrastructure Private Limited; 108,206,666 equity shares to Alterio Mauritius Company Limited, 129,360,000 equity shares to PSEG Tanir Bavi Energy Company Limited (formerly known as Sundawn Mauritius Limited)
- (4) Allotment of 1,903,001 equity shares to GIL, 3,694,400 equity shares to Alterio Mauritius Company Limited and 7,239,897 equity shares to PSEG Tanir Bavi Energy Company Limited
- (5) Preferential allotment of 49,236,829 equity shares to India Development Fund
- (6) Bonus issue of 4,000 equity shares to G.M. Rao, 4000 equity shares to G. Varalakshmi, 80 equity shares to Srinivas Bommidala, 80 equity shares to B. Rama Devi, 80 equity shares to G.B.S. Raju, 80 equity shares to G. Kiran Kumar and 260,850,981 equity shares to GIL
- (7) Preferential allotment to GIL, allotting shares against share application money pending since March 2009
- (8) By a shareholders meeting of non cumulative redeemable and cumulative redeemable preference shareholders on November 14, 2009, shareholders consented to vary the rights attached to the non cumulative redeemable preference shares which were allotted to GIL on November 14, 2006, March 26, 2008 and November 19, 2008. Pursuant to such consent by a resolution dated November 26, 2009, 451,290,449 preference shares were converted into Equity Shares at Rs 52
- (9) Preferential allotment to the Welfare Trust for GMR Group Employees. For further details see "Capital Structure- Notes to Capital Structure " on page 85
- (10) Allotment of 1 equity share to GIL
- (11) Allotment of 1000 equity shares to Infrastructure Development Finance Company Limited
- (12) Allotment of 80,954,162 equity shares to GMR Energy Projects (Mauritius) Limited
- (13) By a shareholders meeting of preference shareholders on March 01, 2014, the shareholders consented to vary the rights attached to the non cumulative redeemable preference shares and the cumulative redeemable preference shares which were allotted to GIL on November 19, 2008, March 14, 2009, October 04, 2011, July 04, 2012 and August 28, 2012. Pursuant to such consent of shareholders by a resolution dated March 12, 2014, 495,602,521 preference shares were converted to Equity Shares at ₹ 27.50 per share
- (14) Pursuant to a resolution of the shareholders of the Company dated March 12, 2014, loan to the extent of ₹ 14,764.60 million given by GIL to our Company was converted to Equity Shares at ₹27.50 per share
- (15) Allotment of 60,257,063 equity shares to GMR Energy Projects (Mauritius) Limited at ₹ 67 per share
- (16) Allotment of 7,919,155 equity shares to GMR Renewable Energy Limited at ₹ 27.50 per share
- (17) Pursuant to a written resolution of directors dated March 26, 2014 conversion of 944,251 compulsorily convertible cumulative preference shares held by Claymore to 77,652,220 equity shares at a price of ₹ 12.16 per Equity Share
- (18) Pursuant to a investment committee resolution dated March 27, 2014, conversion of 250,060 compulsorily convertible cumulative preference shares held by IDFC Private Fund III to 2,05,64,144 equity shares at a price of ₹ 12.16 per Equity Share
- (19) Pursuant to a letter dated March 28, 2014, conversion of 50,012 compulsorily convertible cumulative preference shares held by

- (20) IDFC to 4,112,828 equity shares at a price of ₹ 12.16 per Equity Share  
Pursuant to a circular board resolution dated August 19, 2010, conversion of 50,012 compulsorily convertible cumulative preference shares held by Ascent Capital to 4,112,828 equity shares at a price of ₹ 12.16 per Equity Share
- (21) Pursuant to a letter dated March 25, 2014, conversion of 50,012 compulsorily convertible cumulative preference shares held by IAL to 4,112,828 equity shares at a price of ₹ 12.16 per Equity Share
- \* Issuance of these shares are in physical form and shall be dematerialised prior to filing of the Red Herring Prospectus with the RoC

(b) Preference share capital history

Date of allotment of the preference shares	No. of preference shares	Face Value (₹)	Issue Price (₹)	Nature of Payment	Reasons for allotment	Cumulative number of Preference Shares	Cumulative Issued Capital (₹)	Cumulative Share Premium (₹)
November 14, 2006	73,449,425	10	10	Cash	Preferential allotment <sup>1</sup>	73,449,425	734,494,250	Nil
March 26, 2008	138,700,171	10	10	Cash	Preferential allotment <sup>1</sup>	212,149,596	2,121,495,960	-
November 19, 2008	36,05,00,000	10	10	Cash	Preferential allotment <sup>1</sup>	572,649,596	5,726,495,960	-
March 14, 2009	265,493,375	10	10	Cash	Preferential allotment <sup>2</sup>	838,142,971	8381,429,710	-
November 26, 2009	(451,290,449)	10	--	--	Conversion to Equity Shares <sup>1</sup>	386,852,522	3,868,525,220	-
November 27, 2009	200,000,000	10	15	Cash	Preferential allotment <sup>3</sup>	586,852,522	5,868,525,220	1,000,000,000
June 4, 2010	9,300,000	1000	1000	Cash	Preferential allotment <sup>4</sup>	596,152,522	15,168,525,220	1,000,000,000
July 7, 2010	4,650,000	1000	1000	Cash	Preferential allotment <sup>5</sup>	600,802,522	19,818,525,220	1,000,000,000
December 27, 2010	(10,000,000)	10	--	--	Redemption <sup>3</sup>	590,802,522	19,718,525,220	1,000,000,000
October 4, 2011	15,000,000	10	10	Cash	Preferential allotment <sup>6</sup>	605,802,522	19,868,525,220	1,000,000,000
November 26, 2011	(9,500,000)	10	--	--	Redemption <sup>3</sup>	596,302,522	19,773,525,220	1,000,000,000
July 4, 2012	77,083,333	10	24	Cash	Preferential allotment <sup>7</sup>	673,385,855	20,544,358,550	2,079,166,662
August 28, 2012	16,666,666	10	24	Cash	Preferential allotment <sup>8</sup>	690,052,521	20,711,025,210	2,312,499,986
November 27, 2012	(9,025,000)	10	--	--	Redemption <sup>3</sup>	681,027,521	20,620,775,210	2,312,499,986
November 27, 2013	(8,573,750)	10	--	--	Redemption <sup>3</sup>	672,453,771	20,535,037,710	2,312,499,986
March 12, 2014	(495,602,521)	10	--	--	Conversion to Equity Shares <sup>1,2,6,7&amp;8</sup>	176,851,250	15,579,012,500	2,312,499,986
March 27, 2014	325,000 <sup>#</sup>	1,000	1,000	Cash	Preferential Allotment <sup>9</sup>	17,71,76,250	15,904,012,500	2,312,499,986
March 27, 2014	(1,344,347)*	1,000	-	-	Conversion to Equity Shares	175,831,903 <sup>†</sup>	14,559,665,500	2,312,499,986

- (1) Preferential allotment of non-cumulative redeemable preference shares to GIL. By a shareholders meeting of the preference shareholders dated November 14, 2009, GIL was granted the option to convert the preference shares into Equity Shares. By a resolution dated November 26, 2009, 451,290,449 preference shares were converted into Equity Shares at Rs 52. The remaining outstanding redeemable non-convertible preference shares 121,359,147 were converted into Equity Shares at ₹27.5 by a resolution dated March 12, 2014
- (2) Preferential allotment of cumulative redeemable preference shares to GIL. By a resolution dated March 12, 2014, all such cumulative redeemable preference shares were converted into Equity Shares at ₹27.5
- (3) Preferential allotment of non cumulative redeemable preference shares to ICICI. Out of the same, our Company redeemed 10,000,000 shares on December 27, 2010; 9,500,000 shares on November 27, 2011; 9,025,000 shares on November 27, 2012 and 8,573,750 shares on November 27, 2013. The non cumulative redeemable preference shares outstanding as on the date of this Draft Red Herring Prospectus is 162,901,250
- (4) Preferential allotment of compulsorily convertible preference shares to Claymore Investments (Mauritius) Pte. Limited. Pursuant to the amended restated agreement dated February 21, 2014, the outstanding compulsorily convertible cumulative preference shares will be converted to Equity Shares of the Company before the filing of the Red Herring Prospectus with the RoC. For further details see "History and Corporate Structure" on page 197
- (5) Preferential allotment of compulsorily convertible preference shares to four allottees in the following manner: (a) 3,000,000 to Infrastructure Development Finance Company Limited; (b) 500,000 to IDFC Investment Advisors Limited- Account Hybrid Infrastructure Portfolio; (c) 500,000 to Unit Trust of India Investment Advisory Services Limited- A/C Ascent India Fund III; (d) 650,000 to Argonaut Ventures. Pursuant to the amended restated agreement dated February 21, 2014, the outstanding compulsorily convertible cumulative preference shares will be converted to Equity Shares of the Company before the filing of the Red Herring Prospectus with the RoC. For further details see "History and Corporate Structure" on page 197
- (6) Preferential allotment of cumulative redeemable preference shares to GIL. By a resolution dated March 12, 2014 15,000,000

- cumulative redeemable preference shares were converted into Equity Shares at ₹ 27.5*
- (7) *Preferential allotment of non-cumulative redeemable preference shares to GIL. By a resolution dated March 12, 2014 77,083,333 non-cumulative redeemable preference shares were converted into Equity Shares at ₹ 27.5*
- (8) *Preferential allotment of non-cumulative redeemable preference shares to GIL. By a resolution dated March 12, 2014 16,666,666 non-cumulative redeemable preference shares were converted into Equity Shares at ₹ 27.5*
- (9) *Preferential allotment of compulsorily convertible cumulative preference shares to GKFF Capital at ₹ 1,000 which will be converted to Equity Shares of the Company prior to filing of the Red Herring Prospectus with the RoC*
- \* *Aggregate number of compulsory cumulative redeemable preference shares converted to Equity Shares forming part of the Offer for Sale*
- # *Issuance of these shares are in physical form and shall be dematerialised prior to filing of the Red Herring Prospectus with the RoC*

(c) *Issue of Equity Shares in the last one year*

The table below sets forth the details of the Equity Shares issued by our Company at a price which may be lower than the Issue Price during a period of one year preceding the date of this Draft Red Herring Prospectus:

Sl No.	Name of Entity	Date of Allotment	Number of the Equity Shares	Issue price (₹)	Reason
1.	Claymore Investments (Mauritius) Pte. Limited	March 27, 2014	77,652,220	12.16	Conversion of 944,251 compulsorily convertible cumulative preference shares to equity shares
2.	IDFC Private Equity Fund III	March 27, 2014	20,564,144	12.16	Conversion of 250,060 compulsorily convertible preference shares to equity shares
3.	IDFC Limited	March 27, 2014	4,112,828	12.16	Conversion of 50,012 compulsorily convertible preference shares to equity shares
4.	Ascent Capital Advisors India Private Limited	March 27, 2014	4,112,828	12.16	Conversion of 50,012 compulsorily convertible preference shares to equity shares
5.	IDFC Investment Advisors Limited	March 27, 2014	4,112,828	12.16	Conversion of 50,012 compulsorily convertible preference shares to equity shares
<b>TOTAL</b>			<b>110,554,848</b>		

2. **Build up of our Promoters' shareholding, Promoters' Contribution and Lock-in**

All Equity Shares, which are being locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI Regulations.

(a) *History of the Share Capital held by the Promoters*

**GMR Infrastructure Limited**

Date of Allotment / Transfer	No. of Equity Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	Nature of Consideration	Nature of Transaction
January 10, 2000	25,433,334	10	10	Cash	Allotment
January 10, 2000	10	10	10	Cash	Transfer from Tallam Nanjunda Shetty
January 10, 2000	10	10	10	Cash	Transfer from GMR Investments Private Limited
January 10, 2000	966,646	10	10	Cash	Transfer from GMR Investments Private Limited
February 18, 2000	(10)	10	10	Cash	Transfer to G.M. Rao
February 18, 2000	(10)	10	10	Cash	Transfer to M.V. Subba Rao
June 26, 2000	10	10	10	Cash	Transfer from G.M. Rao
June 26, 2000	10	10	10	Cash	Transfer from M.V. Subba Rao
March 26, 2002	33,334	10	13.5	Cash	Transfer from Tanir Bavi Power Company Limited
July 25, 2002	1,903,001	10	10	Cash	Allotment

Date of Allotment / Transfer	No. of Equity Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	Nature of Consideration	Nature of Transaction
November 1, 2002	136,599,897	10	10.57	Cash	Transfer from PSEG Tanir Bavi Company Limited
November 22, 2002	68,080,105	10	10.82	Cash	Transfer from Alterio Mauritius Company Limited
December 13, 2002	(5,000)	10	10	Cash	Transfer to G.M. Rao
December 13, 2002	(5,000)	10	10	Cash	Transfer to Ms. G. Varalakshmi
March 7, 2003	3,694,400	10	14.50	Cash	Transfer from Alterio Mauritius Company Limited
June 6, 2003	9,451,889	10	14.50	Cash	Transfer from Alterio Mauritius Company Limited
July 21, 2003	30,674,672	10	14.50	Cash	Transfer from Alterio Mauritius Company Limited
August 15, 2003	(100)	10	10	Cash	Transfer to G. Kiran Kumar
August 15, 2003	(100)	10	10	Cash	Transfer to G.B.S Raju
August 15, 2003	(100)	10	10	Cash	Transfer to Srinivas Bommidala
August 15, 2003	(100)	10	10	Cash	Transfer to Rao Investment Private Limited
April 26, 2006	49,236,829	10	20.31	Cash	Acquisition of stake from India Development Fund
February 9, 2008	260,850,981	10	10	Bonus	Issue of Bonus shares
November 26, 2009	29,476,973	10	52	Cash	Preferential Allotment
November 26, 2009	86,786,624	10	52	Conversion of preference shares	Conversion of preference shares
December 1, 2009	1	10	52	Cash	Preferential Allotment
March 31, 2011	(703,178,306)	10	14.23	Cash	Transfer to GMR Renewable Energy Limited
March 12, 2014	536,894,545	10	27.5	Conversion of loan	Conversion of loan
March 12, 2014	180,219,096	10	27.5	Conversion of preference shares	Conversion of preference shares
March 27, 2014	(180,219,096)	10	27.5	Cash	Transfer to GMR Renewable Energy Limited
<b>TOTAL</b>	<b>536,894,545</b>				

#### GMR Renewable Energy Limited

Date of Allotment / Transfer	No. of Equity Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	Nature of Consideration	Nature of Transaction
March 31, 2011	703,178,306	10	14.23	Cash	Transfer from GMR Infrastructure Limited
March 27, 2014	7,919,155	10	27.50	Cash	Preferential Allotment
March 27, 2014	180,219,096	10	27.50	Cash	Transfer from GMR Infrastructure Limited
<b>TOTAL</b>	<b>891,316,557</b>				

#### GMR Energy Projects (Mauritius) Limited

Date of Allotment / Transfer	No. of Equity Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	Nature of Consideration	Nature of Transaction
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October 21, 2013	80,954,162	10	67	Cash	Preferential Allotment
March 22, 2014	60,257,063	10	67	Cash	Preferential Allotment
<b>TOTAL</b>	<b>141,211,225</b>				

(b) *Details of Promoters contribution locked in for three years*

Pursuant to Regulations 32 and 36 of the SEBI Regulations, an aggregate of 20% of the fully diluted post-Issue capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment of Equity Shares in the Issue.

The details of such lock-in are given below:

Date of allotment/acquisition and when made fully paid-up	Nature of allotment	Nature of consideration	No. of shares locked in*	Face value (₹)	Issue Price/Purchase Price (Rs. ₹)	Percentage of post-Issue paid-up capital **	Date up to which specified securities are subject to lock-in
<b>GMR Infrastructure Limited</b>							
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
<b>GMR Renewable Energy Limited</b>							
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
<b>GMR Energy Projects (Mauritius) Limited</b>							
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

\* Commencing from the date of the Allotment of the Equity shares in the Issue.

- (a) The Promoters contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as promoters under the SEBI Regulations.
- (b) Any Equity Shares allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.
- (c) In terms of Regulation 37 of the SEBI Regulations, our entire pre-Issue equity share capital held by persons including the Promoters (excluding FVCI and VCF entities being Claymore, IDFC Private Fund III and Ascent Capital) will be locked-in for a period of one year from the date of Allotment in this Issue except for the Promoters contribution as specified in clause 2(b) above shall be locked in for a period of three years from the date of Allotment in this Issue.
- (d) In terms of Regulation 40 of the SEBI Regulations:
  - the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares of our Company which are locked-in as per Regulation 37 of the SEBI Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.
  - the Equity Shares held by the Promoters may be transferred to another Promoter and among the Promoter Group or to a new promoter or persons in control of our Company which are locked-in as per Regulation 36 of the SEBI Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as applicable.
  - The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of Allotment in the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as applicable.
- (e) Locked-in Equity Shares of our Company held by the Promoters can be pledged with scheduled

commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Further, the Equity Shares constituting 20% of the fully diluted post-Issue capital of our Company held by the Promoters that are locked in for a period of three years from the date of Allotment of Equity Shares in the Issue, may be pledged only if, in addition to complying with the aforesaid conditions, the loan has been granted by the banks or financial institutions for the purpose of financing one or more objects of the Issue.

### 3. Details of the share capital held by the Selling Shareholders

(a) The details of the shareholding of the Selling Shareholders in our Company is set forth below:

Date of transaction	Nature of transaction	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration
July 7, 2010	Allotment of equity shares to Infrastructure Development Finance Company Limited	1,000	10	51.36	Cash
March 15, 2011	Transfer of shares by Infrastructure Development Finance Company Limited to IDFC Private Fund III	(1,000)	10	51.36	Cash
March 27, 2014	Conversion of 944,251 compulsorily convertible cumulative preference shares held by Claymore to equity shares	77,652,220	10	12.16	-
March 27, 2014	Conversion of 250,060 compulsorily convertible cumulative preference shares held by IDFC Private Fund III to equity shares	20,565,144*	10	12.16	-
March 27, 2014	Conversion of 50,012 compulsorily convertible cumulative preference shares held by IDFC to equity shares	4,112,828	10	12.16	-
March 27, 2014	Conversion of 50,012 compulsorily convertible cumulative preference shares held by Ascent Capital to equity shares	4,112,828	10	12.16	-
March 27, 2014	Conversion of 50,012 compulsorily convertible cumulative preference shares held by IAL to equity shares	4,112,828	10	12.16	-

\* 1,000 equity shares was purchased by IDFC Private Equity Fund III from IDFC on March 15, 2011

For details in relation to the outstanding compulsory convertible cumulative preference shares as on the date of this Draft Red Herring Prospectus see "Capital Structure" on page 85.

### 4. The shareholding pattern of our Company

The table below presents the shareholding pattern of our Company before the proposed Issue as on the date of filing of this Draft Red Herring Prospectus and as adjusted for the Issue:

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares (%)		Shares Pledged or otherwise encumbered		Post IPO		Shares Pledged or otherwise encumbered (Post-IPO)	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100	Number of Shares*	As a % of (A+B+C)*	Number of shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group											

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares (%)		Shares Pledged or otherwise encumbered		Post IPO		Shares Pledged or otherwise encumbered (Post-IPO)	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)= (VIII)/(IV)*100	Number of Shares*	As a % of (A+B+C)*	Number of shares	As a percentage
(1)	Indian											
(a)	Individuals / Hindu Undivided Family	6	18,720	18,720	0.00 <sup>#</sup>	0.00 <sup>#</sup>	-	-	[.]	[.]	[.]	[.]
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	2	1,428,211,102	1,428,211,102	84.27	84.27	728,158,597	30 <sup>+</sup>	[.]	[.]	[.]	[.]
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>8</b>	<b>1,428,229,822</b>	<b>1,428,229,822</b>	<b>84.27</b>	<b>84.27</b>	<b>728,158,597</b>	<b>30<sup>+</sup></b>	<b>[.]</b>	<b>[.]</b>	<b>[.]</b>	<b>[.]</b>
(2)	Foreign											
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	1	141,211,225	141,211,225	8.33	8.33	-	-	[.]	[.]	[.]	[.]
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>9</b>	<b>1,569,441,047</b>	<b>1,569,441,047</b>	<b>92.60</b>	<b>92.60</b>	<b>728,158,597</b>	<b>30<sup>+</sup></b>	<b>[.]</b>	<b>[.]</b>	<b>[.]</b>	<b>[.]</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>1</b>	<b>141,211,225</b>	<b>141,211,225</b>	<b>8.33</b>	<b>8.33</b>	<b>728,158,597</b>	<b>30<sup>+</sup></b>	<b>[.]</b>	<b>[.]</b>	<b>[.]</b>	<b>[.]</b>
(B)	Public shareholding											
(1)	Institutions											
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	1	4,112,828	-	0.24	0.24	-	-	[.]	[.]	[.]	[.]
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	2	24,677,972	-	1.46	1.46	-	-	[.]	[.]	[.]	[.]
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	1	77,652,220	-	4.58	4.58	-	-	[.]	[.]	[.]	[.]
(h)	Any Other											
	Welfare Trust for GMR Group	1	15,000,000	15,000,000	0.88	0.88	-	-	[.]	[.]	[.]	[.]

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares (%)		Shares Pledged or otherwise encumbered		Post IPO		Shares Pledged or otherwise encumbered (Post-IPO)	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)= (VIII)/(IV)*100	Number of Shares*	As a % of (A+B+C)*	Number of shares	As a percentage
	Employees											
	Port Folio Managers	1	4,112,828	-	0.24	0.24			[•]	[•]	[•]	[•]
	<b>Sub-Total (B)(1)</b>	<b>6</b>	<b>125,555,848</b>	<b>15,000,000</b>	<b>7.41</b>	<b>7.41</b>	<b>-</b>	<b>-</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
(2)	Non-institutions	-	-	-	-	-	-	-	-	-	-	-
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-	-	-
(b)	Individuals -Individual shareholders holding nominal share capital up to ` 1 lakh.	-	-	-	-	-	-	-	-	-	-	-
	Individual shareholders holding nominal share capital in excess of ` 1 lakh.	-	-	-	-	-	-	-	-	-	-	-
	Independent Directors	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>6</b>	<b>125,555,848</b>	<b>15,000,000</b>	<b>7.41</b>	<b>7.41</b>	<b>-</b>	<b>-</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
	<b>TOTAL (A)+(B)</b>	<b>15</b>	<b>1,694,996,895</b>	<b>1,584,441,047</b>	<b>100.00</b>	<b>100.00</b>	<b>728,158,597</b>	<b>30*</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>15</b>	<b>1,694,996,895</b>	<b>1,584,441,047</b>	<b>100.00</b>	<b>100.00</b>	<b>728,158,597</b>	<b>30*</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*less than 0.01%

\* And pledge by GIL towards term loan of ₹2,000 million availed by GIL from PTC Financial Services Limited

For further details of Equity Shares held by our Promoters, see “Capital Structure – Notes to Capital Structure” on page 85.

## 5. Public shareholders holding more than 1% of the pre-Issue paid-up capital of our Company

The details of the public shareholders holding more than 1% of the pre-Issue paid-up capital of our Company and their pre-Issue and post-Issue shareholding are set forth in the table below:

S. No.	Name of the Shareholder	Pre-Issue		Post-Issue	
		Number of the Equity Shares held	Percentage (%)	Number of the Equity Shares held	Percentage (%)
1.	Claymore Investments (Mauritius) Pte. Limited	77,652,220	4.58	[•]	[•]
2.	IDFC Private Equity Fund III	20,565,144	1.21		

S. No.	Name of the Shareholder	Pre-Issue		Post-Issue	
		Number of the Equity Shares held	Percentage (%)	Number of the Equity Shares held	Percentage (%)
	TOTAL	98,217,364	5.79	[●]	[●]

## 6. Equity Shares held by top ten shareholders

(a) On the date of filing this Draft Red Herring Prospectus with SEBI:

Sl. No.	Name	Number of Equity Shares	Percentage of Equity Share capital (%)
1.	GMR Renewable Energy Limited	891,316,557	52.59
2.	GMR Infrastructure Limited	536,894,545	31.68
3.	GMR Energy Projects (Mauritius) Limited	141,211,225	8.33
4.	Claymore Investments (Mauritius) Pte. Limited	77,652,220	4.58
5.	IDFC Private Equity Fund III	20,565,144	1.21
6.	Welfare Trust for GMR Group Employees	15,000,000	0.88
7.	IDFC Limited	4,112,828	0.24
8.	Ascent Capital Advisors India Private Limited	4,112,828	0.24
9.	IDFC Investment Advisors Limited	4,112,828	0.24
10.	G.M. Rao	9,000	0.00*
<b>Total</b>		<b>1,694,987,175</b>	<b>99.99</b>

\*less than 0.01%

(b) As of 10 days prior to the date of filing of this Draft Red Herring Prospectus with SEBI:

Sl. No.	Name	Number of Equity Shares	Percentage of Equity Share capital (%)
1.	GMR Infrastructure Limited	717,113,641	47.29
2.	GMR Renewable Energy Limited	703,178,306	46.38
3.	GMR Energy Projects (Mauritius) Limited	80,954,162	5.34
4.	Welfare Trust for GMR Group Employees	15,000,000	0.99
5.	G.M. Rao	9,000	0.00*
6.	G. Varalakshmi	9,000	0.00*
7.	IDFC Private Equity Fund III	1,000	0.00*
8.	Srinivas Bommidala	180	0.00*
9.	B. Ramadevi	180	0.00*
10.	G.B.S. Raju	180	0.00*
<b>Total</b>		<b>1,516,265,649</b>	<b>99.99</b>

\*less than 0.01%

(c) Two years prior to the date of filing this Draft Red Herring Prospectus with SEBI:

Sl. No.	Name	Number of Equity Shares	Percentage of Equity Share capital (%)
1.	GMR Renewable Energy Limited	703,178,306	97.91
2.	Welfare Trust for GMR Group Employees	15,000,000	2.09
3.	G.M. Rao	9,000	0.00*
4.	G. Varalakshmi	9,000	0.00*
5.	Srinivas Bommidala	180	0.00*
6.	B. Ramadevi	180	0.00*
7.	G.B.S. Raju	180	0.00*
8.	G. Kiran Kumar	180	0.00*
9.	IDFC Private Equity Fund III	1,000	0.00*
<b>Total</b>		<b>718,198,026</b>	<b>100.00</b>

## 7. Details of Transactions in Equity Shares by our Promoters and our Promoter Group

There has been no purchase or sale of Equity Shares by Promoters, Promoter Group, or Directors and their immediate relatives during the six month period immediately preceding the date on which the Draft Red Herring Prospectus was filed with SEBI, except the following:

Sr. No.	Name of Promoter/Entity	Date of Allotment	Number of Equity Shares	Issue price (₹)	Nature of transaction
1.	GMR Energy Projects (Mauritius) Limited	October 21, 2013	80,954,162 <sup>1)</sup>	67	Allotment of equity shares
2.	GMR Infrastructure Limited	March 12, 2014	536,894,545	27.5	Conversion of loan to equity shares
3.	GMR Infrastructure Limited	March 12, 2014	180,219,096	27.5	Conversion of preference shares to equity shares
4.	GMR Energy Projects (Mauritius) Limited	March 22, 2014	60,257,063	67	Allotment of equity shares
5.	GMR Renewable Energy Limited	March 27, 2014	180,219,096	27.5	Transfer of equity shares from GMR Infrastructure Limited
6.	GMR Renewable Energy Limited	March 27, 2014	7,919,155	27.5	Allotment of equity shares

#### 8. Details of Equity Shares held by our Directors, Key Management Personnel and directors of our Promoter companies

The table below sets forth the details of Equity Shares that our held by the Directors and Key Management Personnel of the Company and directors of Promoter companies:

S. No.	Name	Number of Equity Shares	Pre-Issue Equity Share Capital (%)	Post-Issue Equity Share Capital (%)
1.	G.M. Rao	9,000	0.00*	0.00*
2.	G.B.S. Raju	180	0.00*	0.00*
3.	Srinivas Bommidala	180	0.00*	0.00*
4.	G. Kiran Kumar	180	0.00*	0.00*

\*less than 0.01%

This disclosure is made in accordance with Schedule VIII - Part A of the SEBI Regulations.

9. On November 24, 2009 the Welfare Trust for GMR Employees was established by an independent professional, V. Sreedharan for the benefit of the specified beneficiaries (present and future) of the GMR group. The current trustees are K. Balasubramanian and Kamaraju Mamidi, both independent trustees. The welfare trust was set up for promoting the welfare and growth of specified beneficiaries as and when identified by the trustees. In terms of the Trust Deed each of the specified beneficiaries, upon the satisfaction of conditions precedent, is entitled to purchase such number of Equity Shares as decided by the trustees. Our Company neither has any direct or indirect control over the affairs of the welfare trust nor has extended any direct or indirect financial assistance to the welfare trust for the purchase of equity shares by the welfare trust. The trust holding through the trustees have been allotted 15,000,000 Equity Shares as on November 26, 2009. Currently, there is no scheme that has been formulated for running the welfare trust.
10. As on the date of this Draft Red Herring Prospectus, our Company does not have an Employee Stock Option Plan.
11. There are no financing arrangements whereby the Promoters, the Promoter Group, the directors of the Issuer or their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing draft offer document with the Board.
12. Neither our Company, our Promoters, Directors nor the BRLMs have entered into any buy-back, safety net and/or standby arrangements for the purchase of Equity Shares from any person.
13. Our Company has not raised any bridge loans against the proceeds of the Issue.
14. Except as disclosed in “Capital Structure” on page 85 and “History and Corporate Structure” on page

197, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue, conversion of convertible instruments or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

15. Except as disclosed in “Capital Structure” on page 85 and “History and Corporate Structure” on page 197, there are no outstanding warrants, options or other financial instruments or rights that may entitle any person to receive any Equity Shares in our Company.
16. Our Company made a bonus issue of 260,859,301 Equity Shares to its existing shareholders in the ratio of 8:10 out of its accumulated profits and free reserves on February 9, 2008. Except as disclosed above, our Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
17. The Equity Shares held by our Promoters are not subject to any pledge except 728,158,597 equity shares pledged by GMR Renewable Energy Limited to IDBI Trusteeship Services Limited, Debenture Trustee towards securing the Non-Convertible Debentures issued by the Company to ICICI Bank Limited & Rupee Term Loan of ₹100 million availed by GIL from ICICI Bank Limited and pledged by GIL towards term loan of ₹ 2,000 million availed by GIL from PTC Financial Services Limited.
18. In terms of Rule 19(2)(b)(ii) of the SCRR and under the SEBI Regulations, the Issue will be made through the Book Building Process. Not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders may allocate up to 30.00% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Any under-subscription in any category (except QIB category) in the Issue will be allowed to be met with spill-over from any other category or combination of categories in the Issue, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.
19. Over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the basis of Allotment.
20. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
21. Our Promoters and members of our Promoter Group will not participate in the Issue.
22. The Issuer presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. Additionally, if our Company enters into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for acquisitions or participation in such joint ventures we may enter into and/or we may raise additional capital to fund accelerated growth.
23. There will be only one denomination of Equity Shares unless otherwise permitted by law and our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
24. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Red

Herring Prospectus.

25. For details of our related party transactions, see “Related Party Transactions” on page F-111.
26. The Issuer has 15 equity shareholders as of the date of this Draft Red Herring Prospectus.
27. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the members of the Promoter Group during the period between the date of registering the Red Herring Prospectus with the RoC and the date of closure of the Issue shall be reported to the Stock Exchanges within 24 hours of the transaction.
28. Except as disclosed in “Capital Structure” on page 85 and “History and Corporate Structure” on page 197, our Promoters, Directors and members of the Promoter Group have not purchased or sold any Equity Shares within six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.
29. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as of the date of filing this Draft Red Herring Prospectus.
30. As on the date of this Draft Red Herring Prospectus, the BRLMs and their respective associates do not hold any Equity Shares in our Company.



## OBJECTS OF THE ISSUE

The Issue comprises of the Fresh Issue by the Company and an Offer for Sale by the Selling Shareholders.

### Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

The Issue is being undertaken to meet the objects thereof, as set forth herein, and to realize the benefits of listing of our Equity Shares on the Stock Exchanges, including the enhancement of our Company's brand name and creation of a public market for our Equity Shares in India.

### Objects of the Fresh Issue

The Company proposes to utilise the funds which are being raised through the Fresh Issue, after deducting the Issue related expenses to the extent payable by our Company ("Net Proceeds"), are estimated to be approximately ₹ [●] million.

The Net Proceeds from the Issue are intended to be utilized by our Company for the following objects (collectively, referred to herein as the "Objects"):

1. Funding equity contribution in relation to the 1,050 MW (Phase I) Kamalanga Power Plant being developed by our subsidiary GMR Kamalanga Energy Limited;
2. Funding equity contribution in relation to the 1,370 MW Chhattisgarh Power Project being developed by our subsidiary GMR Chhattisgarh Energy Limited;
3. Repayment of debt; and
4. General corporate purposes.

The details of the Net Proceeds of the Issue are summarized in the table below:

(₹ in Million)	
Particulars	Amount
Gross Proceeds from the Fresh Issue	[●]
less (Issue related expenses)*#	[●]
Net Proceeds of the Issue*	[●]

\* To be finalized upon determination of the Issue Price.

# Only the proportionate Issue- related expenses to be incurred by our Company. Except for the listing fees which will be borne by the Company, all expenses relating to the Issue shall be borne by the Company and the Selling Shareholders in proportion to the Equity Shares contributed to the Issue.

The main objects clause of our Memorandum of Association enables us to undertake the existing activities and the activities for which the funds are being raised by us through this Fresh Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the objects clause of our Memorandum of Association.

### Requirement of funds and utilization of Net Proceeds

We intend to utilize the Net Proceeds of approximately ₹ [●] million for financing the Objects. The total fund requirement and detailed utilization of the Net Proceeds is set forth below:

(₹ In Million)

S.No.	Expenditure Items	Total estimated cost	Revised estimated cost (A)	Amount deployed/utilized as on February 28, 2014		Amount utilized for project capital expenditure (B)	Balance Amount to be deployed as on February 28, 2014 (A-B)	Amount up to which will be financed from Net Proceeds of the Issue	Estimated Net Proceeds utilization for Fiscal	
				Debt	Equity				2015	2016
1	Funding equity contribution in relation to the 1,050 MW (Phase I) Kamalanga Power Plant	45,400.00 <sup>(1)</sup>	65,190.00 <sup>(1)</sup>	41,596.20 <sup>(2) #</sup>	20,027.60 <sup>(2)</sup>	57,627.50 <sup>(2)</sup>	7,562.50	2,000.00	2,000.00	-
2.	Funding equity contribution in relation to the 1,370 MW Chhattisgarh Power Project	82,900.00 <sup>(3)</sup>	110,160.00 <sup>(4)</sup>	55,529.10 <sup>(5)</sup>	19,448.00 <sup>(5)</sup>	69,753.80 <sup>(5)</sup>	40,406.20	5,000.00	3,000.00	2,000.00
3.	Repayment of existing debt	22,812.90	NA	NA	NA	NA	21,303.85 <sup>(6)</sup>	4,500.00	4,500.00	-
4.	General corporate purposes	[•]	[•]	[•]	[•]		[•]	[•]	[•]	[•]
	<b>Total</b>	[•]	[•]	[•]	[•]		[•]	[•]	[•]	[•]

(1) The original project cost as set out in schedule II of the rupee loan agreement dated May 27, 2009 between GMR Kamalanga Energy Limited and the banks and lenders. For further details see "Financial Indebtedness" on page 302. Subsequently pursuant to the amendment to the rupee loan agreement dated March 10, 2014, the schedule II provides the revised project cost.

(2) Total amount of equity contribution and debt deployment in Kamalanga power project as per the Chartered Accountant Certificate dated March 10, 2014 issued by R.R. Mishra & Co., Chartered Accountants.

# Includes unsecured loans to the extent of ₹ 2,090.20 million which is not being utilised towards project capital expenditure.

(3) Total estimated cost as per the project cost assessment report prepared by STEAG Energy Services India Private Limited dated May 2011.

(4) Revised estimated cost as per the project cost assessment report prepared by STEAG Energy Services India Private Limited dated March 2014.

(5) Total amount of equity contribution (which includes ₹ 4,146.00 million of unsecured subordinate debt from GIL) and debt deployment in Chhattisgarh power project as per the Chartered Accountant Certificate dated March 21, 2014 issued by Vhavle & Company, Chartered Accountants.

(6) Amount outstanding as on March 18, 2014

The fund requirements mentioned above are based on the current business plan of our Company and some of our subsidiaries namely GMR Kamalanga Energy Limited and GMR Chhattisgarh Energy Limited. Our Company, GMR Kamalanga Energy Limited and GMR Chhattisgarh Energy Limited may have to revise their estimated costs and fund requirements owing to factors such as exchange or interest rate fluctuations, geological assessment, changes in design and configuration of the projects, increase in input costs of coal, steel and cement, other construction materials and labour costs, incremental rehabilitation, other preoperative expenses, taxes and duties, start up costs, interest and finance charges, EPC and non-EPC costs, working capital margin, environment and ecology costs and other external factors which may not be in our Company's control or in the control of some of our subsidiaries GMR Kamalanga Energy Limited and GMR Chhattisgarh Energy Limited. This may include rescheduling of the capital expenditure programs or changes in the capital expenditure for a particular purpose i.e., current plans at the discretion of the management of our Company or some of our subsidiaries GMR Kamalanga Energy Limited and GMR Chhattisgarh Energy Limited. In case of any increase in the actual utilisation of funds earmarked for the above activities or actual Net Proceeds being lower than contemplated, such shortage will be met from a combination of internal accruals, additional equity or debt infusion. In case of surplus funds either due to lower utilisation than what is stated above or surplus Issue proceeds after meeting all the above mentioned objects, the same shall be utilised towards general corporate purposes. See "Our Business" and "Risk Factors" on page 147 and 17 respectively.

### Details of the activities to be financed from the Net Proceeds

#### A) Phase I Kamalanga Power Plant- 1,050 MW Power Project in Orissa

##### Means of finance

The total funds required for the Phase I Kamalanga Power Plant are approximately ₹ 65,190.00 million. 75% of the stated means of finance, excluding the Net Proceeds for the Phase I Kamalanga Power Plant has been arranged as follows:

(₹ In Million)	
Particulars	Amount
Estimated costs for Kamalanga Power Plant (A)	45,400.00 <sup>(1)</sup>
Revised costs for Kamalanga Power Plant (B)	65,190.00 <sup>(1)</sup>
Amount utilized for project capital expenditure (C)	57,627.50 <sup>(2)</sup>
Balance costs to be incurred (D) = (B-C)	7,562.50
Amount proposed to be financed through Net Proceeds (E)	2,000.00
Funding required excluding the Net Proceeds (F) = (D-E)	5,562.50
Stated means of finance excluding the Net Proceeds (G) = 75% of (B-E)	47,392.50
Debt facility sanctioned by Banks for the Kamalanga Power Plant <sup>(3)</sup>	40,186.00
Equity contribution	20,027.60 <sup>(2)</sup>
Total amounts tied up (H) (To be greater than or equal to G)	60,213.60

(1) The original project cost as set out in schedule II of the rupee loan agreement dated May 27, 2009 between GMR Kamalanga Energy Limited and the banks and lenders. For further details see "Financial Indebtedness" on page 302. Subsequently pursuant to the amendment to the rupee loan agreement dated March 10, 2014, the schedule II provides the revised project cost.

(2) Pursuant to Chartered Accountant Certificate dated March 10, 2014 issued by R.R. Mishra & Co., Chartered Accountants.

(3) For further details refer 'Debt Facility' below on the debt facilities sanctioned by banks for the Phase I Kamalanga Power Plant.

### Description of the Phase I Kamalanga Power Plant

#### Phase I Kamalanga Power Plant

Our Company is implementing the Phase I Kamalanga Power Plant, a 3x350MW coal-based power project, through our subsidiary, GMR Kamalanga Energy Limited. The total project cost for developing the Kamalanga Power Plant is currently estimated to be approximately ₹ 65,190.00 million. As of February 28, 2014, the aggregate amount utilised for capital expenditure with respect to the Phase I Kamalanga Power Plant, as certified by R.R. Mishra & Co. by their certificate dated March 10, 2014, is ₹ 57,627.50 million. Our Company is proposing to utilise ₹ 2,000.00 million from the Net Proceeds to fund the equity contribution (through debt or equity or any other instrument as and when decided by our Company) in relation to the Kamalanga Power Plant.

The balance amount of ₹ 5,562.50 million is proposed to be funded through a combination of equity contribution by the existing shareholders, through internal accruals and debt financing.

In July 2008, GMR Kamalanga Energy Limited received a letter of assurance from MCL to supply 2.14 MTPA of coal, corresponding to 500 MW of capacity at the Phase I Kamalanga Power Plant. In July 2009, we secured a letter of assurance from the Ministry of Coal of India allocating a tapering coal linkage to supply 2.384 MTPA of coal, corresponding to the remaining 550 MW of capacity at the Phase I Kamalanga Power Plant, until the Rampa Coal Mine becomes fully operational. On January 16, 2014, the Ministry of Coal granted us a three-year tapering linkage extension through September 30, 2016, or until the start of production from the Rampa Coal Mine, whichever is earlier. We have executed a fuel supply agreement on March 26, 2013 for 2.009 MTPA, which corresponds to 425 MW of the 500 MW capacity covered under the letter of assurance from MCL received in July 2008. Further, on August 28, 2013, we executed a fuel supply agreement for 0.6556 MTPA of coal, which corresponds to the 137.5 MW of the 550 MW capacity covered under the letter of assurance from MCL received in July 2009. For further details see “Our Business” on page 147.

We received a notice of de-allocation of the Rampa Coal Mine from the Ministry of Coal on January 15, 2014. We are challenging the de-allocation of the Rampa Coal Mine and on February 12, 2014, the High Court of Delhi granted a stay preventing de-allocation of the coal block until resolution of the dispute. For further detail on the dispute regarding the Rampa Coal Mine, see “Outstanding Litigation and Defaults” on page 360.

All material approvals for the commencement and operation of the power plant have been obtained by GMR Kamalanga Energy Limited. For further details, see “Government Approvals” on page 421.

(a) **Project Cost**

(₹ In Million)

Particulars	Original Project Cost <sup>(1)</sup>	Revised Project Cost as appraised in June 2012 <sup>(1)</sup>	Revised Project Cost as estimated in October 2013 <sup>(1)</sup>	Amount deployed/utilized as on February 28, 2014 <sup>(2)</sup>
Land, site development	730.00	860.00	970.00	897.80
EPC cost (including civil works)	36,180.00	37,010.00	41,040.00	38,948.30
Non-EPC works (including site enabling works)	990.00	2,350.00	6,250.00	3,585.00
Taxes and duties	630.00	2,260.00	1,430.00	1,099.90
Pre-operative expenses	1,560.00	3,000.00	5,190.00	4,554.30
Contingency	780.00	390.00	-	-
Interest during construction	4,310.00	5,370.00	8,200.00	8,100.70
Working capital and margin money	240.00	440.00	1,130.00	441.50
Initial Spares	-	-	1,000.00	-
<b>Total</b>	<b>45,400.00<sup>3</sup></b>	<b>51,676.00<sup>3</sup></b>	<b>65,190.00<sup>3</sup></b>	<b>57,627.50</b>

(1) The original project cost as set out in schedule II of the rupee loan agreement dated May 27, 2009 between GMR Kamalanga Energy Limited and the banks and lenders. For further details see “Financial Indebtedness” on page 302. Subsequently pursuant to the amendment to the rupee loan agreement dated March 10, 2014, the schedule II provides the revised project cost.

(2) Pursuant to Chartered Accountant Certificate dated March 10, 2014 issued by R.R. Mishra & Co., Chartered Accountant

(3) Change in total on account of rounding off.

*Land, site development*

GMR Kamalanga Energy Limited requires approximately 1,177 acres of land for the operation of the Kamalanga Power Plant. GMR Kamalanga Energy Limited has already acquired all the critical land as required for the project construction.

The costs relating to land, site development has increased from ₹ 860.00 million to ₹ 970.00 million due to the proposed additional cost for acquiring additional land towards the construction of railway line for coal transportation and direct approach road, which is under progress.

*Litigation*

GMR Kamalanga Energy Limited is involved in certain legal proceedings pertaining to land which are pending at different levels of adjudication before various courts and tribunals. These cases are in the nature of writ

petitions filled by various parties challenging the land acquisition process, seeking compensation and injunction from usage of land. For further details in relation to the same see “Outstanding Litigation and Defaults” on page 360.

#### *EPC cost (including civil works)*

GMR Kamalanga Energy Limited is implementing the project through a lump sum, fixed time and fixed price EPC contract with Shandong Electrical Power Construction Corporation (SEPCO) of China. The increase in EPC cost (including civil works) from ₹ 37,010.00 million to ₹ 41,040.00 million is on account of the foreign currency fluctuations between USD and CNY and USD and INR.

#### *Non-EPC works (including site enabling works)*

GMR Kamalanga Energy Limited has entered into the various agreements for Non-EPC works which includes packages like Railway siding, Transmission line, transfer tower for wagon tippler and miscellaneous works. The increase in non-EPC works cost from ₹ 2,350.00 million to ₹ 6,250.00 million is on account of contracted cost increase, the scope change and addition of new items which were not considered earlier.

#### *Taxes and duties*

The reduction in taxes and duties from ₹ 2,260.00 million to ₹ 1,430.00 million is on account of refund received by GMR Kamalanga Energy Limited on taxes and duties already paid due to obtaining mega power project status.

#### *Pre-operative expenses including start-up cost*

Pre-operative costs includes costs like salaries & wages, operation and maintenance mobilisation, consultancy & professional charges, insurance costs and others administrative costs. The pre-operative expenses including start up costs has increased from ₹ 3,000.00 million to ₹ 5,190.00 million in view of the difficulties faced by GMR Kamalanga Energy Limited in development of site infrastructure and delay in project commissioning.

#### *Contingency*

There is no contingency as the Kamalanga Power Plant is near completion.

#### *Interest during construction*

The interest during construction has increased from ₹ 5,370.00 million to ₹ 8,200.00 million as per the estimate of GMR Kamalanga Energy Limited on account of delay in commercial operation date.

#### *Working capital and margin money*

The working capital and margin money has increased from ₹ 439.00 million to ₹ 1,125.00 million as per the estimate of GMR Kamalanga Energy Limited. Increase in working capital margin money is on account of expected build-up of stock of imported coal.

#### *Spares*

GMR Kamalanga Energy Limited has capitalised the cost of spares in the revised project cost, which it had kept at zero in the previously appraised project cost hence a provision of ₹ 1,000.00 million has been made.

### **Debt Facility**

GMR Kamalanga Energy Limited has entered into several agreements for loan to finance the Phase I Kamalanga power Plant. The financing arrangements entered into by GMR Kamalanga Energy Limited are as follows:

(₹ In Million)		
S. No.	Secured Loans	Amount sanctioned as on February 28, 2014
1	Rupee Loan Agreement dated May 27, 2009 between GMR Kamalanga Energy Limited, IDFC (Lead Consortium member) and other consortium members	34,050.00
2a	Rupee facility agreement dated June 30, 2012 between GMR Kamalanga Energy	3136.00*

	Limited and ICICI Bank Limited	
2b	ECB Agreement dated June 30, 2012 between GMR Kamalanga Energy Limited and ICICI Bank Limited Singapore as amended by amendment agreement dated September 25, 2012 and the second amendment dated September 28, 2012.	
3	Ruppee Loan Agreement dated December 2, 2013 between GMR Kamalanga Energy Limited and IDFC Limited	3,000.00
<b>TOTAL</b>		<b>40,186.00</b>

\* The sanctioned amount is USD 62.50 million which shall not exceed ₹ 3,136.00 million as per the terms of the agreement. Further, the ECB loan agreement shall be converted to a rupee term loan facility.

For further details see “Financial Indebtedness” on page 302.

## (b) Schedule of Implementation

The schedule of implementation of various establishment and development activities for GMR Kamalanga Power Plant is set forth below:

Milestone/Activity	Schedule/estimated date of completion*
Land, site development	June 2014
EPC cost (including civil works)	December 2014
Non-EPC works (including site enabling works)	December 2014
Pre-operative expenses including start-up costs	Completed

\* As per the management certificate dated March 24, 2014

## B) Chhattisgarh Power Project – 1,370 MW Power Project in Chhattisgarh

### Means of finance

The total funds required for the Chhattisgarh Power Project is approximately ₹ 110,160.00 million. 75% of the stated means of finance, excluding the Net Proceeds for the Chhattisgarh Power Project has been arranged as follows:

Particulars	(₹ In Million)
Estimated costs for Chhattisgarh Power Project (A)	82,900.00 <sup>(1)</sup>
Revised cost for Chhattisgarh Power Project (B)	110,160.00 <sup>(2)</sup>
Amount utilized for project capital expenditure (C)	69,753.80 <sup>(3)</sup>
Balance cost to be incurred (D) = (B-C)	40,406.20
Amount proposed to be financed through Net Proceeds (E)	5,000.00
Funding required excluding the Net Proceeds (F) = (D- E)	35,406.20
Stated means of finance excluding the Net Proceeds [(G) = 75% of (B-E)]	78,870.00
Debt facility sanctioned by Banks <sup>(4)</sup>	62,170.00 <sup>(5)</sup>
Equity funding by February 28, 2014	19,448.00
Total amounts tied up (H) (To be greater than or equal to G)	81,618.00

(1) Total estimated cost as per the project cost assessment report prepared by STEAG Energy Services India Private Limited dated May 2011

(2) Revised estimated cost as per the project cost assessment report prepared by STEAG Energy Services India Private Limited dated March 2014.

(3) Pursuant to Chartered Accountant Certificate dated March 21, 2014 issued by Vhavle & Company., Chartered Accountant.

(4) For further details refer ‘Debt Facility’ below on the debt facilities sanctioned by banks for the Chhattisgarh Power Project

(5) In December 2010, we signed financing documents with a consortium of lenders led by Axis Bank, committing the entire debt portion of such funding amounting to ₹ 62,170 million, for the power project. Four lenders in the consortium with commitments totaling ₹ 8,500 million did not disburse any funds. We have replaced these commitments with additional commitments from one of the lenders, raising their commitments from ₹ 5,000 million to ₹ 7,150 million, as well as new commitments of US\$ 50 million (₹ 3,012.00 million as on the date of disbursement) and US\$ 51 million from India Infrastructure Finance Company Limited (UK).

### Description of the Chhattisgarh Power Project

#### Chhattisgarh Power Project

Our Company is implementing the Chhattisgarh Power Project, a 2x685MW supercritical coal based thermal power project, through our subsidiary, GMR Chhattisgarh Energy Limited. The total project cost for developing the Chhattisgarh Power Project is currently estimated to be approximately ₹ 110,160.00 million. As of February 28, 2014, the aggregate amount utilised towards capital expenditure with respect to the Chhattisgarh Power Project, as certified by Vhavle & Company by their certificate dated March 21, 2014, is ₹ 69,753.80 million. Our

Company is proposing to ₹ 5,000 million from the Net Proceeds to fund the equity contribution (through debt or equity or any other instrument as and when decided by our Company) in relation to the Chhattisgarh Power Project. The balance amount of ₹ 40,406.20 million is proposed to be funded through a combination of equity contribution by existing shareholders, through internal accruals and debt financing.

GMR Chhattisgarh Energy Limited had initially applied to the Ministry of Coal of India for domestic coal linkage with respect to 1,000 MW of capacity, which we subsequently amended to 1,200 MW in July 2009. We are still waiting for the Ministry of Coal of India to grant us an award for the coal linkage. CEA sets forth the criteria for allocating coal linkages from Coal India Limited based on a points system. We believe the Chhattisgarh Power Project satisfies each of the criteria set forth by CEA, and hence we expect the power project to be recommended for domestic coal linkage. In order to have a stand-by plan for sourcing coal, and to meet any delays or deficiencies in coal linkage, in June 2012, GMR Chhattisgarh Energy Limited entered into a fuel supply agreement with GEL. Pursuant to the terms of the fuel supply agreement, GEL will supply up to 4.2 MTPA of coal from fiscal 2015 onwards, until such period when the coal linkage for the plant is provided by the Ministry of Coal of India. For further details, see “Our Business” on page 147.

All material approvals for the commencement and operation of the power plant have been obtained by GMR Chhattisgarh Energy Limited. For further details, see “Government Approvals” on page 421.

(a) **Project Cost**

(₹ In Million)

Particulars	Total Project Cost <sup>(1)</sup>	Revised Project Cost <sup>(2)</sup>	Amount deployed/utilized as on February 28, 2014 <sup>(3)</sup>
Land	880.00	1,710.00	1,517.40
EPC cost	51,320.00	62,530.00	50,237.40
Balance of Plant	11,080.00	10,970.00	-
Non EPC Cost	3,620.00	4,280.00	3,742.60
Taxes and Duties (only on BTG portion)	870.00	970.00	1,123.90
Pre-operative expenses (including preliminary expenses)	1,360.00	4,130.00	3,915.10
Start up cost	480.00	1,580.00	-
Contingency	1,070.00	530.00	-
Interest and Finance charges	10,660.00	17,400.00	9,217.60
Working capital margin	760.00	1,250.00	-
Barrage	800.00	1,200.00	-
Point of Connection (POC) Charges	-	1,130.00	-
Debt Service Reserve Account (DSRA)	-	2,480.00	-
<b>Total</b>	<b>82,900.00</b>	<b>110,160.00</b>	<b>69,754.00</b>

1. The estimated cost as per the project cost assessment report prepared by STEAG Energy Services India Private Limited dated May 2011.

2. Revised estimated cost as per the project cost assessment report prepared by STEAG Energy Services India Private Limited dated March 2014.

3. Pursuant to Chartered Accountant Certificate dated March 21, 2014 issued by Vhavle & Company., Chartered Accountant.

*Land Cost*

GMR Chhattisgarh Energy Limited requires approximately 850 acres of land for the operation of the Chhattisgarh Power Project. GMR Chhattisgarh Energy Limited has been granted lease of 423 acres of land for 99 years by the Chhattisgarh State Industrial Development Corporation. GMR Chhattisgarh Energy Limited has acquired the remaining 427 acres of the required land from various parties.

For improving the site connectivity by constructing a railway line to transport coal and to make the plant land contiguous, the total area of land required is 1,399 acres. GMR Chhattisgarh Energy Limited has acquired certain parcels of land from various private parties and is in the process of acquiring additional land.

*Litigation*

GMR Chhattisgarh Energy Limited is involved in certain legal proceedings pertaining to land which are in the

nature of writ petitions filed by few individuals challenging the land acquisition process which are pending at different levels of adjudication before various courts and tribunals. For further details in relation to the same see “Outstanding Litigation and Defaults” on page 360.

#### *EPC cost*

EPC contract has been awarded to Doosan Projects India Private Limited. EPC Cost has increased from ₹ 51,320.00 million to ₹ 62,530.00 million mainly due to increase in USD exchange rate from ₹ 47 to ₹ 61.73. The total EPC contract value remains unchanged at USD 755 million and has an INR component of Rs 15,850.00 million original and ₹ 15,930.00 million revised. In addition, GMR Chhattisgarh Energy Limited has also incurred an additional cost of ₹ 57.80 million on account of customs clearance and detention charges at the port on import of the equipment.

#### *Balance of Plant*

The balance of plant contract has been awarded to Larsen & Tubro Limited. The cost in relation to balance of plant has decreased from ₹ 11,080.00 million to ₹ 10,970.00 million due to the result of capital expenditure drive of GMR Chhattisgarh Energy Limited.

#### *Non - EPC Cost*

The non-EPC cost primarily comprise of power evacuation system, railway construction cost, raw water in-take system. The non-EPC cost has increased from ₹ 3,620.00 million to ₹ 4,280.00 million due to the increase/change of scope in power evacuation and railway construction costs.

#### *Taxes and Duties (only on BTG portion)*

The taxes and duties (only on BTG portion) has increased from ₹ 870.00 million to ₹ 970.00 million due to increase in service tax from 10.30% to 12.36%.

#### *Pre-operative expenses (including preliminary expenses)*

The pre-operative expenses primarily include expenses relating to engineering consultancy, site infrastructure, manpower expenses, power and water consumable during construction. The (including preliminary expenses) has increased from ₹ 1,360.00 million to ₹ 4,130.00 million due to delay in COD by about twelve months (March 1, 2014 to February 28, 2015).

#### *Start-up Cost*

Start up cost has increased from ₹ 480.00 million to ₹ 1,580.00 million due to increase of start up fuel and others.

#### *Interest and Finance charges*

Interest and finance charges have increased from ₹ 10,660.00 million to ₹ 17,400.00 million due to delay in execution of the project. The estimated delay in Unit 1 is about 11 months and the estimated delay in Unit II is about 13 months. As per the STEAG Energy Services India Private Limited report dated March 2014, the increase is mainly due to significant increase in interest rate from 11.25% considered during initial appraisal to 13.5% being presently paid.

#### *Marging Money for Working Capital*

Margin money requirement for working capital includes coal cost, secondary fuel oil, O&M expenses and receivables increased from ₹ 760.00 million to ₹ 1,250.00 million. The increase is basically on account of increase in cost of coal, secondary fuel and increase in average power tariff.

#### *Barrage*

Cost in relation to barrage has increased from ₹ 800.00 million to ₹ 1,200.00 million due to additional cost estimated on account of construction on retaining wall and increased cost of land.



### Point of Connection (“POC”) Charges

POC Charges have increased from nil to ₹ 2,480.00 million due to delay in COD.

### Debt Facility

GMR Chhattisgarh Energy Limited has entered into several agreements for loan to finance the Chhattisgarh Power Project. The financing arrangements entered into by GMR Chhattisgarh Energy Limited are as follows:

S. No.	Secured Loans/Unsecured loans	Amount sanctioned as on February 28, 2014*
1	Facility Agreement dated December 10, 2010 between GMR Chhattisgarh Energy Limited, Axis Bank (Lead Consortium member) and other consortium members	62,170.00*
	<b>TOTAL</b>	<b>62,170.00</b>

\*In December 2010, we signed financing documents with a consortium of lenders led by Axis Bank, committing the entire debt portion of such funding amounting to ₹ 62,170 million, for the power project. Four lenders in the consortium with commitments totaling ₹ 8,500 million did not disburse any funds. We have replaced these commitments with additional commitments from one of the lenders, raising their commitments from ₹ 5,000 million to ₹ 7,150 million, as well as new commitments of US\$ 50 million (₹ 3012.00 million as on the date of disbursement) and US\$ 51 million from India Infrastructure Finance Company Limited (UK).

### (b) Schedule of Implementation

The schedule of implementation of various establishment and development activities for Chhattisgarh Power Project is set forth below:

Milestone/Activity	Schedule/estimated date of completion*
Land, site development	March 2015
EPC cost (including civil works)	March 2016
Balance of Plant	December 2014
Non-EPC works (including site enabling works)	December 2014
Pre-operative expenses including start-up costs	March 2015

\*As per the management certificate dated March 26, 2014

### C) Repayment of debt

Our Company has entered into various financing arrangements with banks and financial institutions. Arrangements entered into by the Company include borrowings in the form of secured loans and term loans. As on March 18, 2014 a portion of loan outstanding from the loan agreements as stated below was ₹ 21,303.85 million.

Our Company intends to utilize the Net Proceeds of the Issue aggregating up to ₹ 4,500.00 million towards repayment of a portion of debt from the outstanding loan agreements and redemption of certain preference shares as given below. Some of our Company’s financing arrangements contain provisions relating to prepayment penalty and our Company will take these provisions into consideration in pre-paying its debts from the proceeds of the Issue:

(₹ In Million)			
S. No.	Outstanding Loans	Amount Sanctioned	Amount outstanding as on March 18, 2014*
1	Financial facility availed from Life Insurance Corporation of India, Mumbai- rupee term agreement dated December 6, 2012	7,000	7,000
2	Financial facility availed from Central Bank of India, Bangalore- term loan agreement dated March 22, 2013	1,000	999.84
3	Financial facility from ICICI Bank Limited- Subscription agreement dated December 19, 2011 <sup>#</sup>	8,000	7,840.00
4	Financial facility from ICICI Bank Limited- Investment agreement dated November 27, 2009	3,000	2,443.52
5	Loan Agreement dated September 28, 2013 from Yes Bank Limited	3,300	2,800
6	Term loan agreement dated June 8, 2007 from United Bank of India	512.90	220.49
	<b>TOTAL</b>	<b>22,812.90</b>	<b>21,303.85</b>

\* The outstanding amount as per the Chartered Accountant Certificate dated March 18, 2014 issued by respective banks.

# ICICI Bank as the subscriber to the NCDs has a right to redeem the debentures, accelerate the redemption of the debentures and the redemption price and all amounts due to ICICI Bank, within 30 days of the Issue; and additionally, GEL is required to required to repay 25% of the outstanding loan amount to ICICI Bank from the proceeds of the Issue. For further details see “Financial Indebtedness” on page 302. In the event ICICI Bank does not allow us to use the Net Proceeds from the Issue in the manner as set out herein at our discretion, our Company shall pursuant to the terms of the agreement, redeem the debentures.

For further information, please see “Financial Indebtedness” on page 302.

### **Issue related expenses**

The estimated Issue related expenditure is as follows:

S. No.	Activity Expense	Amount* (₹ Million)	Percentage of Total Estimated Issue Expenditure*	Percentage of Issue Size*
1	Fees of the Lead Managers	[●]	[●]	[●]
2	Fees to the Bankers to Issue	[●]	[●]	[●]
3	Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
4	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	[●]	[●]	[●]
5	Registrar to the Issue	[●]	[●]	[●]
6	Other expenses (Grading Agency, Monitoring Agency, Legal Advisors, Auditors and other Advisors)	[●]	[●]	[●]
<b>Total Estimated Issue Expenditure</b>		[●]	[●]	[●]

\*To be completed after finalization of the Issue

### **General Corporate Purposes**

We, in accordance with the policies set up by our Board, will have flexibility in applying the balance Net Proceeds of the Issue, if any, for general corporate purposes, including but not restricted towards strategic initiatives and acquisitions, funding initial stages of equity contribution towards our projects, part or full debt repayment, strengthening of our marketing capabilities and towards repayment and prepayment penalty on loans as may be applicable.

In case of variations in the actual utilization of funds designated for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any which are not applied to the other purposes set out above.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object i.e., the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

### **Monitoring Utilization of Funds**

We have appointed [●] as the Monitoring Agency (the “**Monitoring Agency**”) in relation to the Issue. Our Board and the Monitoring Agency will monitor the utilization of Net Proceeds and submit its report to us in terms of Regulation 16(2) of SEBI Regulations.

Pursuant to Clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. We will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) until such time as the Net Proceeds remain unutilized clearly specifying the purpose for which such Net Proceeds have been utilized. In the event that we

are unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a fiscal, we will utilize such unutilized amount in the next fiscal.

We will also, under a separate head in our balance sheet, provide details, if any, in relation to all such Net Proceeds that have not been utilized thereby also indicating investments, if any, of such unutilized Net Proceeds.

Further, in accordance with Clause 43A of the Listing Agreement, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the objects stated in the Draft Red Herring Prospectus. This information will also be advertised in newspapers simultaneously with the interim or annual financial results of our Company after placing the same before the Audit Committee.

No part of the Net Proceeds of the Issue will be paid by our Company as consideration to its Promoters, Directors, Group Entities, or Key Management Personnel, except in the normal course of its business.

### **Bridge Loan**

We have not raised any bridge loans which are required to be repaid from the Net Proceeds.

### **Interim Use of Funds**

Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds of the Issue.

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, other financial products and investment grade interest bearing securities for the necessary duration. Such investments will be approved by the Board or its committee from time to time, in accordance with its investment policies. Our Company confirms that pending utilization of the Net Proceeds, it shall not use the funds for any investment in equity or equity linked securities.

## BASIS FOR ISSUE PRICE

The Issue Price of ₹ [●] will be determined by our Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should also refer to “Our Business”, “Risk Factors” and “Financial Statements” on pages 147, 17 and F-1, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

- We have a proven track record for developing and operating power projects;
- Our access to an adequate supply of coal and ability to pass through fuel costs reduce our exposure to fluctuations in availability and cost of coal for our coal-based power projects;
- We have a combination of long-term and short-term offtake arrangements;
- We offer a diversified mix of thermal, hydroelectric and renewable based power projects to manage risk;
- We benefit from our relationship with our promoter company; and
- We have an experienced management team and a skilled workforce with a track record of project execution.

For further details, see “Our Business - Competitive Strengths” on page 149.

### Quantitative Factors

The information presented below relating to our Company is based on the restated financial statements as of and for fiscal 2013, 2012, and 2011, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations. For details, see “Financial Statements” on page F-1.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

#### 1. Basic and Diluted Earnings Per Share (“EPS”), as adjusted for change in capital:

As per our restated consolidated financial statements:

Year ended	EPS (in ₹)	Basic Weight	EPS (in ₹)	Diluted Weight
March 31, 2011	0.07	1	0.05	1
March 31, 2012	(1.25)	2	(1.25)	2
March 31, 2013	(13.49)	3	(13.49)	3
<b>Weighted Average</b>	<b>(7.15)</b>		<b>(7.15)</b>	

#### Notes:

1. The ratios have been computed as below:

(a) Basic earnings per share (₹) = Net profit after tax (as restated) attributable to equity shareholders / Weighted average number of equity shares outstanding during the period / year.

(b) Diluted earnings per share (₹) = Net profit after tax (as restated) attributable to equity shareholders / Weighted average number of dilutive equity shares outstanding during the period / year.

2. Weighted average number of equity shares are the number of equity shares outstanding at the beginning of the period / year adjusted by the number of equity shares issued during year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period / year

3. Earnings per share calculations are in accordance with AS 20 - "Earnings per share", [notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013].

4. Considering that the Group has incurred losses during the period / year ended September 30, 2013, March 31, 2013 and March 31, 2012, the conversion of CCPS would decrease the loss per share for the period ended September 30, 2013 and for the years ended March 31, 2013 and March 31, 2012 and hence it has been ignored for the purpose of calculation of diluted EPS.

## 2. Price/Earning (P/E) ratio in relation to Issue Price of ₹ [●] per Equity Share of ₹ [●] each:

- (a) P/E based on basic and diluted EPS at the lower end of the Price Band is [●]
- (b) P/E based on basic and diluted EPS at the higher end of the Price Band is [●]
- (c) P/E based on basic and diluted EPS as per our restated financial statements for year ended March 31, [●] is [●]
- (d) Peer Group P/E
  - (i) Highest: 21.7
  - (ii) Lowest: 9.9
  - (iii) Industry Composite: 17.1

Source: Annual filings of peer group companies, BSE

## Return on Net Worth ("RoNW"):

As per our restated financial statements:

Year ended	RoNW	Weight
March 31, 2011	0%	1
March 31, 2012	(6%)	2
March 31, 2013	(350%)	3
Weighted Average	(177%)	

## Notes:

1. Return on net worth (%) = Net profit after tax after preference dividend and related tax thereon (as restated) / Net worth at the end of the period / year.
2. Net worth for ratios represents sum of equity share capital and reserves and surplus.

## 3. Minimum Return on Increased Net Worth after the Issue needed to maintain Pre-Issue EPS for the year ended March 31, [●]:

- a. At Issue Price: [●]

## 4. Net Asset Value ("NAV") per Equity Share of face value ₹ [●] each as at March 31, 2013:

As per our restated consolidated financial statements:

Year ended	NAV per Equity Share	Weight
March 31, 2013	3.85	3
After the Issue	[●]	

## 5. Comparison with Industry Peers:

Name of the company(s)	Revenue from operations (₹ in million)	Face Value per Equity Share (₹)	P/E	EPS (Basic) (₹)	Return on Net Worth (%)	Net Asset Value / Share (₹)
GMR Energy	21568.51	10	N.A.	(13.49)	(350%)	3.85

Limited						
Adani Power Limited	67,794	10	N.A.	(9.59)	-53.5%	17.9
Indiabulls Power Limited	-	10	N.A.	(0.35)	-1.7%	20.5
JSW Energy Limited	89,343	10	9.9	5.51	14.6%	37.8
Jaiprakash Power Ventures Limited	24,586	10	21.7	1.24	5.4%	22.0
Reliance Power Limited	49,266	10	17.1	3.61	5.4%	66.2
Tata Power Company Limited	330,254	1	N.A.	(1.23)	-0.8%	45.3
Torrent Power Limited	82,210	10	17.1	8.19	6.3%	129.2

The peer group above has been determined on the basis of listed public companies comparable in size to our Company or whose business portfolio is comparable with that of our business.

#### Notes:

1. All financials are based on consolidated financials for the financial year ending March 31, 2013.
2. Revenue indicates Net Operating Revenue.
3. Net Income indicates the reported Net Profit after Minority Interests and Extraordinary Items.
4. EPS - basic reported as in company filings.
5. Networth includes Share Capital and Reserves & Surplus but excludes Minority Interests.
6. Return on Net Worth (RoNW) is calculated as Net Income (as defined above) / Closing Networth (as defined above).
7. NAV per share is calculated as Networth / Shares Outstanding (both as on March 31, 2013).
8. P/E is calculated as Current Share Price \* Shares Outstanding (as on March 28, 2013) / Net Income (as defined above).

The Issue Price of ₹ [●] per Equity Share is [●] times of the face value of ₹ [●] per equity share. The Issue Price has been determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process.

The BRLMs believe that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with “Risk Factors” and “Financial Statements” on pages 17 and F-1, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “Risk Factors” and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

### STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

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

Dear Sirs,

We hereby confirm that the enclosed annexure, prepared by GMR Energy Limited ('the Company') states the possible tax benefits available to the Company 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.

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; or
- ▶ the conditions prescribed for availing the benefits, where applicable have been/would be met.

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

per Sunil Bhumralkar  
Partner  
Membership number: 35141

Place: Bengaluru  
Date: March 24, 2014

## **ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO GMR ENERGY LIMITED (“THE COMPANY”) AND ITS SHAREHOLDERS**

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India for the Financial Year 2013-14.

### **A. BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (“THE ACT”):**

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

#### **1. Special tax benefits available to the Company**

As per the provisions of section 80-IA of the Act, the Company is eligible to claim a deduction to the extent of 100% of the profits derived from generation or generation and distribution of power. Such deduction would be available for ten consecutive assessment years. The benefit is available subject to fulfillment of prescribed conditions. At present, no benefit under this section is allowed with respect to any such undertaking which begins to generate or generation and distribute power at any time after 31<sup>st</sup> day of March 2014 unless the same is further extended to any future date.

#### **2. General Tax Benefits available to the Company**

##### **a. Business income**

- ▶ The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. The Company is further entitled to additional depreciation at the rate of 20 percent of the actual cost of new plant and machinery acquired on or after 31<sup>st</sup> day of March 2012. Further, the Company 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. 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
- ▶ 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-tenth of such expenditure for each of the ten successive financial years beginning with the financial 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 financial years beginning with the financial 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 provisions of Section 115JAA of the Act, the Company is eligible to claim credit for Minimum Alternate Tax (“MAT”) paid for any assessment year against normal income-tax payable in subsequent assessment years.
- ▶ MAT credit shall be allowed to be carried forward for any assessment year to the extent of difference between the tax paid under Section 115JB and the tax payable as per the normal provisions of the Act for that assessment year. Such MAT credit is available for set-off from assessment year 2010-11 onwards for upto 10 years succeeding the assessment year in which the MAT credit arises.

##### **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 listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, 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 listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or zero coupon bonds, held by an assessee for 12 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 36 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.
- ▶ Income by way of LTCG exempt under Section 10(38) of the Act is to be taken into account while determining book profits in accordance with provisions of 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 or units or zero coupon bonds 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 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 71 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.
- ▶ As per provisions of Section 71 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.

(ii) Exemption of capital gain 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 gain 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.
- ▶ 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% (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) on the total amount distributed as dividend.
- ▶ 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.
- ▶ 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 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) upto 31 March 2014.

- ▶ 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 115QA of the Act, an unlisted Indian company will have to pay 20% tax on 'distributed income' on buy-back of shares. Distributed income has been defined to mean consideration paid by such company for purchase of its own shares as reduced by the amount which was received by the Indian unlisted company at the time of issue of such shares.
- g. Other Provisions
- ▶ As per provisions of Section 80G of the Act, the Company 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.

## **B. Benefits available to the Resident members/ shareholders of the Company under the Act**

- 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% 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 on the total amount distributed as dividend.
  - ▶ 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.
- 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 listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, 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 36 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 the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.
  - ▶ In respect of any other capital assets. STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 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 or zero coupon bonds exceed 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 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 assesseees.
  - ▶ As per the provisions of Section 10(34A) of the Act, any income arising to shareholders on account of buy-back of unlisted shares referred to in Section 115QA, shall be exempt in the hands of the shareholders.
  - ▶ 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 10,00,000. Such surcharge rate would stand increased to 10% where the taxable income of the domestic company exceeds Rs 100,00,000. 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 surcharge, payable at the rate of 10% where the taxable income of the taxpayer exceeds 10,00,000. 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 71 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.
  - ▶ As per provisions of Section 71 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.
- (ii) Exemption of capital gain 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 5,00,000 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 a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
  - ▶ 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.

c. Other Provisions

- ▶ 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. Benefits available to the Non-resident shareholders of the Company under the Act**

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 Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% 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 on the total amount distributed as dividend.

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 listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, 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 gain 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 the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds. held by an assessee for 12 months or less.

- ▶ In respect of any other capital assets. STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 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 assessee.

- ▶ 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 Section 115QA, 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.
- ▶ 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 71 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.
- ▶ As per provisions of Section 71 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.

(ii) Exemption of capital gain 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 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 a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
- ▶ 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.



c. 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 S.O.2188(E) dated 17 September 2012 issued by the Central Board of Direct Taxes in order to claim benefits under the applicable tax treaty.

d. 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 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 referred to in Section 115QA, shall be exempt in the hands of the shareholders.

**D. Benefits available to Foreign Institutional Investors ("FIIs") under the Act**

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% 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 on the total amount distributed as dividend.

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.

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 (%)
LTCG on sale of equity shares not subjected to STT	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 10% 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 referred to in Section 115QA, shall be exempt in the hands of the shareholders.

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 S.O.2188(E) dated 17 September 2012 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 as business income or capital gains would depend on the nature of holding and various other factors.



#### **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 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.

Note: 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.

## SECTION IV: ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*Unless otherwise indicated, all financial and statistical data in the following discussion is derived from websites of and publicly available documents from various sources, including the websites of the Ministry of Power, Planning Commission of India and Central Electricity Authority, or CEA. The data may have been re-classified by us for the purpose of presentation. Unless otherwise indicated, the data presented excludes captive capacity and generation. The term “units” as used herein refers to kilowatt-hours (kWh).*

*Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect the current trend. Industry sources and publications may also base their information on estimates, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on this information.*

#### Overview of the Indian Economy

India, the world’s largest democracy in terms of population (1,204 million, estimated as of March 31, 2013) (*Source: Population Commission of India*), had an estimated Gross Domestic Product (“GDP”) at factor cost of approximately US\$4,771 billion in 2012. This makes it the third largest economy by GDP in the world (by purchasing power parity) after the United States of America and China (*Source: EIU*).

India’s economy is also among the fastest growing economies by GDP globally and its real GDP has grown at an average rate of 7.2% per annum for the period FY08-FY13 (*Source: RBI Economic Review FY 2013*). Increase in real GDP has led to an increase in per capita income at a cumulative average rate of 13.9% for the period FY08-FY13 (*Source: Economic Survey 2012-13*). This has increased the disposable income levels in India leading to higher consumption.

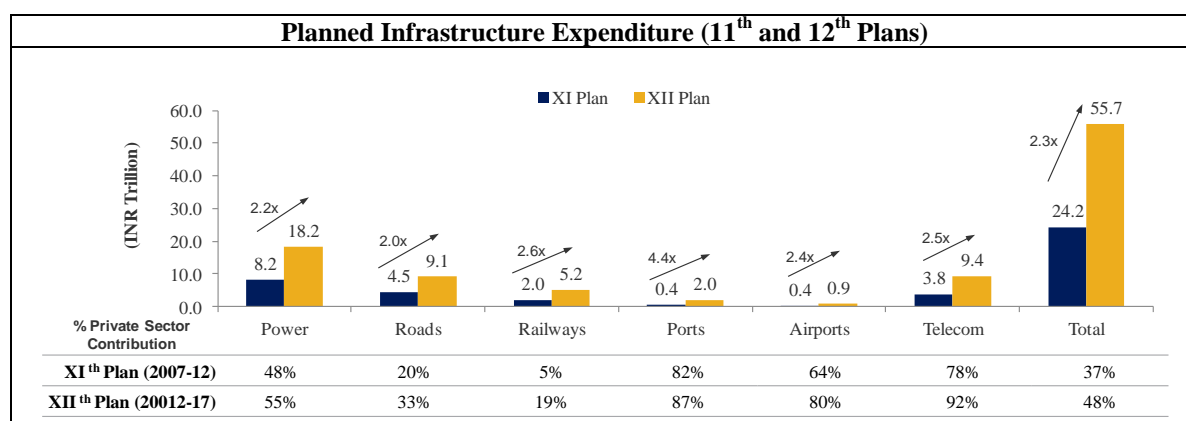
As per Reserve Bank of India (“RBI”) Survey of Professional Forecasters on Macroeconomic Indicators for Q3FY14, despite the recent slowdown the long-term forecast for India’s real GDP growth remains healthy at 6.5% for next five years (FY14 to FY18) and 7.25% for next ten years (FY14 to FY23). The following table presents a comparison of India’s real GDP growth rate with the real GDP growth rate of certain other countries (in percentages):

Country	2008	2009	2010	2011	2012	2013E
Australia	2.7%	1.4%	2.6%	2.4%	3.6%	2.9%
Brazil	5.2%	(0.3%)	7.6%	2.7%	0.9%	3.2%
China	9.6%	9.2%	10.4%	9.3%	7.8%	8.4%
India	6.7%	8.6%	9.3%	6.2%	5.0%	4.8%
Japan	(1.1%)	(5.5%)	4.7%	(0.5%)	2.0%	1.1%
Malaysia	4.8%	(1.5%)	7.2%	5.1%	5.6%	4.6%
Russia	5.3%	(7.8%)	4.5%	4.3%	3.5%	3.3%
South Korea	2.3%	0.3%	6.3%	3.6%	2.1%	2.8%
Thailand	2.5%	(2.3%)	7.8%	0.1%	6.4%	4.4%
United Kingdom	(1.0%)	(4.0%)	1.8%	1.0%	0.3%	0.5%
United States of America	(0.3%)	(3.1%)	2.4%	1.8%	2.2%	2.1%

*Source: Figures for India upto 2013 (corresponding to FY 2014) from RBI Economic Review FY 2013; data post 2012 from RBI Third Quarter Review of Monetary Policy 2013-2014; figures for other nations obtained from EIU*

The Indian economy is based on planning through successive five year plans that set out targets for economic development in various sectors, including power sector. The Draft 12<sup>th</sup> Five-Year Plan (FY13 to FY17), which is currently under implementation, emphasizes a broad-based and inclusive approach to economic growth to improve the quality of life and reduce disparities across regions. There is consensus that infrastructure inadequacies, including insufficient power generation would constitute a significant constraint in realising this development potential. To overcome this constraint, a programme of infrastructure investment, involving both public and private sectors, has been developed for Draft 12<sup>th</sup> Five-Year Plan. Planned infrastructure expenditure

for the Draft 12<sup>th</sup> Plan, which includes target power expenditure, was revised from 7.2% to 8.2% of GDP representing an increase of about 130% from the planned expenditure for the 11<sup>th</sup> Plan. In order to meet the intended level of planned infrastructure spending, the Government is encouraging private sector participation through public-private partnerships, or PPP projects.



Source: Draft 12<sup>th</sup> Five Year Plan

## Overview of Power Sector

### Brief History

The Power Sector in India has made rapid strides during the last six decades in the field of generation, transmission, distribution and utilization of electricity. The installed generating capacity in the country in 1947 was meagre 1,362 MW which has since grown manifold to 235 GW at the end of January 2014. (Source: *Monthly All India Installed Generation Capacity Report January 2014, Ministry of Power*)

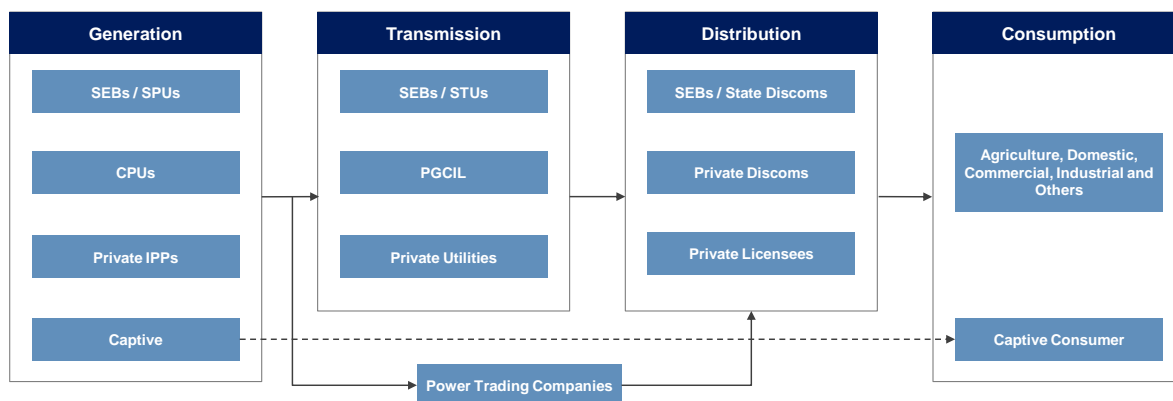
Post-colonisation, the Government of India implemented the Indian Electricity Act 1910, the Electricity (Supply) Act, 1948 of India, or the Supply Act and the Electricity Regulatory Commissions Act, 1998 which together created the institutional framework under which the industry has developed. The intention of the Supply Act was to broaden the supply base in order to stimulate growth throughout the country.

The Supply Act led to the creation of the State Electricity Boards, or SEBs, state government agencies with the sole responsibility for generation, transmission and distribution of electricity within each state. Most states established State Electricity Boards ("SEBs"); the smaller states and Union Territories established Electricity Departments, or EDs, to manage and operate power systems. The Electricity Act, 2003, or the Electricity Act, was passed in May 2003 to counter systemic deficiencies and to overcome the failures of the existing regime. Some of the important features of the Electricity Act included (a) license-free generation (b) creation of State Electricity Regulatory Commissions, or SERCs (c) provision of open access in T&D (d) allowance of power trading and (e) rural electrification. Under the Electricity Act, several states have restructured their boards into separate entities for generation, transmission and distribution, while others are attempting to privatise the former SEB entities. (Source: *Historical Background of Legislative Initiatives, Ministry of Power*)

Private sector participation in power generation had historically been low. However, since the 8<sup>th</sup> Five Year Plan (1992-97), the private sector participation in power generation has increased significantly and is expected to increase further as evident in the targets for the 12<sup>th</sup> Five Year Plan. The share of private sector in 12th Five Year Plan capacity addition is expected to be about 53%. (Source: *Draft 12th Five Year Plan*)

## Industry Structure

The following diagram depicts, in schematic form, the structure of the Indian power sector:



Key to the diagram:

<b>IPPs</b>	<i>Independent Power Producers</i>
<b>CPUs</b>	<i>Central Power Utilities</i>
<b>SEBs</b>	<i>State Electricity Boards</i>
<b>STUs</b>	<i>State Transmission Utilities</i>
<b>SPUs</b>	<i>State Power Utilities</i>
<b>PGCIL</b>	<i>Powergrid Corporation of India Limited</i>
<b>Discoms</b>	<i>Distribution Companies</i>

The power sector in India can broadly be divided into four distinct areas – generation, transmission, distribution and consumption. Power generation is under central government and state governments with increasing participation from private players. Power transmission is handled by central government and state governments, with limited private sector participation so far. Power distribution is carried out by various state discoms as well as by private discoms and licensees in some circles.

## Regulatory Overview

In India, control over the development of the power sector is shared between the central and the state governments. The Ministry of Power is the highest authority governing the power sector in India and works in close coordination with Central Electricity Authority (CEA) and Central Electricity Regulatory Commission (CERC).

The CEA, a statutory organization constituted under the Supply Act, is the technical branch of the Ministry of Power assisting in technical, financial and economic matters relating to the electricity industry. The CEA is responsible for giving allowances for capital expenditure beyond a certain limit fixed by the Government from time to time, and it is also responsible for the development of a sound, adequate and uniform power policy in relation to the control and utilization of national power resources. The Central Electricity Regulatory Commission, or CERC, constituted under the Electricity Regulatory Commissions Act 1998 is an independent statutory body with quasi-judicial powers. Its main functions include the formulation of policy and the framing of guidelines with regard to electricity tariffs.

Several states have set up State Electricity Regulatory Commissions, or SERCs. The SERCs are engaged in regulating the purchase, distribution, supply and utilization of electricity, tariffs and charges payable, as well as the quality of service. SEBs at the state level are responsible for ensuring that the supply, transmission and distribution of electricity in their respective states are carried out in the most economical and efficient manner. (Source: [http://www.powermin.nic.in/ministry\\_of\\_power/statutory\\_bodies1.htm](http://www.powermin.nic.in/ministry_of_power/statutory_bodies1.htm))

### ***Judicial Review Process***

One of the key functions of CERC and SERCs is to adjudicate upon the disputes involving generation and distribution companies in regard to regulation of tariffs. A generation company can file a petition to the appropriate commission based on the following criteria:

1. If the petition is against a particular state discom, then the generation company should file the petition at concerned SERC (State Electricity Regulatory Commission)
2. If the petition is against one or more discoms, then the generating company should file the petition at CERC (Central Electricity Regulatory Commission)
3. If the petition is against a union territory, then generating company should file the petition against the JERC (Joint Electricity Regulatory Commission)

For the generating companies or discoms which are not satisfied with the regulatory commission order, they can file an appeal at the Appellate Tribunal for Electricity (APTEL) established by Central Government. The tribunal has the authority to overrule or amend an order by an electricity regulatory commission. The tribunal has to be approached within 45 days of getting the order by the aggrieved entity. As the last resort, for the generation companies or discoms not satisfied with the APTEL order, an appeal can be filed at the Supreme Court of India which ultimate judicial body in India.

### ***Mega and Ultra Mega Power Projects***

The development of large capacity projects at the national level is required to meet the electricity needs of a number of states. Recognizing that economies of scale resulting in less expensive power can be secured through development of large scale power projects utilising modern technology, the Ministry of Power, CEA and Power Finance Corporation Limited (a GoI undertaking) are working towards the development of Ultra Mega Power Projects (UMPPs) and Mega Power Projects (MPPs).

#### ***Ultra Mega Power Projects***

The Ministry of Power launched an initiative in 2005-06 to facilitate the development of Ultra Mega Power Projects (UMPPs) each having a capacity of about 4,000 MW each, at both the coal pitheads and coastal locations aimed at delivering power at competitive cost to consumers by achieving economies of the scale. Each of these projects involves an estimated investment of about US\$4bn. The Central Government has accordingly taken the initiative for facilitating the development of UMPPs under tariff based competitive bidding route using super critical technology on build, own and operate (BOO) basis.

A total of 16 UMPPs are envisaged out of which 4 have been awarded – one each in Mundra (Gujarat), Sasan (Madhya Pradesh), Krishnapattam (Andhra Pradesh) and Talaiya (Jharkhand). Two of the UMPPs – Mundra and Sasan, have commenced commercial operations. (Source: [www.pfc.gov.in/Content/UltraMegaPower.aspx](http://www.pfc.gov.in/Content/UltraMegaPower.aspx))

#### ***Mega Power Projects***

The Mega Power Policy was introduced in November 1995 for providing impetus to development of large size power projects in the country and derive benefit from economies of scale. These guidelines were modified in 1998 and 2002 and were further amended in April 2006 to encourage power development in Jammu & Kashmir and the North Eastern region. (Source: <http://pib.nic.in/newsite/erelease.aspx?relid=52930>) The Government of India last modified the Mega Power Policy in December 2009 to smoothen the procedures further. (Source: [http://www.powermin.nic.in/whats\\_new/pdf/Revised\\_Mega\\_Power\\_project\\_policy.pdf](http://www.powermin.nic.in/whats_new/pdf/Revised_Mega_Power_project_policy.pdf))

The power projects with the following threshold capacity shall be eligible for the benefit of mega power policy:

1. A thermal power plant of capacity 1000 MW or more; or
2. A thermal power plant of capacity of 700 MW or more located in the States of J&K, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura or
3. A hydel power plant of capacity of 500 MW or more
4. A hydel power plant of a capacity of 350 MW or more, located in the States of J&K, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura;
5. In case of brownfield (expansion) phase of the existing mega project, size of the expansion unit(s) would not be not less than that provided in the earlier phase of the project granted mega power project certificate.

The eligible projects are first granted an in-principle MPP status during the construction phase of the project. The projects are subsequently granted MPP status once 65% of the capacity has been tied-up through PPAs. On the satisfaction of a set of conditions specified by the Ministry of Power, MPPs can avail certain fiscal

concessions and benefits, including exemption from incurring customs duty on the import of capital equipment. (Source: Revised Mega Power Project Policy Dec '09, Citizen's/Client's Charter for Ministry of Power 2011-12 & revised mega power project policy from Cabinet Committee on Economic Affairs Jan 2014)

In January 2014, the Cabinet Committee on Economic Affairs (CCEA) introduced the following amendments to the Mega Power Policy 2009 for provisional Mega Power projects with the objective to increase power availability to boost overall growth of the country. The amendments are as follows:

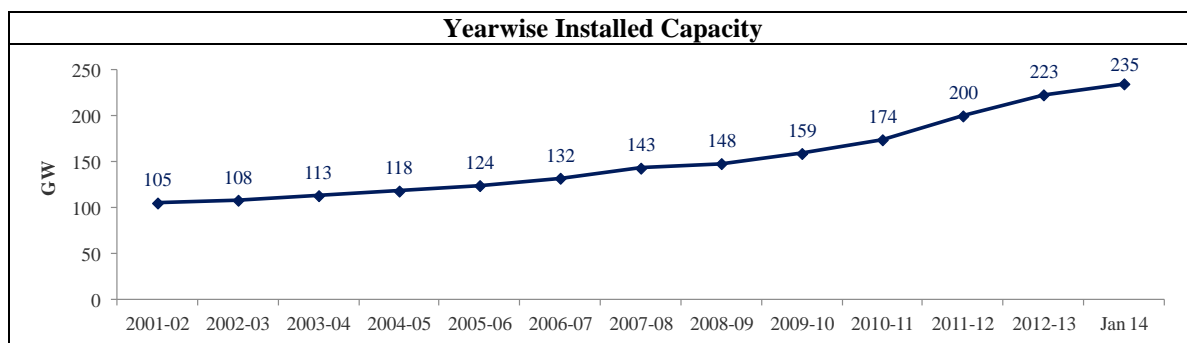
1. To avail the benefits under this policy, the developer must tie up at least 65 percent of installed capacity/ net capacity through competitive bidding and up to 35 percent of installed capacity/ net capacity under regulated tariff as per the specific host State policy, as the case may be, approved by the respective Regulators under long term Power Purchase Agreement (PPA) with discoms / State designated agency. This dispensation would be one time and limited to 15 projects which are located in the States having mandatory host State power tie up policy of PPAs under regulated tariff.
2. Extend the maximum time period to 60 months instead of 36 months from the date of import for provisional mega projects (25 projects), for furnishing final mega certificates to tax authorities.

(Source: Amending Mega Power Policy 2009 for provisional mega power projects, Press Information Bureau, Government of India, Cabinet Committee on Economic Affairs Jan 2014)

## Overview of Supply Scenario

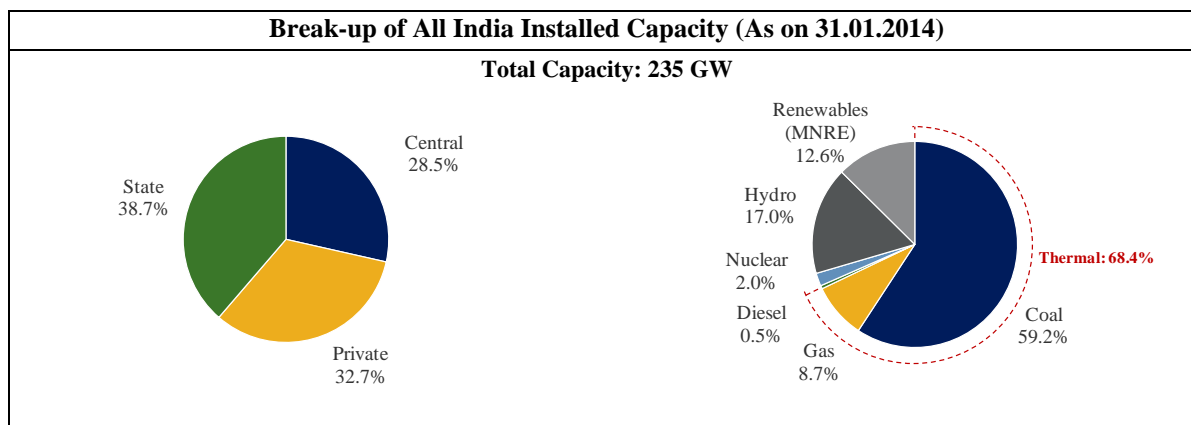
### Installed Capacity

India's installed power capacity has been largely insufficient to meet its energy requirements. From 105 GW in March 2002, India's installed capacity has more than doubled to reach 235 GW as of January 2014, with a faster growth in later years, given by a CAGR of 8.8% between March 2007 and January 2014. Capacity additions have accelerated in the last five years with increased participation from the private players.



Source: CEA Annual Report FY2013; CEA Monthly Report January 2014

The breakdown of total installed capacity based on fuel is set forth below. About 67% of the total capacity is in the public sector while the remaining in the private sector. Conventional energy sources which include thermal, nuclear and hydroelectricity constitute nearly 87% of the installed capacity. Renewable Energy Sources, which fall under the purview of Ministry of New & Renewable Energy (MNRE), include Wind, Solar and Bio-fuel among others, contribute the remaining. India's electricity generation is largely thermal driven which involves burning fossil fuels to produce heat, which, in turn, gets converted into electricity. Within thermal, coal is the dominant fuel with 59% share of the total capacity. (Source: CEA Monthly report January 2014)

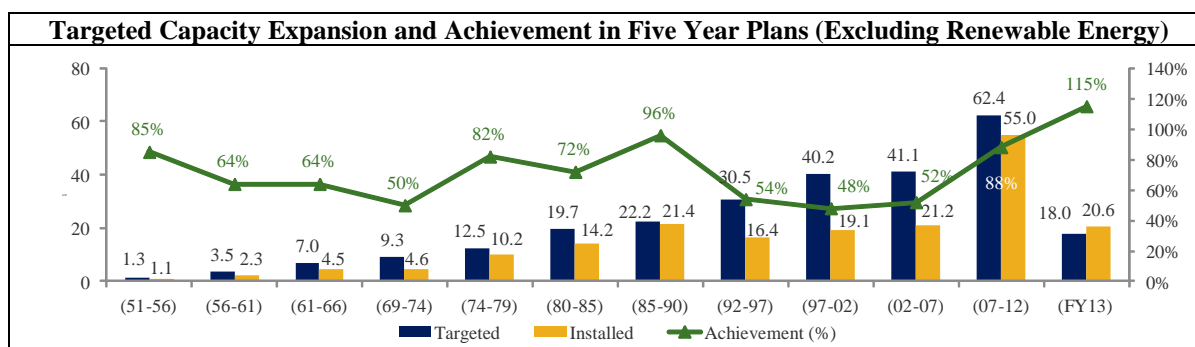


Source: CEA Monthly report January 2014

### Historical Capacity Additions

India continues to have an energy deficit due to slow progress in the development of additional energy capacity. In the implementation of the last three Five-Year Plans (the 9<sup>th</sup>, 10<sup>th</sup>, and 11<sup>th</sup> Five-Year Plans), covering fiscal years 1997 through 2012, less than 60% of the targeted additional energy capacity was added. India added a gross capacity of approximately 21 GW and 55 GW from conventional energy sources in the 10<sup>th</sup> and 11<sup>th</sup> Five-Year Plan periods respectively. (Source: White Paper on Strategy for 11<sup>th</sup> Plan, prepared by CEA and Confederation of Indian Industry, or the White Paper, CEA: Power Scenario November 2012)

The following chart sets forth the targeted energy capacity addition for each Five-Year Plan, the installed capacity actually achieved at the end of each Five-Year Plan and the installed capacity actually achieved as a percentage of the targeted capacity additions for each Five-Year Plan.



Source: The White Paper, CEA Power Scenario November 2012, CEA Monthly Report March 2013

Note: Target & Achievements exclude new Renewable Energy Sources ("R.E.S.")

The steep increase in targeted capacity addition for the 11th Plan (2007-12) was driven by increased private sector participation. This also coincided with improved achievement of actual versus targeted capacity addition which went up significantly from 52% in the 10th Plan (2002-07) to 88% in the 11th Plan (2007-12).

### Future Capacity Additions – Supply and Demand

On the supply side, the total planned capacity addition for the 12<sup>th</sup> Plan period is 118.5 GW including 30 GW from Renewable Energy Sources. Capacity at the end of the 12<sup>th</sup> plan is expected to be 1.6x times that at the end of the 11<sup>th</sup> plan. Net capacity of about 34.7 GW has already been added up to January 2014 during the 12th plan, of which conventional energy and renewable energy sources comprise 29.8 GW and 5.0 GW respectively (Source: Draft 12th Five Year Plan Vol II; CEA Monthly report January 2014).

Note: Net Capacity Addition equals Capacity Added less Capacity Terminated.

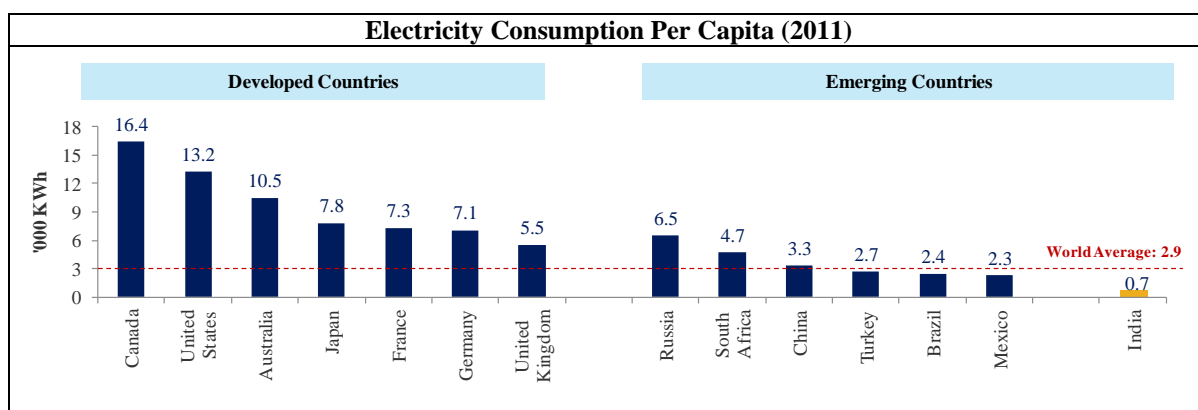
According to Draft 12<sup>th</sup> Five Year Plan, of the expected capacity addition, approximately 60% is expected to come from coal based plants, 25% from renewable energy sources, 9% from hydroelectricity, 4% from nuclear energy and around 2% from gas and lignite based thermal plants. Private sector is expected to contribute approximately 53% of the additional capacity from conventional energy sources.

From a demand perspective, the incremental peak load requirement is expected to be 69.5 GW and 83.9 GW in the 12<sup>th</sup> and 13<sup>th</sup> Five-year Plans respectively (*Source: 18<sup>th</sup> Electric Power Survey Report by CEA, CEA Monthly report April 2012*).

## Consumption

### Low Per Capita Consumption of Electricity

Per capita consumption of electricity has increased at a rate of 5.0% in the last five years (FY08-13) driven by increased capacity additions (*Source: CEA Monthly report January 2014*). Per capita consumption still continues to be low in comparison to most other parts of the world. The following chart shows per capita electricity consumption of energy in various developed and developing countries.

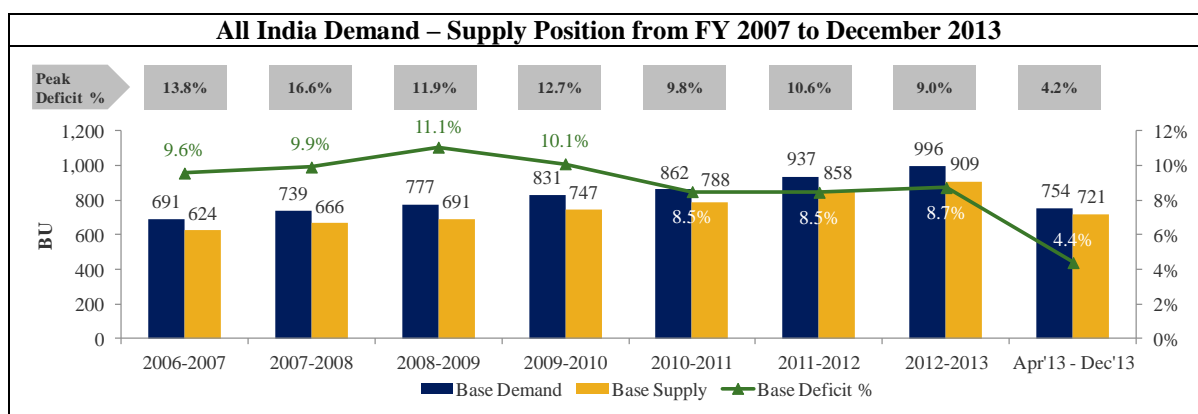


(Source: IEA, Key World Energy Statistics 2013)

### Large Energy Deficit

The Indian power sector has historically been characterized by high energy shortages. In the period from April 2013 to December 2013, the peak energy deficit at a pan-India level is estimated to be at 4.2% and the base energy deficit is estimated to be 4.4%. Base energy deficit and peak energy deficit represent the shortfall in generation capacity during electricity consumption at base load and maximum load respectively. Deficit is typically shown as percentage of electricity demand.

The following chart sets forth the power deficit in India from fiscal year 2007:



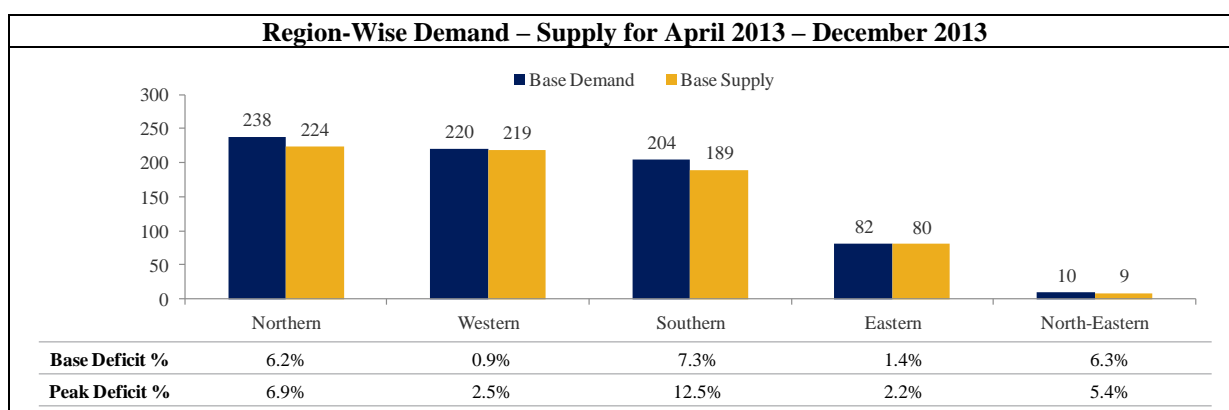
(Source: CEA, Power Scenario November 2012, CEA Monthly Report January 2014)

### Regional Demand-Supply Scenario

The energy deficit varies widely across India, with the southern region having the highest peak and base energy shortages followed by the northern region. This was partly due to the pending integration of the Southern Grid



with the National Grid. Integration with the National grid enables drawing of power from other regions in case of shortfall, and hence helps reducing deficit significantly. The following table sets forth the regional peak power shortages in India for the period from April 2013 to December 2013:



Source: CEA Monthly Report January 2014

Amongst the states, Andhra Pradesh, Tamil Nadu and Punjab had the largest peak deficits for the period from April 2013 to December 2013. The table below shows the States with highest peak deficits (in MW terms):

Top 10 States with Highest Peak Deficits for the period April 2013 – December 2013 (in MW Terms)		
State	Peak Deficit (MW)	Peak Deficit (%)
Andhra Pradesh	2,158	15.30%
Tamil Nadu	1,503	11.20%
Punjab	1,356	13.40%
Karnataka	1,254	12.60%
Maharashtra	846	4.80%
Uttar Pradesh	762	5.80%
Jammu & Kashmir	493	20.10%
Delhi	382	6.30%
Kerala	265	7.40%
Himachal Pradesh	177	11.30%

Source: CEA Monthly Report January 2014

Over the next 5 years (2014-18), the southern and northern regions are expected to drive demand growth. Both regions are expected to register a demand growth of around 6.5%. Southern states including Andhra Pradesh, Karnataka, and Tamil Nadu, which have high power deficits will drive demand growth in the Southern region. Additionally, with successful synchronous integration of the Southern Grid with the National Grid on 31st December 2013, instances of load shedding due to power shortages are expected to reduce substantially. Demand from Northern region is also expected to be strong at 6.4% led by states of Uttar Pradesh and Haryana. Moreover, implementation of the financial restructuring plan would further improve the liquidity of discoms such as Rajasthan and Haryana who have large amounts of unpaid subsidies from the government. (Source: CRISIL Research)

### Transmission and Distribution (“T&D”)

In India, the T&D system is comprised of distribution networks, state grids and regional grids. The distribution networks and state grids are primarily owned and operated by the respective state transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by Power Grid Corporation of India (“PGCIL”) which facilitates the transfer of power from a surplus region to one with deficit, though some are jointly owned by the SEBs as well.

### Transmission

PGCIL is the central transmission utility of India and possesses one of the largest transmission networks in the world. PGCIL has a pan India network presence of around 1,05,086 circuit kms of transmission network, 178 extra high voltage alternation current and high voltage direct current substations, and a total transformation

capacity of 191 GVA as on 31st January 2014. About 50% of the total generating capacity in India is transmitted through PGCIL's system (*Source: Ministry of Power and PGCIL*).

PGCIL is working towards the establishment of an integrated national power grid, in a phased manner, in order to strengthen the regional grids and to support the generation capacity addition program of about 118.5 GW during the 12<sup>th</sup> Five-Year Plan period. On 31st December 2013, PGCIL successfully connected the Southern Grid with rest of the National Grid on synchronous mode by commissioning 765kV single circuit transmission line from Raichur (Karnataka State) to Solapur (Maharashtra state). With this interconnection all the five regional grids will now operate as a single system in synchronous mode making Indian power system one of the largest synchronous grids with about 235 GW of installed generation capacity. (*Source: PGCIL, Draft 12<sup>th</sup> Five Year Plan*).

The inter-regional power transfer capacity was 27.8 GW at the end of the 11th Plan, which is expected to be enhanced to 65.5 GW at the end of 12th plan. About 1,07,440 ckm of transmission lines; 270 GVA of AC transformer capacity and about 12.75 GW of HVDC systems are expected to be added during the 12th Plan Period (*Source: Ministry of Power, Draft 12<sup>th</sup> Five Year Plan Vol II*).

### **Distribution**

State grids and distribution networks are primarily owned and operated by the respective SEBs or state governments (through state electricity departments). State distribution networks are managed at the state level and continue to be affected by high aggregate technical and commercial, or AT&C losses. However, the AT&C losses have significantly reduced over the years from 34.3% in 2004-05 to 27.0% in 2010-12. This implies that 27.0% of power entering the system is lost during distribution (*Source: CEA Monthly Report January 2014*). A direct consequence of the high AT&C losses is the poor financial condition of SEBs, which constrains the SEBs from making any meaningful investments in upgrading the transmission and distribution network. The high level of AT&C losses is mainly on account of:

- Technical losses due to overloaded and poorly maintained distribution network
- Commercial losses due to theft, inaccurate metering and low collection efficiencies

Though the AT&C losses have been declining steadily for the past few years, there is still substantial room for improvement as India's current level is significantly below the global average (*Source: World Bank*). Various measures are being taken by the government in order to reform the distribution sector:

- Financial restructuring of the Discoms,
- Technology upgradation to enhance system capabilities to detect and identify areas with high commercial losses, smart grid initiatives etc.
- Empowering the regulator to revise tariffs periodically suo-moto
- Promoting demand side measures such as improving energy efficiency and better demand management
- Power procurement planning (from supply side)

(*Source: India Electricity 2011 Report, FICCI and Ministry of Power*)

### **Power Trading**

The Electricity Act 2003 recognises trading of power as a distinct activity and permits SERCs to allow open access in distribution of electricity in phases that would ultimately encourage efficiency and competition. Power trading was introduced to meet the short term requirement of power. Power trading helps achieve optimal utilisation of power resources in different regions. Hence, the government set up Power Trading Corporation (PTC) to facilitate inter-state trading in power.

For open access in T&D, the setting up of a power exchange was essential. Keeping this in mind and as per the guidelines of the Electricity Act 2003, the first power exchange was set up in the country in 2008. Power exchanges are aimed at facilitating transparent and efficient trading of power, thus bridging the demand-supply mismatch by bringing larger players onto a common platform for buying and selling in an auction-based system, thereby providing liquidity.

Over the years, several private players have evinced interest in power trading, and have acquired trading licences. However, increasing prices of power traded in the last 3-4 years resulted in the CERC imposing a ceiling on margins to be earned by power traders. Currently, the ceiling on the margin stands at ₹ 0.04 per kWh for power

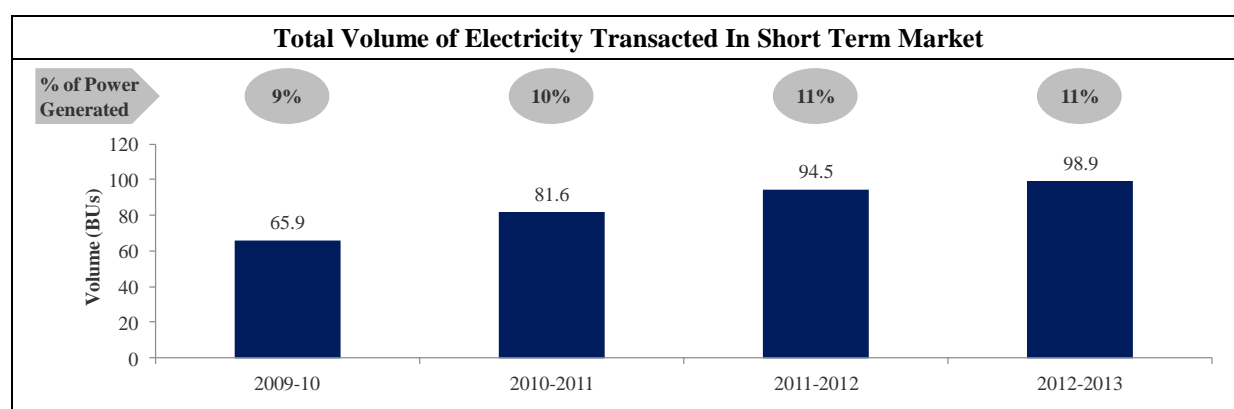
being sold at rates up to ₹ 3.0 per kWh and at ₹ 0.07 per kWh for power being sold at rates above ₹ 3.0 per kWh. (Source: Planning Commission of India, CRISIL Research)

### **Indian Energy Exchange (IEX)**

Indian Energy Exchange, or IEX, is India's first nationwide automated and online electricity trading platform. In June, 2008, IEX received CERC approval for commencing operations. IEX is a demutualised exchange that is intended to enable efficient price discovery and price risk management in the power trading market. IEX offers a broader choice to generators and distribution licensees for sale and purchase of power including trades of relatively small quantities thereby enabling trading participants to precisely adjust their portfolios (Source: Indian Energy Exchange).

### **Volume and Price Trends of Short Term Power**

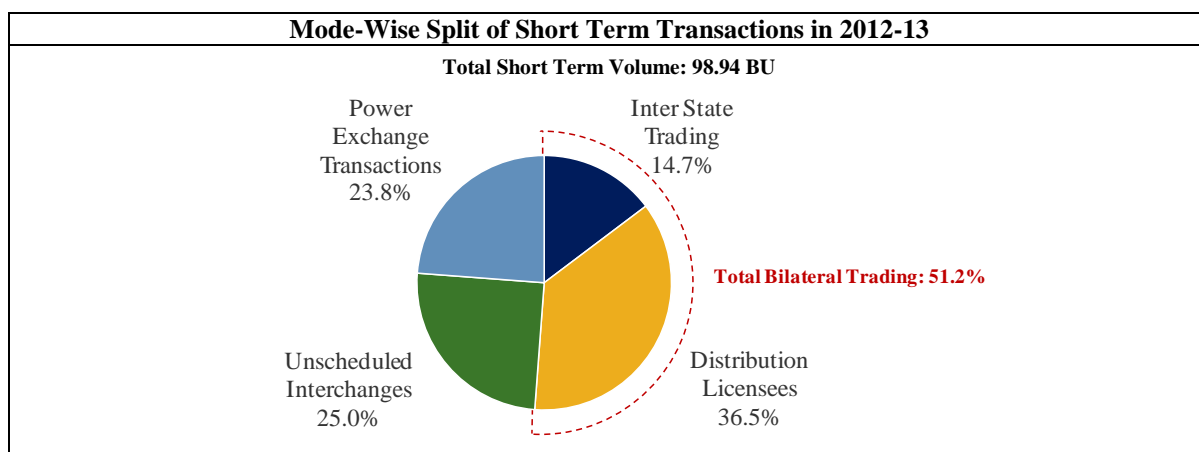
The volume of power sold in the form of short-term transactions has been steadily increasing for the past few years. Total volume of short-term transactions of electricity increased from 65.9 billion kWh (BU) in 2009-10 to 98.9 BU in 2012-13. The annual growth in volume was 24% from 2009-10 to 2010-11, 16% from 2010-11 to 2011-12 and 5% from 2011-12 to 2012-13. At the same time, volume of short-term transactions as percentage of total electricity generation has also increased from 9% in 2009-10 to 11% in 2012-13.



Source: CERC Report on Short-term Power Market in India: 2012-13

Short-term transactions include the electricity transacted through the following modes:

- (i) Bilateral trading: Inter-State Trading Licensees;
- (ii) Bilateral trading: Distribution Licensees (Discoms);
- (iii) Trading through Power exchanges: Indian Energy Exchange Ltd (IEX) and Power Exchange India Ltd (PXIL); and
- (iv) Unscheduled Interchange (UI), which is the difference between actual generation and scheduled generation, including plants that have achieved synchronisation but are in the process of declaring commissioning.



Source: CERC Report on Short-term Power Market in India: 2012-13

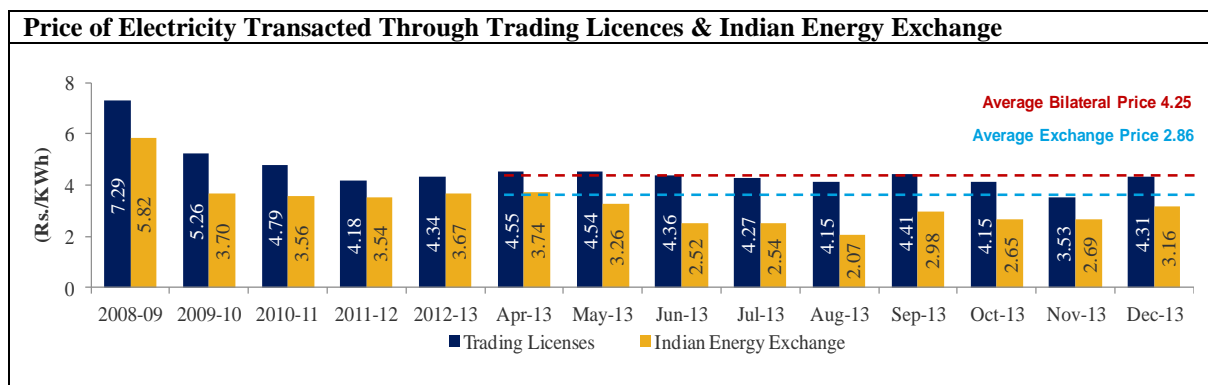
There has been a significant increase in direct transactions between discoms from 6.19 BU in 2009-10 to 14.32 BU in 2012-13, thereby resulting in its share in short term transactions rising from 9% to 15%. While UI is not a market mechanism, electricity transacted under UI is considered a part of short-term transactions. The volume of electricity transacted through UI has marginally decreased from 25.81 BU in 2009-10 to 24.76 BU in 2012-13, while its share in the total short-term volume has declined from 39% to 25% during the same period.

Bilateral trades (through trading licensees or direct) continue to constitute the majority of power traded under short term arrangements. The share of electricity transacted through trading licensees and power exchanges (in volume terms) as a percentage of total short-term transactions of electricity has shown a rise from 51.4% in 2009-10 to 60.3% in 2012-13. A large part of this growth has been a result of increased trading in the bilateral trader segment from 26.7 BU in 2009-10 to 36.1 BU in 2012-13, while trading through exchanges has increased from 7.2 BU in 2009-10 to 23.5 BU in 2012-13. The following table shows the increasing volume of power traded in India broken into the modes of sale:

Volume of Electricity Transacted through Trading Licensees and Power Exchanges					
(BU)	Exchanges	Trading Licensees	Discom Licensees	UI	Total
2009-10	7.2	26.7	6.2	25.8	65.9
2010-11	15.5	27.7	10.3	28.1	81.6
2011-12	15.5	35.8	15.4	27.8	94.5
2012-13	23.5	36.1	14.5	24.8	98.9

Source: CERC Report on Short-term Power Market in India: 2012-13

Short term power tariffs fell sharply in 2009-10 following the peak levels witnessed in 2008-09 at the time of the general elections. It has been observed that prices in the bilateral markets are typically higher than the exchange prices. In the medium to long term, the merchant tariffs are expected to be impacted by the improving health of discoms as a result of the financial restructuring currently underway and the cost of fuel going forward.



Source: CRISIL Research

### Mechanisms for Determination of Tariffs for Power Producers

On January 6, 2006, the Central government notified the National Tariff Policy (NTP) for the power sector in compliance with Section 3 of the Electricity Act and in continuation of the National Electricity Policy passed on February 12, 2005. It basically deals with various parameters with respect to the fixation of tariffs, like providing adequate return on investment to the power generator and supplier and ensuring reasonable user charges for the consumers. It provides uniform guide lines to the state electricity regulatory commissions (SERCs) for the fixation of tariffs for their respective entities (as there are independent SERCs for each state) as well as CERC. (Source: CRISIL Research)

The NTP stipulates that all future power requirements should be procured competitively by distribution licensees except in cases of expansion of existing projects or where there is a state controlled or state-owned developer involved, in which case, regulators will need to resort to the tariffs determined by reference to the standards of the CERC, provided that the expansion of generating capacity by private developers for this purpose is restricted to a one-time addition of not more than 50% of the existing capacity. Under the NTP, even for public sector projects, tariffs for all new generation and transmission projects are decided on the basis of competitive bidding after a certain period of time. (Source: National Tariff Policy)

The Guidelines for competitive bidding for determination of tariff for procurement of power by distribution licensees were issued on January 19, 2005, as amended on March 27, 2009, with the main objectives of promoting competitive procurement, facilitating transparency and fairness, reducing information asymmetry, protecting and providing flexibility to suppliers on availability of power while ensuring certainty on tariffs for buyers. These initiatives are causing a change in the allotment of power projects from the traditional cost plus tariff norms to an international competitive bidding approach.

The guidelines apply for procurement of base-load, peak-load and seasonal power requirements through competitive bidding of projects under Case I and Case II mechanisms. (Source: Competitive Bidding Guidelines: [http://powermin.nic.in/whats\\_new/competitive\\_guidelines.htm](http://powermin.nic.in/whats_new/competitive_guidelines.htm))

### Determination of Tariff by Bidding Process – Case I and Case II

Projects under Case I refers to projects where the location, technology, or fuel is not specified by the procurer; the bidding for projects under Case I is based on the quoted tariff provided by each of the bidders. Projects under Case II refers to hydro-power projects, load center projects or other location specific projects with specific fuel allocation such as captive mines available, which the procurer intends to set up under a tariff based bidding process; the bidding for projects under Case II is on the basis of capacity charge and net quoted heat rate.

The tariff for projects under Case I and Case II comprises of the following components:

1. Capacity charges – intended to cover the fixed costs associated with the project including finance costs, depreciation and maintenance costs. These are payable as specified in the bid based on actual availability and limited to the normative availability, which is defined as the availability at which the supplier is allowed to recover 100% of capacity charges; maximum normative availability under Case I and Case II is 85%. Capacity charges further comprise of:
  - a. Non-escalable capacity charges (fixed)
  - b. Escalable capacity charges (indexed)

The indices for escalation are provided by CERC on a semi-annual basis, and are linked to the Wholesale Price Index (WPI), Consumer Price Index (CPI) or a combination of both WPI and CPI.

2. Energy charges – intended to cover the fuel costs associated with the project. These are payable as specified in the bid with provision for escalation. However, in case the bidder provides firm energy charge rates for each of the years of the contract term, the same shall be permitted in the tariffs. Energy charges are further comprised of:

- a. Fuel component (escalable and non-escalable)
- b. Inland transportation component (escalable and non-escalable)

The escalation rates are provided by CERC on a semi-annual basis and are linked to the Wholesale Price Index (WPI) for fuel and inland transportation.

*(Source: Guidelines for Determination of Tariff by Ministry of Power)*

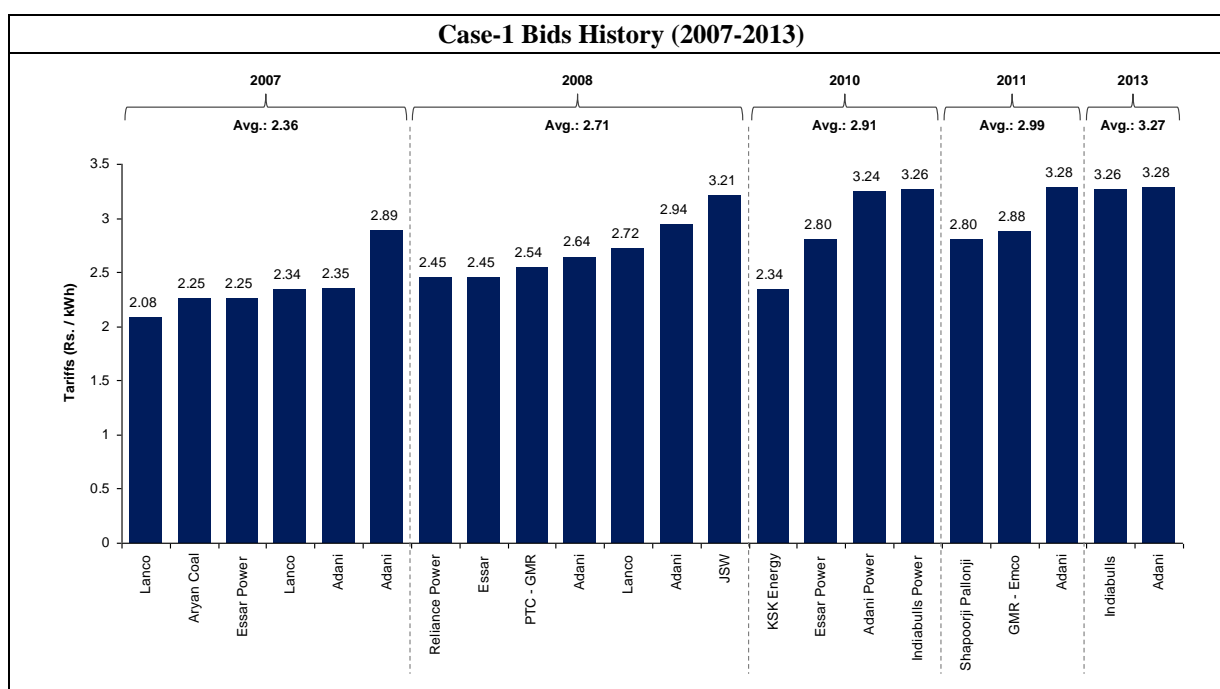
As an illustration, the table below summarizes the escalation rates specified by CERC for domestic coal since 2008-09:

Historical Annual Escalation Rates (% p.a.)		
Period	Domestic Coal	Inland Transportation
1-Apr-08 to 30-Sep-08	0.0%	5.7%
1-Oct-08 to 31-Mar-09	0.0%	8.9%
1-Apr-09 to 30-Sep-09	4.9%	11.0%
1-Oct-09 to 31-Mar-10	0.0%	11.8%
1-Apr-10 to 30-Sep-10	0.0%	0.0%
1-Oct-10 to 31-Mar-11	18.0%	0.0%
1-Apr-11 to 30-Sep-11	0.0%	0.2%
1-Oct-11 to 31-Mar-12	38.2%	7.8%
1-Apr-12 to 30-Sep-12	13.1%	0.0%
1-Oct-12 to 31-Mar-13	65.5%	25.6%
1-Apr-13 to 30-Sep-13	0.0%	12.8%
1-Oct-13 to 31-Mar-14	-28.2%	5.8%

*Source: CERC Notification*

Similarly, there are escalation rates notified by CERC every six months for domestic gas, imported coal/gas, transportation and inland handling for imported coal/gas, indexed capacity charge component and captive fuel source.

Competitively bid tariffs have gradually increased over the last 2-3 years as players have factored in increased fuel supply costs and regulatory risks into their bids.



Source: CRISIL Research

## Case – II Bids History

### Capacity addition through Case 2 route - MPP

State	Company	Name of MPP	MW	Fuel Type	Tariff Rs/Kwh	Year of PPA	Procurer Utilities
Chhattisgarh	Indiabulls Power	Bhaiyathan	1,320	Domestic coal	0.81	2008-09	CSEB
Haryana	CLP	Jhajjar	1,320	Domestic coal	3.00	2007-08	UHBVNL, DHBVNL
Andhra Pradesh	Reliance Power	Krishnapatnam UMPP	3,960	Imported coal	2.33	2008-09	AP, TN, MH, KA
Gujarat	Tata Power	Mundra UMPP	4,000	Imported coal	2.26	2006-07	GJ, RJ, MH, HR, PB
Jharkhand	Reliance Power	Tilaya UMPP	3,960	Captive	1.77	2008-09	SEBs in NR, ER region
Madhya Pradesh	Reliance Power	Sessan UMPP	3,960	Captive	1.19	2007-08	MP, UP, DL, HR, RJ, UK
Punjab	Larsen & Toubro	Rajpura TPS	1,320	Domestic coal	2.89	2009-10	PSPCL
	Sterlite Energy	Talwandi Sabo	1,980	Domestic coal	2.86	2008-09	PSEB
Uttar Pradesh	Lanco	Anpara C	1,100	Domestic coal	1.56	2006-07	UPPCL
	Jaiprakash Associate	Prayagraj /Bara	1,980	Domestic coal	3.02	2008-09	UPPCL
	Jaiprakash Associate	Sangam / Karchana	1,320	Domestic coal	2.97	2008-09	UPPCL
<b>Total</b>			<b>26,220</b>				

Source: CRISIL Research

### Determination of Tariffs for Projects with Regulated Returns

Tariffs for projects with regulated returns are set by the regulatory commission based on parameters such as fixed return on equity along with provision of incentives to power producers. The tariff comprises of the following components based on CERC Tariff Guidelines for the regulatory period FY 2009-14:

1. Capacity charges – mix of fixed, actual and normative sub-components specified by CERC

- a. Return on equity (“ROE”) – 15.5% (post-tax)
- b. Tax – Return on equity (post-tax) to be grossed up by the applicable marginal tax rate for the generating company for the respective financial year
- c. Interest on loan capital – as per actual
- d. Depreciation – 5.28% p.a.
- e. Interest on working capital – Linked to SBI base rate
- f. Operation and maintenance costs – based on normative parameters
- g. Cost of secondary oil – based on normative parameters
- h. Special allowance in lieu of R&M – based on normative parameters
2. Energy charges – linked to the actual fuel cost per unit based on normative operational parameters as specified by the regulator
  - a. Normative availability
  - b. Gross station heat rate
  - c. Secondary fuel oil consumption
  - d. Auxiliary energy consumption

The Tariff regulations notified by the CERC are also important for the various State Electricity Regulatory Commissions (SERCs) as they are guided by these regulations while framing their own tariff principles for the state sector utilities concerned. (*Source: CERC Tariff Guidelines 2009*)

In February 2014, CERC notified the revised tariff regulations for the 5 year period from 1-April-2014 to 31-March-2019. Key changes introduced under the revised regulations are as follows:

1. Tax – Post-tax ROE to be grossed-up by the effective tax rate of the respective financial year for the generating company. The effective tax rate considered for this purpose shall be computed on the basis of actual tax paid in respect of the financial year by the concerned generating company. The actual tax on other non-generation income streams shall not be considered for the calculation of effective tax rate
2. Post-tax ROE has been maintained at 15.5% but incentive structure has been now linked with PLF unlike PAF based incentives earlier. 50p/unit incentive is proposed for generation in excess of 85% PLF
3. Operating norms, mainly heat rate and specific oil consumption have been tightened
4. O&M norms for FY15 have been kept at FY14 levels but escalation beyond FY15 has been increased as compared to 2009 regulations
5. Any gains based on controllable factors i.e. heat rate, fuel oil consumption and auxiliary consumption are proposed to be shared 40:60 with genco and beneficiaries

(*Source: Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014*)

### **Coal Supply Scenario**

Coal is one of the most important sources of energy as it contributes to 40% of the world’s electricity needs and provides 30% of the global primary energy needs. Coal prices have been more stable than oil and gas prices, which reflect its diverse and competitive markets. As a result, they have benefited consumers enormously through lower power generation costs. (*Source: CRISIL Research*)

For India, like most developing countries, coal is the most important energy resource. It accounts for around 53% of the country total energy needs. Coal being the most affordable and abundant fossil fuel in India, dominates the energy mix. India has huge coal reserves of 293.5 billion tonnes as of April 2012. India accounts for around 7% of the total proved reserves in the world. However, the quality of coal found in India is low. Indian coal deposits are spread over 27 major coalfields, which are mainly confined to the eastern and central parts of the country. (*Source: CRISIL Research*)

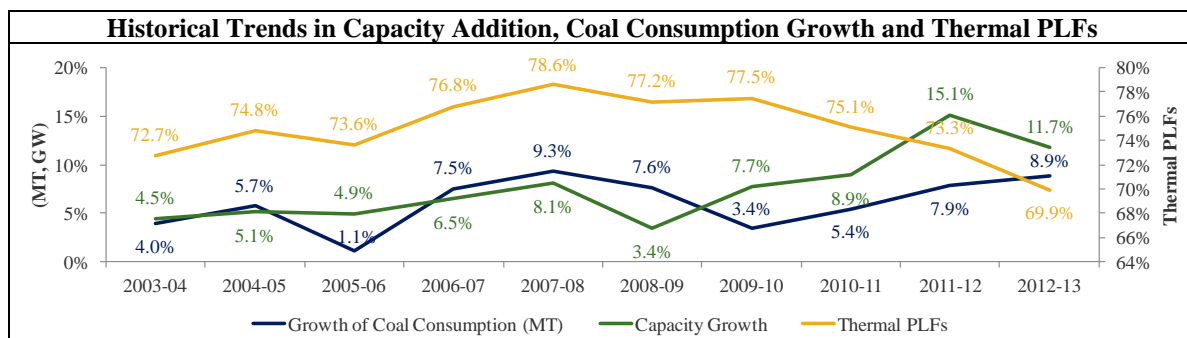
During the fiscal years 2012 and 2013, Coal India Limited (“CIL”) has supplied about 72% and 74% of its total dispatch to power sector respectively. Coal distribution through e-auction was introduced by CIL to provide access to the buyers who were not able to source coal through the available linkage mechanism. The purpose of e-auction is to provide equal opportunity to purchase coal through single window to the power generators and others. More than 10% of CIL’s FY13 coal production was sold through e-auction. (*Source: Coal India Limited Annual Report FY13*)

CIL has classified the domestic coal sold into several grades across the range of Gross Calorific Value (GCV) spectrum, eg. Grades 10 and 11 of non-coking coal have a GCV band of 4,300 – 4,600 kcal/kg and 4,000 – 4,300 kcal/kg respectively. The prices for each grade of coal are specified by CIL, with prices increasing for grades with higher GCV. For imported coal, the GCV is determined by the location from where the coal is sourced, eg.



Indonesian steam coal typically has a GCV of around 4,500 – 6,000 kcal/kg, South Africa steam coal around 6,000 kcal/kg and Australian steam coal around 6,300 kcal/kg. (Source: CRISIL Research)

### Production Trends and Outlook



Source: CEA Annual Report 2012-2013; CEA Monthly Report January 2014, CEA Monthly Report April 2009

Capacity additions have taken place at a faster pace as compared to the coal supply especially over the last few years. This in turn has resulted in a fall in Plant Load Factors from 78.6% in 2007-08 to 69.9% in 2012-13. As a result, the deficit in domestic coal supply is being met through increased imports.

### PMO's Directive to CIL to Sign New FSAs

In order to ensure adequate coal supplies for power plants dependent on linkage coal from CIL, the Prime Minister's Office (PMO) in June 2012, directed CIL to sign fuel-supply agreements (FSA) with power generation companies that have long-term power-purchase agreements with state distribution utilities. The directive is applicable to all the plants of the power generation companies that have been commissioned since 2009-10 or would be commissioned by March 31, 2015. Subsequently, as of February 2014, CIL has already signed 157 FSAs for a total capacity of 71,145 MW, in addition to FSAs signed in respect of power plants commissioned before 31st March, 2009. (Source: Ministry of Coal)

This is a significant development as CIL has not signed FSAs with its customers since March, 2009 anticipating production constraints. Instead, CIL signed MoUs with power plants, which are not firm commitments and do not have any penalties for non-performance.

CIL is likely to meet the incremental demand through higher production from its mines, liquidation of its existing inventory and diversion of coal from its customers who are being supplied more coal than the quantities specified in their FSAs. Any shortfall in meeting the committed supplies through domestic sources will then be met through imports. (Source: CRISIL Research)

### Salient Features of the Coal India FSA

For new plants, commissioned after 31.03.2009, a new FSA has been notified by CIL under which the trigger level for levy of penalty (if any) against supply obligation is 80% (domestic + imported coal).

- Eligibility:
  - Valid Letter of Assurance (LOA) with coal companies and all milestones complied
  - Plants with CoD upto March 31, 2015
  - Plants who have signed long term PPAs
- Supply quantity:
  - LOA is based on the coal requirement for 85% PLF
  - Annual Contracted Quantity (ACQ) is linked to the proportion of linked capacity (as per LOA) tied up under long term PPAs
  - The shortfall quantity is projected with the following consideration:
    - ◆ Supply trigger level of 90% of the ACQ for power plants commissioned before 31.03.2009
    - ◆ Supply trigger level of 80% of the ACQ for power plants commissioned after 31.03.2009 but before 31.03.2015
- Sourcing:

- Minimum 65% domestic coal till 2014-15, increasing to 75% by 2016-17
- Balance (upto 15%) imported coal on cost plus basis
  - ◆ The government has allowed the incremental cost of importing coal to meet the minimum supply threshold for CIL to be passed through to the consumers
  - ◆ The process is likely to require modification to the existing PPAs which could prove to be time consuming; however the exact mechanism for implementing the same is awaited
  - ◆ If successfully implemented, this could significantly improve the financial viability of numerous fixed price PPAs that had been rendered unremunerative due to shortage of domestic coal supply

(Source: CRISIL Research)

#### **Award of Domestic Coal Linkage for Upcoming Projects**

In Feb'12, CEA submitted to the Ministry of Power the list of power plants recommended for LoA / tapering linkage along with their anticipated commissioning schedule. The Government has adopted a point-based system which judges power projects on numerous criteria and the cumulative score is used as a relative reference to recommend a project for coal linkage. Based on this, Coal India was directed to sign FSAs with 78,000 MW of coal based capacities including 11,000 MW of tapering linkage based plants.

S.No	Parameter	Points Allotted to Projects Which are Fulfilling the Conditions	Points Allotted to Projects Which are Not Fulfilling the Conditions
1	Projects proposing installation of units with supercritical technology	20	0
2	Project at Pit Head or in state where no major power projects have been planned in the 11th/12th plan shelf	20	0
3	Projects using sea water instead of fresh water*	10	0
4	Progress of land acquisition**	50	0
	>25% <50% land Acquired	20	0
	>50% <75% land Acquired	30	0
	>75% <100% land Acquired	40	0
	100% land Acquired	50	0
Total		100	

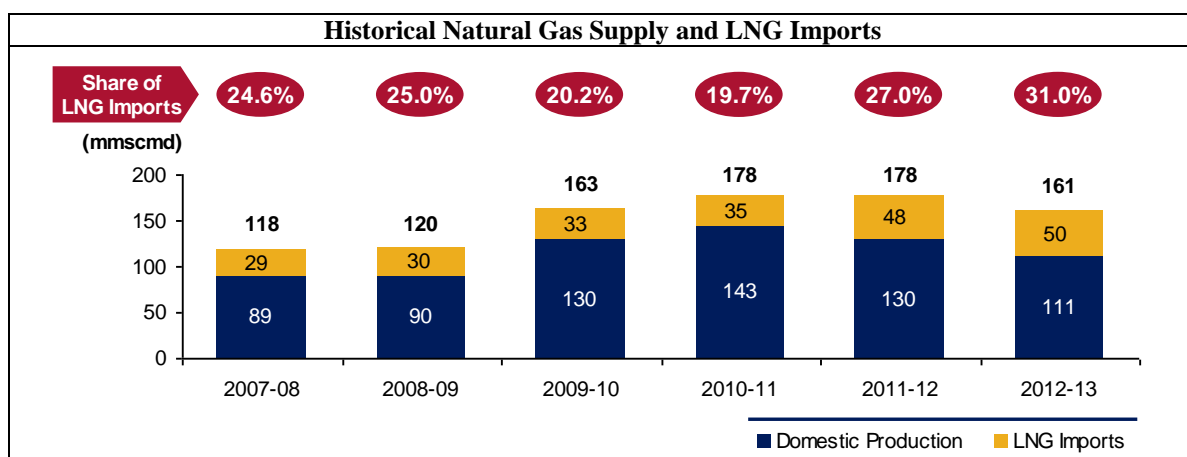
Source: Coal Linkage Policy for 12th plan from Ministry of Coal

\* Only the IPP projects located within 150 km from the nearest port will be required to meet at least 30% of their coal requirements through import.

\*\* For weightage for progress of land acquisition, the developer shall submit a certificate from the District Collector or the State Revenue Authority or the authorized agency of the State Government such as Industrial Development Corporation

#### **Gas Supply Scenario**

The average indigenous production of natural gas in the country in 2012-13 was around 111.3 mmcmd. ONGC is India's largest gas producing company, accounting for about 58% of the total domestic gas production in 2012-13. Going forward, production from its mature fields like Mumbai High and Bassein fields is expected to dip due to natural decline in reservoir pressure. However, this decline will be offset by the ramp up of production from the B and C series of fields off the west coast. Further, in 2017-18, its flagship natural gas field in the KG basin, KG-DWN-98/2 with a peak production capacity of about 30 mmcmd is expected to commence production. Consequently, its natural gas production is expected to increase to 75 mmcmd in 2017-18 from 64.5 mmcmd in 2012-13 (Source: CRISIL Research; Allocation and Pricing of Gas, 19th report, Ministry of Petroleum and Natural Gas dated October 2013).



Source: Petroleum Planning and Analysis Cell

The Ministry of Petroleum and Natural Gas revised the outlook for expected natural gas production in the next five-year period. Based on the revised projections, the gas production is expected to revert to the levels attained in 2010-11 by 2016-17 post the sharp decline in 2012-13.

Domestic Natural Gas Production Estimates for fiscal years 2014 to 2017 (mmscmd)				
	2013-14E	2014-15E	2015-16E	2016-17E
ONGC	64.2	73.1	77.3	106.0
OIL	7.5	11.0	11.2	11.5
Pvt/JVs	33.6	45.2	50.7	57.5
<b>Total</b>	<b>105.3</b>	<b>129.2</b>	<b>139.2</b>	<b>175.0</b>

Source: Allocation and Pricing of Gas, 19th report, Ministry of Petroleum and Natural Gas dated October 2013

Given constraints in domestic gas availability, a major portion of gas requirements is being met by LNG (Liquified Natural Gas) imports. LNG is transported in specially built ships, received at the LNG receiving terminals and is regasified to be supplied as natural gas to the consumers. The major exporting countries of LNG are Algeria, Qatar, Indonesia, Malaysia and Australia. In order to encourage gas imports, the Government of India has kept import of LNG under Open General License (OGL) category and has permitted 100% FDI (Source: Ministry of Petroleum). Imports of LNG during FY08 to FY12 grew at CAGR of 13.4% and stood at 50 mmscmd in 2012-13, about 31% of the total natural gas consumption.

In 2012-13, India had two LNG regasification facilities, at Dahej and Hazira with a combined 13.6 million tonnes per annum (mtpa) of regasification capacity. These LNG terminals operated at around 100% utilization rates in 2012-13 as declining domestic production led to higher demand for LNG (Source: CRISIL Research). India's total installed regasification capacity is expected to increase to 30 mtpa by the end of 2016-17 on account of the following additions:

Recent and Planned Additions in LNG Regasification Facilities Until 2016-17			
Location	Entity	Expected CoD	Capacity (mtpa)
Dabhol	Ratnagiri Gas & Power Pvt Ltd	2012-13 <sup>(1)</sup>	5.0
Kochi	Petronet LNG	2013-14	5.0
Hazira	Shell (Expansion)	2013-14	1.4
Dahej	Petronet LNG Limited (Expansion)	2015-16	5.0
<b>Total Increment/Expansions</b>			<b>16.4</b>

(Source: CRISIL Research)

Notes:

(1) As per company website, Dabhol LNG terminal regasification has commenced on January 10, 2013. The breakwater facilities are yet to be constructed

### Domestic Gas Price Increase

In June 2013, Cabinet Committee on Economic Affairs (CCEA) approved a new pricing formula (the “Rangarajan formula”) for determining the natural gas prices, which was expected to come into effect from April 1, 2014 (applicable for 5 years). However, its implementation has been deferred by the election commission until completion of the parliamentary elections being held in April-May, 2014. The formula recommended by the Rangarajan committee uses LNG import contracts as well as international trading benchmarks to arrive at a competitive price for India. The new price would be uniformly applied to all producers selling gas under Administered Pricing Mechanism (APM) as well as gas produced from KG D6 basin. If the gas price hike is implemented in line with Rangarajan committee recommendations, domestic gas prices are expected to double to \$8-8.5/mmbtu. (Source: CRISIL Research)

### Power Generation from Other Fuel Sources

#### Hydroelectric Power plants

A hydroelectric power plant consists of a high dam that is built across a large river to create a reservoir, and a station where the process of energy conversion to electricity takes place.

India ranks fifth in the world in terms of exploitable hydroelectric potential. During the 12<sup>th</sup> Plan period (2012-17), 10,897 MW capacity addition of hydroelectric power is planned, which is approximately 9% of the total capacity addition planned for the power sector (Source: Draft 12<sup>th</sup> Five Year Plan).

Hydro power plants, particularly storage based, are generally planned for their ability to meet peak power demand. Estimated hydro potential in India is about 149 GW including the plants of less than 25 MW capacity. The total capacity developed and under development put together so far is about 32% of this potential. A major part of the unexploited potential is in North-East and Himalayan regions. With the deployment of latest technologies India can harness the remaining potential without damaging the ecology. (Source: Draft 12<sup>th</sup> Five Year Plan 2012- 17)

Since our system has wide variation in demand during peak and off-peak periods there is a need for peaking support with very high ramping rate. Peaking power can be provided by reservoir-based hydro plants or gas-based generation. Considering the gas deficit, hydro power becomes even more important.

#### Nuclear Power Plants

Nuclear power plants use the nuclear energy of radioactive fuels. The splitting of nuclear fuel atoms releases enormous amounts of heat, which is used to generate steam. The heat is used to produce high-pressure steam which drives a turbo generator that generates electricity.

According to the IEA World Energy Statistics 2013, nuclear power plants supply approximately 11.7% of electricity consumed worldwide and, in India, nuclear power plants accounts for approximately 2% (Source: Draft 12<sup>th</sup> Five Year Plan) of total electricity generated, compared with over 40% in France and Ukraine. While developed countries are generally reducing their dependence on nuclear power, several developing countries like India and China continue to pursue new nuclear power projects.

The nuclear power programme in India commenced in 1969, with the establishment of Tarapur Atomic Power Plant. Nuclear Power Corporation of India Limited, or NPCIL, undertakes the execution and operation of nuclear power projects. Ministry of Power proposes to add another 5,300 MW of nuclear capacity during the 12<sup>th</sup> Five year plan. (Source: Draft 12<sup>th</sup> Five Year Plan)

The government has, in recent years, increasingly relied on planned nuclear power development to meet its power generation targets. The country has established a civil nuclear cooperation deal with the United States. Also known as the “123 Agreement”, the deal allows for civil nuclear trade between the United States and India with the goal of increasing India’s installed nuclear power generation capacity. India has a flourishing and largely indigenous nuclear power program and expects to have 14,600 MW nuclear capacity on line by 2020. (Source: World Nuclear Association)

### **Solar Power**

Solar energy can be converted to electricity in two ways - Photovoltaic (PV) devices or solar cells and solar power plants. Light received from the sun can directly be converted to electricity (photovoltaic technology), while concentrated solar power plants indirectly generate electricity when the heat from solar thermal collectors is used to heat a fluid, which produces steam that is used to generate power.

Jawahar Lal Nehru National Solar Mission (“JNNSM”) was launched as part of India's National Action Plan on Climate Change (NAPCC) in 2010. This mission aims at establishing solar power in India. The mission targets include:

- 20 GW of grid connected solar power generation capacity by 2022
- 2 GW of off-grid solar applications by 2022
- 20 million square metres of solar thermal collector area
- Creation of favourable conditions for developing solar manufacturing capability in the country
- Supporting R&D and capacity building activities to achieve grid parity by 2022

The JNNSM programme envisages a ramp-up of solar capacity through utility grid power and off grid solar applications by 1300 MW in Phase 1 (2010-13), 11000 MW in Phase 2 (2013-17) and 22000 MW in Phase 3 (2017-22). (Source: JNNSM Policy Document, Ministry of New and Renewable Energy)

### **Other Recent Developments**

#### **Financial Restructuring Programme for SEBs / Discoms**

The high absolute under recovery which when combined with the non-payment of subsidies by the state governments, has led to poor financial health of many state-owned distribution utilities. This can be seen in the massive buildup of accumulated losses of the SEBs/Discoms as shown below.

<b>INR Billion</b>	<b>Mar-06</b>	<b>Mar-07</b>	<b>Mar-08</b>	<b>Mar-09</b>	<b>Mar-10</b>	<b>Mar-11</b>	<b>Mar-12</b>
Accumulated Losses – Discoms	332	474	542	783	1072	1482	1799
Accumulated Losses – SEBs	442	579	605	940	1261	1527	2161

(Source: CRISIL Research)

The SEB’s were put under severe financial pressure, as they faced a number of operational issues as a result of continuing under-recovery, high AT&C losses and mounting debts. Recognising the political and infrastructural issues that led to this situation, the Central Government put forth a Financial Restructuring Programme (“FRP”) to bail out the state electricity boards. The Cabinet Committee cleared the FRP for SEBs/Discoms companies on September 24, 2012.

The key objectives of the FRP are summarized below:

- Enable States to carve out a strategy for the financial turnaround of the distribution companies
- Accelerate the AT&C loss reduction efforts of DISCOMs
- Bridge the gap between average cost of supply and average revenue realised
- Providing comfort to the lender of debt
- Ensure long term viability of the sector

The FRP was put forward for acceptance to select states with highest levels of accumulated losses. The seven states listed below are the ones under most severe financial stress and cumulatively contribute to over 60% of the total national short term liabilities (STL) representing the debt taken to bridge the revenue under-recoveries. These are Rajasthan, Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Haryana, Punjab and Madhya Pradesh. Of these, all states except Madhya Pradesh and Punjab have agreed to the proposal.

The salient feature of this programme are:

- a. 50% of the outstanding STL as of March 31, 2012 to be taken over by the state government. This shall be first converted into bonds to be issued by the discoms to participating lenders, duly backed by the state government guarantee.
- b. Balance 50% of the STL will be rescheduled by lenders and serviced by the discoms with a moratorium of 3 years on the principal. Repayment of the principal and interest would be fully secured by the state government guarantee.
- c. A Transitional Finance Mechanism (TFM) by the central government in support of the restructuring effort is available subject to fulfilment of mandatory conditions.
- d. Central Government will offer incentives in terms of grants on reduction of AT&C losses beyond that specified in the Restructured Accelerated Power Development & Reforms Program (R-APDRP).
- e. Central government will also provide capital reimbursement of 25% of principal repayment by the State Governments on liabilities taken over, subject to reduction in revenue gap.
- f. Incentives from the Central Government are subject to improvement in operational performance in terms of loss reduction and regular tariff revisions.

Generation companies, whose working capital position has strained due to delayed power purchase payments from discoms, are expected to be one of the major beneficiaries. As of March 2012, the aggregate pending power purchase payments stood at ₹ 198 bn for the seven major states led by Rajasthan, Andhra Pradesh, Haryana and Uttar Pradesh. As on December 2013, 4 states including Rajasthan, Tamil Nadu, Haryana and Uttar Pradesh have implemented the financial restructuring of their discoms while the balance 4 states of Andhra Pradesh, Bihar, Jharkhand and Himachal Pradesh are expected to complete the process by March 2014. (Source: CRISIL Research)

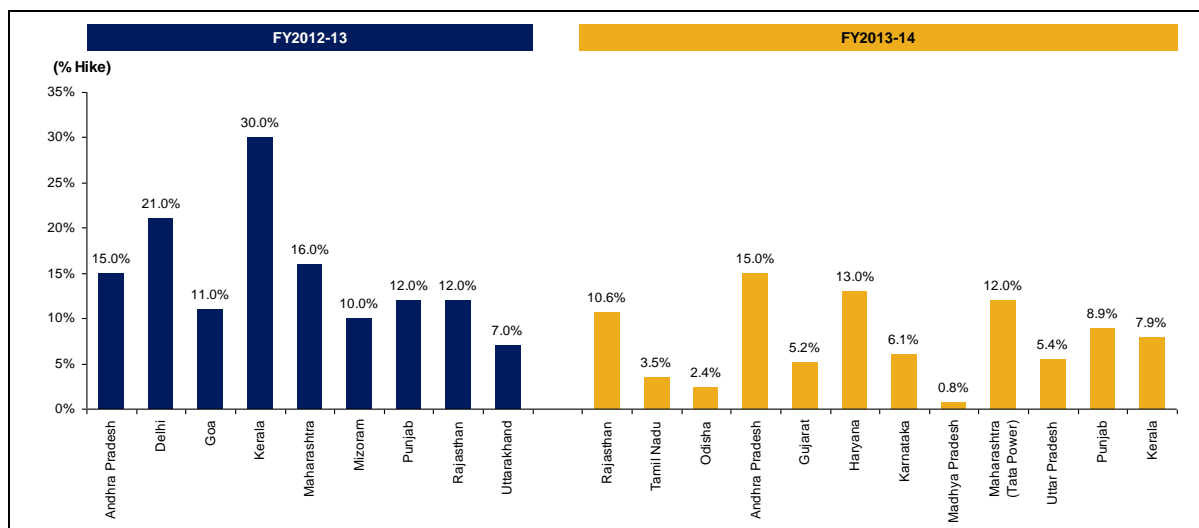
#### **Recent Tariff Hikes by Discoms**

Low electricity tariffs have led to significant revenue under-recovery for the distribution companies resulting in substantially large accumulated losses. This is largely due to the fact that historically power pricing in India has been a politically sensitive issue. Although discoms have been granted partial financial autonomy, most of them work under the administrative control of the respective state governments. As a result tariff revisions have not been regular and the average cost of supply is higher than average revenue realised for most states. (Source: CRISIL Research)

The Planning Commission reported that the cost of supplying electricity increased at a rate of 7.4% annually between 1998-99 and 2009-10 on account of increased fuel costs, primarily coal and natural gas. During the same period, the average tariff increased at a marginally lower annual rate of 7.1% despite the need to bridge the gap between the two. As a result, the gap between cost of supply and average revenue realized remained at significantly high levels. (Source: Shunglu Committee Report; Annual Report 2011-12 on the Working of State Power Utilities and Electricity Departments)

The trend of under recovery however appears to be reversing post 2011, on account of a spate of tariff hikes across states. Tariff revisions across different states are listed in the table below.

<b>State Wise Tariff Hikes for FY13 and FY14</b>
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Source: CRISIL Research

### ***Tariff Revisions Sought by Independent Power Producers Under Existing PPAs***

Many power producers are seeking a hike in tariffs under the existing PPAs as their cost structure have changed on account of various factors like increase in cost of fuel, increase / imposition of additional taxes, cost overruns due to delay in regulatory approvals, depreciation of the currency, etc. Several such petitions are in the process of being heard by CERC.

In a judgement in April 2013, CERC granted 'compensatory tariff' over and above the tariff decided under the original PPA. CERC also formed a committee to calculate the compensatory tariff and directed it to keep in view the following considerations:

- The impact of price escalation of imported fuel on project viability
- Net profit earned from sale of coal from the companies' own mines outside India should be passed on to the discoms
- Possibility of sharing of revenue earned from merchant power sales with respective discoms
- Possibility of use of low GCV fuel for power generation to the extent that it does not impact operational efficiency of its boilers

Subsequently in February 2014, after taking into consideration recommendations of the committee, CERC notified the compensatory package for TATA Power's Mundra Ultra Mega Power Project and Adani Power's Mundra Thermal Power Plant. The compensatory tariffs allowed for the projects and the approved compensation for recovery of past losses is encapsulated in the table below:

### ***Highlights of CERC order on compensatory tariff:***

Company	Project	Tied Capacity (MW)	Procuring States	Compensatory tariff (Rs / unit)	Recovery of past losses (Rs mn)
Tata Power	Mundra UMPP	3,800	Gujarat (1,805 MW), Maharashtra (760 MW), Punjab (475 MW), Haryana (380 MW), Rajasthan (380 MW)	0.524	3,294.5
Adani Power	Mundra Phase III	1,000	Gujarat	0.850	4,202.4
Adani Power	Mundra Phase IV	1,424	Haryana	0.363	4,095.1

Other key highlights of the order are as follows:

- The reimbursement of past losses for 2012-13 is payable in 36 equated monthly installments while the compensatory dues for 2013-14 is to be paid over the next 12 months.

- The compensatory tariff for both the above mentioned projects is applicable for a period of 3 years until 2016-17 post which it will be reviewed. However, it will be trued up annually based on actual generation costs.
- Tata Power to forego 1 per cent of ROE based on equity investment of contracted capacities, as on the commissioning date.
- This translates to a hit of Rs 510 million (1% of regulated equity of Rs 51,030 million) or about Rs 0.02 per unit. Similarly, Adani Power will have to forego 1 per cent of ROE on its Phase III of Mundra TPP which has been tied up with Gujarat and 0.25 per cent ROE on its Phase IV project tied up with Haryana.
- The compensatory tariff should also be adjusted for actual profit to the holding company from coal mining operations in Indonesia, calculated based on total incremental revenue after payment of taxes and royalty as per Indonesian regulations and incremental mining cost in proportion to coal used for the generation of contracted power as per the PPAs
- Any sale of power to third party after meeting the capacity contracted with the state discoms (as highlighted in the table above) shall be shared in 60:40 ratio between the procurers and the petitioner.

(Source: CRISIL Research)

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## OUR BUSINESS

### Overview

We were incorporated in October 1996 with the objective of developing, constructing and operating power projects and we believe that we are one of the first private power generation companies in India. We have a gross operational capacity of 2,498 MW and an additional gross capacity of 2,318 MW under construction. Out of the 2,318 MW under construction, we expect two units of 685 MW capacity each to commence operations by the end of fiscal year 2015. In addition, we have a pipeline of power projects with an aggregate gross capacity of 3,695 MW that are currently under various stages of development.

Within the power generation business, we have followed a strategy of diversification in respect of our fuel source, geographic presence and offtake arrangements. We have 623 MW of gas-based, 200 MW of low-sulphur-heavy-stock ("LSHS") based, and 1,650 MW of coal-based capacity that is operational. Additionally, we have also diversified into renewable energy based power projects. We have 25 MW of operational solar power plant. In our portfolio of projects under construction, we have 1,370 MW of coal-based, 768MW of gas-based and 180MW of hydro-based plants. We are also in the process of developing 2,025 MW of hydroelectric power projects that have not yet commenced construction. Most of our power projects are strategically located close to the fuel source to reduce our fuel transportation costs. While we initially began our operations with a focus on the energy-deficient Southern region of India, we have now diversified across India with power projects in the Eastern, Western and Northern regions as well as into Nepal to develop large hydro power projects aimed at exporting power into India.

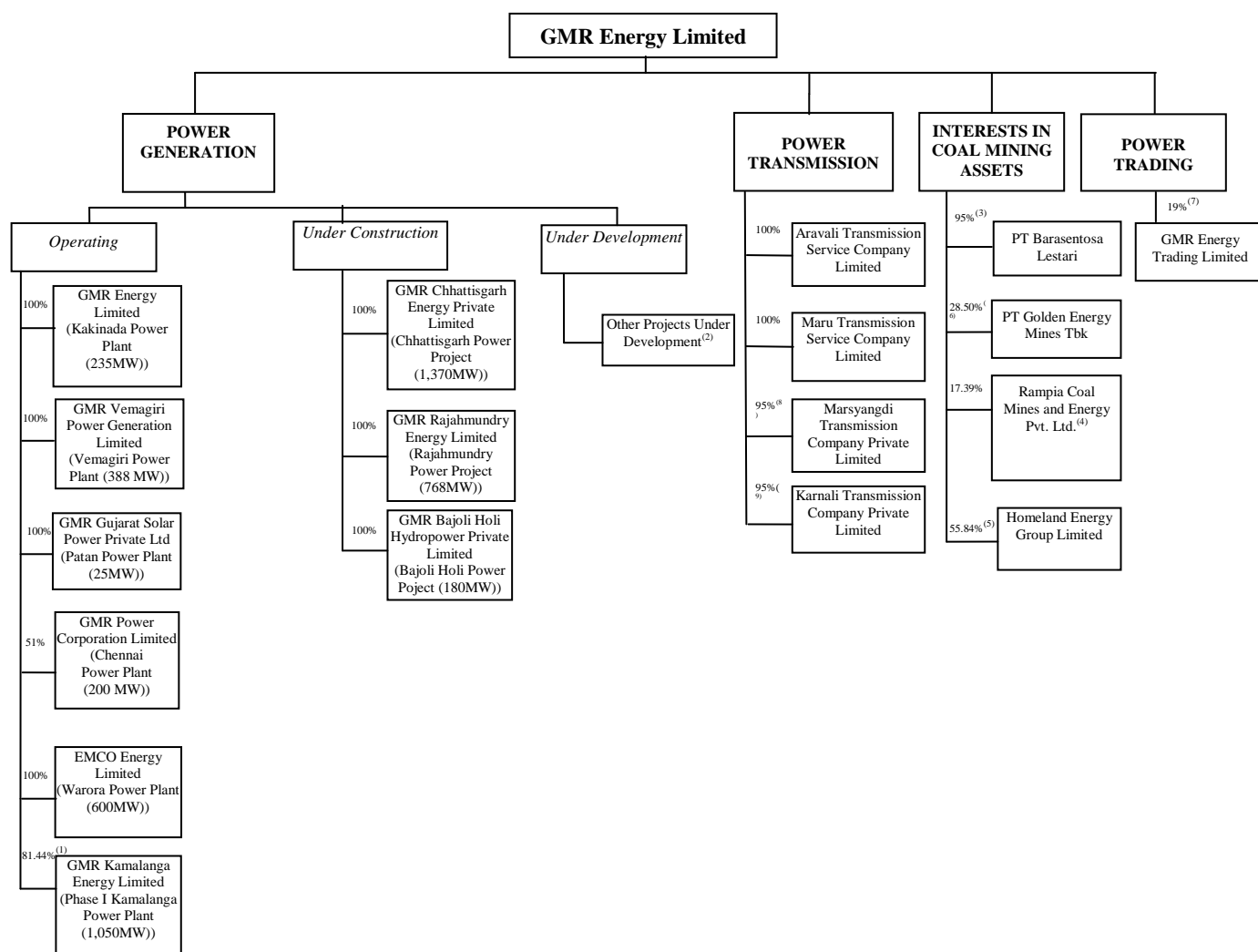
Our power offtake arrangements are intended to achieve a balance between risk, cash flow and revenue through a combination of long-term and short-term power purchase agreements ("PPAs"). At present, a majority of our offtake arrangements are long-term PPAs with various state utility boards. We also sell power on a short-term basis through our power trading company, GMR Energy Trading Limited ("GETL"), in which we own a 19% equity interest, and through other power exchanges.

We believe that we have access to an adequate supply of fuel for our coal-based power plants. We have secured long-term coal supply agreements with South Eastern Coal Fields Limited for the Warora Power Plant and Mahanadi Coal Fields Limited for the Phase I Kamalanga Power Project. We have also acquired equity interests in coal mining assets in India and Indonesia in order to mitigate fuel risk and reduce our dependency on third parties for the supply of coal. We own a 95% equity interest in PT Barasentosa Lestari ("PT BSL"), a subsidiary which has second generation Coal Contract of Work rights to explore and exploit coal from certain mining blocks located in Indonesia. We own an effective 28.5% equity interest in PT Golden Energy Mines Tbk ("GEMS"), a listed entity on the Jakarta Stock Exchange, which owns coal concessions in Indonesia. We have entered into a long-term coal supply agreement with GEMS for the supply of coal which can be used for our power projects in India.

We are part of the GMR Group, which is one of India's most diversified infrastructure conglomerates and which has significant experience and expertise in the development, construction and operation of large infrastructure projects. Our promoter company, GMR Infrastructure Limited ("GIL"), has interests in airports, power, roads and EPC businesses. GIL is listed on the Bombay Stock Exchange and the National Stock Exchange and has a market capitalization of approximately ₹ 84,465.10 million as of March 26, 2014 based on the closing price on the BSE of ₹ 21.70 per share.

For fiscal years 2011, 2012, 2013 and the six months ended September 30, 2013, we generated consolidated income of ₹ 18,908.27 million, ₹ 20,404.52 million, ₹ 13,727.40 million and ₹ 10,183.43 million, respectively, from the sale of electrical energy; and ₹ 751.72 million, ₹ 1,992.53 million, ₹ 7,797.43 million and ₹ 3,332.07 million, respectively, from mining activities. We also generated consolidated revenue of ₹ 43.68 million in fiscal year 2013 and nil in the six months ended September 30, 2013 from the sale of certified emission reduction certificates ("CERs"). Our combined capital work-in-progress and intangible assets under development, which represents our cumulative capital expenditure to develop and construct power projects, was ₹ 41,949.37 million, ₹ 125,899.01 million, ₹ 164,353.18 million and 156,117.03 million as at March 31, 2011, 2012, 2013 and September 30, 2013, respectively.

The chart below sets forth our subsidiaries and their respective businesses.



Notes:

(10) We have allotted shares representing a combined 18.56% interest in GMR Kamalanga Energy Limited to India Infrastructure Fund (as to 15.00%) and IDFC Limited (as to 3.56%) pursuant to a share subscription and shareholders agreement that we entered into with them in September 2009.

(11) Other power projects under development includes:

- 99.90% of a 300 MW planned capacity hydroelectric-based power project in the state of Uttarakhand (the "**Alaknanda Power Project**").
- 100.00% of a 225 MW planned capacity hydroelectric-based power project in the state of Arunachal Pradesh (the "**Talong Power Project**").
- 82.00% of 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% by the date of commercial operation of this project. The IFC has an option to acquire a 10% equity stake in the project.
- 69.35% of a 900 MW planned capacity hydroelectric-based power project in Nepal (the "**Upper Karnali Power Project**").
- 81.44% of 350 MW planned coal-based power project in the state of Odisha (the "**Phase II Kamalanga Power Project**").
- 70.00% of a 1,320 MW planned capacity coal-based power project in the state of Madhya Pradesh (the "**SJK Power Project**").

(12) The remaining 5.00% equity interest is held by GIL.

(13) We received a show cause notice from the Ministry of Coal on January 15, 2014 regarding the delay in the development of the Rampia coal mine. Subsequently, the relevant inter-ministerial group of the Government of India recommended the de-allocation of the Rampia coal mine. We are challenging the de-allocation of the Rampia coal mine and on February 12, 2014, the High Court of Delhi granted a stay order against de-allocation of the coal block. Further action on the recommendations of the inter-ministerial

group is currently put on hold by the Ministry of Coal in view of the order of the High Court of Delhi. For further details on the dispute regarding the Rampia coal mine, see "Outstanding Litigations and Defaults" on page 360.

(14) The 6.39% equity interest is held by Crossridge Investments Ltd and 37.77% is held by Homeland Energy Management, public and other retail shareholders. In March 2013, Homeland entered into two share sale agreements to sell all its interests in the Kendal Mine and Eloff Mine, respectively. Homeland has received the entire consideration with respect to the sales and completion of the share transfer is pending approval from the Department of Mineral Resources of South Africa.

(15) GIL holds a 1.50% equity interest in GEMS.

(16) The remaining 81% equity interest is held by GIL.

(17) The remaining 5% equity interest is held by GIL.

(18) The remaining 5% equity interest is held by GIL.

## **Competitive Strengths**

We believe that the following strengths position us to benefit from India's economic growth and power deficit:

### ***We have a proven track record for developing and operating power projects***

We are an established power generation company in India and have a proven track record of identifying and developing power projects and operating them successfully. We have built and commissioned power plants with an aggregate gross capacity of 2,498 MW and have power projects in different stages of construction with an aggregate gross capacity of 2,318 MW. Through the development, construction and operation of these power projects, we have gained valuable project management expertise and an in-depth understanding of the key risks associated with the development and operation of power projects. We have significant experience in managing the entire development cycle of power projects from the conceptualization stage to the operational stage, including the engineering, procurement, erection and testing of our power projects. This experience will enable us to improve efficiency in developing and operating our power projects. In addition, it will help us identify and mitigate risks in developing and constructing our power projects. We have also built relationships with vendors and equipment suppliers, which we can leverage upon for our future power projects.

### ***Our access to an adequate supply of coal and ability to pass through fuel costs reduce our exposure to fluctuations in availability and cost of coal for our coal-based power projects***

We have long-term coal linkages for a portion of our coal-based power plants under operation and power projects under construction, thereby ensuring coal availability. We have an LOA of 2.6 MTPA for 600 MW of EMCO and 4.524 MTPA for 100 MW of Kamalanga. We have entered into long-term coal supply agreements with South Eastern Coal Fields Limited corresponding to 400 MW of capacity and 10% of auxiliary consumption at the Warora Power Plant and with Mahanadi Coal Fields Limited corresponding to 563 MW of capacity and 10% of auxiliary consumption at the Phase I Kamalanga Power Project. Further, we believe the Chhattisgarh Power Project satisfies each of the criteria set forth by Central Electricity Authority ("CEA") for the award of domestic coal linkage, and we expect to be recommended for the coal linkage. For the Phase I Kamalanga Power Project, we received a letter of assurance from Mahanadi Coalfields Limited ("MCL"), a subsidiary of Coal India Limited, to supply 2.14 MTPA of coal, corresponding to 500 MW of capacity, and a letter of assurance from the Ministry of Coal of India allocating a tapering coal linkage to supply the remaining 550 MW of capacity. For the Warora Power Project, we have two letters of allocation for 1.3 MTPA each and we have signed fuel supply agreements for a total of 1.905 MTPA, for a total of 400 MW of capacity, each from South Eastern Coalfields Limited ("SECL"), a subsidiary of Coal India Limited. We are currently in negotiations to amend this fuel supply agreement to 2.6 MTPA based on a further 150 MW capacity supply under the PPA with TANGEDCO.

Our strategy to diversify into the coal mining business has further enhanced our fuel security. Our subsidiary, GMR Coal Resources Pte. Ltd. has a long-term coal sales agreement with GEMS for a period of 25 years with an initial offtake of 1 MMTPA of coal in the first year, which gradually increases to 10 MMTPA in the seventh year. Based on this coal sales agreement, GCEL has entered into a fuel supply agreement with GEL to procure 4.2 MMTPA of coal, which GEL expect to source primarily from GEMS, from fiscal year 2015 until such period when coal linkage for the entire capacity of 1,370 MW is provided by the Ministry of Coal of India with respect to the Chhattisgarh Power Project. The coal supply will start on the effective date under the coal sales agreements, which is the date of completion of the Chhattisgarh Power Project.

Our subsidiary, PT BSL, is also developing certain coal blocks in Indonesia with aggregate probable reserves of 43.5 MT and aggregate proven reserves of 92.8 MT as at June 2013. Subsequent to the commissioning of these coal blocks, we plan to import coal from PT BSL to meet any shortfall in our fuel requirement. We expect that the first of these coal blocks will begin production during fiscal year 2015. We believe the combination of our domestic coal supply arrangements and imported coal from GEMS and PT BSL provide adequate fuel security to our coal-based power projects that are either operational or under construction.

Further, pursuant to the power offtake arrangements for our operational and under construction coal-based power projects, we are substantially hedged against any escalation in domestic coal prices. Except for the PPAs entered into with Uttar Haryana Bijli Vitran Nigam Ltd and Dakshin Haryana Bijli Vitran Nigam Ltd, our fuel charge in all our other PPAs is either passed through to our customers or escalable periodically at Central Electricity Regulatory Commission ("CERC") determined rates which are linked to the Wholesale Price Index for domestic coal. We are also eligible to pass through fuel costs arising out of our usage of imported or e-auction coal for long term PPAs where there is a deficit of supply from CIL or its subsidiaries on linkage coal.

***We have a combination of long-term and short-term offtake arrangements***

Our power offtake arrangements are intended to achieve a balance between risk, cash flow and revenue through a mix of long-term and short-term PPAs. At present, a majority of our offtake arrangements are long-term PPAs with different state utility boards. We have entered into long-term PPAs with respect to a significant portion of power produced from Phase I Kamalanga Power Project, Warora Power Project, Patan Power Plant and Vemagiri Power Plant, and have entered into short-term offtake arrangements with respect to our Kakinada Power Plant. Under the present policy of the Government of India, our long-term PPAs make us eligible for the supply of a certain quantity of coal from Coal India Limited. Our long-term PPAs generally have terms of 7.25 to 25 years and provide a stable stream of revenue since these are usually take-or-pay arrangements. The tariffs are generally fixed for the duration of the PPA with certain escalations over the term of the PPA. Conversely, our short-term PPAs and open market sale of power afford us greater revenue potential depending on the prevailing market prices.

***We offer a diversified mix of thermal, hydroelectric and renewable based power projects to manage risk***

In terms of fuel source, our operational and under construction portfolio of power projects comprises of solar, LSHS and hydro-based power projects in addition to coal and gas based power plants. Our power projects under development comprise a mix of hydroelectric, coal-based and natural gas based power projects. We believe that this diverse combination of power projects comprising of different fuel sources partly mitigates our exposure to the potential risks associated with any particular kind of fuel based power project. For example, the key risks associated with thermal power projects include rising coal prices and potential unavailability of fuel sources, whereas the key risks associated with hydroelectric and solar-based power projects include the possibility of adverse geological conditions and the long gestation period for developing such power projects.

***We benefit from our relationship with our promoter company***

We believe our promoter company, GIL, is a leading infrastructure company in India with a proven track record of developing, implementing and operating large infrastructure projects in India and overseas. GIL entered into the infrastructure business by developing power projects. GMR Group and its affiliates have been operating in India for over 30 years in a wide variety of businesses, including airports, power, highways, and urban infrastructure. We believe that our association with GIL gives us significant leverage in growing our business and has helped us attract investments from leading financial sponsors such as Temasek Holdings and the IDFC Group. Further, we look to benefit from GMR Group's experience in the power trading business through insights into a better understanding and management of power offtake from our power projects. In addition, we believe our relationship with GIL has also contributed to our ability to enter into joint venture arrangements, undertake and attract strategic investments such as our investment in GEMS and the International Finance Corporation's (the "IFC") investment in the Upper Marsyangdi-2 Power Project.

***We have an experienced management team and a skilled workforce with a track record of project execution***

The individual members of our management team have significant experience in the power industry and have a strong understanding of the financial and technical aspects of our business. Our key managerial personnel have, on average, over 30 years of experience in the power sector. We invest substantial resources in training our workforce. We also have an in-house knowledge management program and invest extensively in environmental health and safety initiatives in our offices and at our power project sites. In addition, we have developed in-house engineering and project management teams dedicated to our thermal and hydroelectric power projects under development, which provide engineering and consulting services to such power projects. For instance, our in-house engineering and project management teams have undertaken the designing and engineering of hydroelectric power projects, such as Bajoli Holi, Alaknanda, Talong, Upper Marsyangdi-2, and Upper Karnali Power Projects. We believe these factors contribute significantly to our ability to attract and retain talent. For further details, see "Our Management" on page 230.

**Business Strategy**

Our business strategy consists of the following principal elements:

***Focus on the completion of power projects under construction***

We have 2,318 MW of power projects under construction. We are focused on the completion of these power projects and plan to commence commercial operations for two units of 685 MW capacity each by the end of fiscal year 2015. We expect to commence commercial operation of two units of the Chhattisgarh Power Project by fiscal year 2015 and fiscal year 2016, respectively. In addition, we are constructing the 768 MW Rajahmundry Power Project, and its commercial operations are expected to commence once we have secured fuel for the power project. We are in the process of putting in place committed fuel supply, offtake and transmission arrangements for our power projects. We believe the increase in the total number of operating power plants will contribute significantly to our operational and financial performance in the future.

***Increasing the operational efficiency and profitability of our power projects***

We have recently commenced commercial operations of Warora Power Plant and Unit 1 and Unit 2 of Phase I Kamalanga Power Plant with a combined generating capacity of 1,650 MW. For further details, see “– Overview of Our Business – Our Operational Power Plants and Power Projects under Construction” on page 152 in this Draft Red Herring Prospectus. We are in the process of stabilizing the operations of these power plants to ensure that they are operating at full efficiency. For example, we are in the process of introducing a SAP based maintenance system in Kamalanga and Warora Power Projects and we are implementing have a centralized online monitoring system for all our power plants. Upon stabilization of the power plants, we aim to further enhance profitability through implementation of measures designed to reduce auxiliary consumption and to minimize unplanned downtime. For example, we have established a center of excellence for the maintenance of our power plants in order to optimize their operational performance. Also, we are constructing the Chhattisgarh Power Project as a super critical power project which will enable us to generate greater output of electrical energy for a given amount of energy input, resulting in increased efficiency.

***Benefit from India's growth in the power generation sector and demand for power***

According to the CEA, India's aggregate peak shortage of power was estimated to be 9% of the electricity demand in fiscal year 2013 and 4.2% from April 1, 2013 through December 31, 2013. The Draft 12<sup>th</sup> Five-Year Plan of India envisages the addition of 118.5 GW in capacity during the period from fiscal year 2012 to fiscal year 2017. In addition, the Government of India has taken several steps to encourage investment in the power sector, such as deregulation and liberalization of power generation and power trading activities as well as tax exemptions in the form of benefits of section 80 IA Indian Income Tax Act, 1961. We have significant experience in development, operation and management of power projects. We have successfully commissioned 2,498 MW of capacity and are in the process of constructing another 2,318 MW. We also benefit from our relationship with the GMR Group which lends us significant expertise in managing large infrastructure projects. Further, we have a high degree of fuel security for our coal-based power projects as a result of our domestic coal linkages and our interest in coal mining operations. Given these capabilities, we believe that we are well positioned to capitalize on the opportunities that are expected to emerge in the power generation sector in India in the near future.

***Expand our power asset base by expanding our areas of operation geographically and diversifying our fuel type***

While we initially began our power operations with a focus on energy-deficient Southern region of India, we have now diversified across India with power projects in the Eastern, Western and Northern regions. Our presence across India positions us to benefit from any opportunities that could potentially arise in different regions of the country. We are also focusing on diversifying the fuel mix of our power projects. We are in the process of developing 2,205 MW of hydroelectric power projects in the Northern region of India as well as in the adjoining country of Nepal. At the same time, we are also assessing opportunities in the renewable power segment in order to expand our existing footprint, which currently comprises of a 25 MW solar power plant. The expertise derived from the development and operations of various fuel-based power projects enables us to be present across the power generation spectrum to capitalize on opportunities that may arise, and serves as a significant competitive advantage for us.

***Maintain an optimal balance between long-term and short-term offtake arrangements***

We continue to balance our long-term and short-term offtake arrangements to optimize our revenues in light of the prevailing tariffs. We also determine the mix of long-term offtake arrangements and short-term offtake arrangements based on the fuel requirements of our power projects. Currently, coal-based power projects with long-term PPAs are eligible for the supply of a certain quantity of coal from Coal India Limited. Accordingly, for our coal-based power projects we try to ensure that the long-term PPAs account for a majority of the power produced at the power plant. Our coal-based Warora and Kamalanga Power Projects benefit from the security of long-term PPAs that require our customers to purchase the bulk of the energy that we produce. For our natural gas and renewable energy based power projects, we enjoy a greater discretion in the choice of our offtake

arrangements. For our Kakinada Power Plant, we currently have short-term sale arrangements with GETL, an entity in which we own a 19% equity interest. Similarly, to the extent permitted by our contractual obligations and subject to regulatory requirements, we intend to sell the power produced by our power projects under construction and development through a combination of long-term and medium-term offtake arrangements and open market sales.

***Pursue development and acquisition opportunities to expand as well as to streamline our business and portfolio of assets***

We continuously develop and expand our business and portfolio of assets by capitalizing on opportunities to increase value to our shareholders. As part of our strategy, we selectively evaluate and consider opportunities for acquiring new units other assets that are complementary to our power business. We focus on areas where we see value enhancement opportunities. For example, we have acquired interests in coal mining assets in India and Indonesia in order to mitigate our fuel risk. We may also seek to divest, in whole or in part, our assets opportunistically to increase value to our shareholders in the future. For example, we recently divested our interest in the Eloff Mine and Kendal Mine in South Africa, both held by Homeland. This divestment is on account of the lack of infrastructure to evacuate coal from South Africa to India, as a result of which, a majority of the coal produced from these mines was sold domestically in South Africa.

As part of our effort to diversify our asset base, we are pursuing a long-term growth objective of focusing on our hydro and renewable power projects. In particular, we have completed financial closure of and issued the notice to proceed for the Bajoli Holi Power Project, a 180 MW run-of-the-river power facility being constructed in the state of Himachal Pradesh, we are working on the financial closure of our Alaknanda Power Project, a 300 MW run-of-the-river power facility to be constructed in the state of Uttarakhand, and we have entered into a joint development agreement with the International Finance Corporation (the "IFC") to develop the Upper Marsyangdi-2 Power Project, a 600 MW run-of-the-river power facility to be constructed in Nepal.

**Overview of Our Business**

We have a gross capacity of 2,498 MW of power plants that are operational and we are constructing power projects with a gross capacity of 2,318 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) operating; (2) under construction; and (3) under development.

*Operating.* 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.

*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.

*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.

***Our Operational Power Plants and Power Projects under Construction***

We have a gross operational capacity of 2,498 MW. This includes two gas-based power plants at Kakinada and Vemagiri; a LSHS-based power plant at Chennai; a solar power plant at Patan; Unit 1 and Unit 2 of our coal-based power project at Warora; and Unit 1, Unit 2 and Unit 3 of our Phase I coal-based power project at Kamalanga.

We have a gross capacity of 2,318 MW under construction. This includes our coal based power project at Chhattisgarh and a run-of-the-river hydropower project in Uttar Pradesh.

The following table summarizes certain key aspects of our operational power plants and power projects under construction:

Power Plants / Projects	Specifications						Financial Information					
	Beneficial Ownership	Fuel Type	Plant Unit (as applicable)	Operational Status	Gross Capacity <sup>1</sup>	Commercial Operation Date <sup>2</sup>	Total Project Cost	Share Capital as at September 30, 2013	Share Application Money as at September 30, 2013	Total Borrowings as at September 30, 2013	Borrowings from other than group companies as at September 30, 2013	Promoters Subordinate Debt as at September 30, 2013
Chennai Power Plant .....	51% <sup>3</sup>	LSHS		Operational	200 MW	Fiscal year 1999	N/A	N/A	N/A	N/A	N/A	N/A
Vemagiri Power Plant .....	100%	Natural gas		Operational	388 MW	Fiscal year 2007 <sup>4</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Kakinada Power Plant .....	100%	Natural gas		Operational	235 MW	Fiscal year 2011 <sup>5</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Patan Power Plant .....	100%	Solar		Operational	25 MW	Fiscal year 2012	N/A	N/A	N/A	N/A	N/A	N/A
Warora Power Plant .....	100%	Coal		Operational	600 MW	Fiscal year 2014	N/A	N/A	N/A	N/A	N/A	N/A
Phase I Kamalanga Power Plant <sup>6</sup> .....	81.44% <sup>7</sup>	Coal	Unit 1	Operational	350 MW	Fiscal year 2014	Rs. 65,191.7 million	Rs. 15,932.56 million	Rs. 2,190.00 million	Rs. 41,877.90 million	Rs. 38,796.20 million	Rs. 3,081.70 million
			Unit 2	Operational	350 MW	Fiscal year 2014						
			Unit 3	Operational	350 MW	Fiscal year 2014						
Chhattisgarh Power Project ....	100%	Coal	Unit 1	Under Construction	685 MW	Fiscal year 2015	Rs. 110,150 million	Rs. 15,302.00 million	-	Rs. 53,596.07 million	Rs. 49,450.07 million	Rs. 4,146.00 million
			Unit 2	Under Construction	685 MW	Fiscal year 2015						
Rajahmundry Power Project ....	100%	Natural gas		Under Construction	768 MW	Subject to fuel supply <sup>8</sup>	Rs. 40,600 million	Rs. 5,200.00 million	-	Rs. 31,682.23 million	Rs. 27,906.43 million	Rs. 3,775.80 million
Bajoli Holi Power Project ....	100%	Hydro	Unit 1	Under Construction	60 MW	Fiscal year 2018	Rs. 22,050 million	Rs. 1,735.84 million	-	Rs. 2,517.51 million	-	Rs. 2,517.51 million
			Unit 2	Under Construction	60 MW	Fiscal year 2018						
			Unit 3	Under Construction	60 MW	Fiscal year 2018						

**Notes:**

- Gross capacity is the total generating capacity of the power plants/ project as determined by the relevant governmental authority for the power plants that are operational or as specified in the Civil Work Erection Testing and Commissioning Agreement for the power projects that are under construction.
- Commercial operation date ("COD") denotes the actual date on which our operational power plants achieved commercial operations or the date on which our management expects our power projects under construction to achieve commercial operations. Achieving commercial operations of our projects under construction and projects under development is subject to a number of contingencies. See "Risk Factors - Our power projects under construction and development require a long gestation period and substantial capital outlay before we realize any benefits or returns on investments. In addition, the time and costs required in completing a power project may be subject to substantial increases" on page 33.
- Odeon Limited owns the remaining 49% equity interest in GMR Power Corporation Limited, which owns the Chennai Power Plant.
- The Vemagiri Power Plant satisfied the requirements for commercial operations under the terms of its PPA in September 2006 but did not generate power until January 2008 due to the non-availability of natural gas. For further details, see "Overview of Our Business – Our Operational Power Plants and Power Projects under Construction – Vemagiri Power Plant" on page 152 in this Draft Red Herring Prospectus.
- Kakinada Power Plant commenced its operations in June 2001, as a naphtha-based power plant in the state of Karnataka. The power plant was converted to a natural gas-based power plant and relocated to Kakinada in the state of Andhra Pradesh in April 2010, and its commercial operations resumed in June 2010.
- Phase I of Kamalanga Power Plant consisted of three 350 MW units, of which the first 350 MW unit became operational as at April 2013, the second 350 MW unit became operational in November 2013 and the third 350 MW unit became operational in March 2014 and is currently undergoing testing leading up to the declaration of commercial operation.
- The remaining equity interest in GMR Kamalanga Energy Limited, which owns the Kamalanga Power Project, is held by India Infrastructure Fund (as to 15%) and IDFC Limited (as to 3.56%).
- Since July 1, 2012, construction on this power project has been suspended due to the non-availability of gas. We will resume construction and attain the COD once we secure gas-linkage.

We provide a summary of our operational power plants and power projects under construction below:

**Chennai Power Plant**

The Chennai Power Plant is a LSHS-based power plant with a gross capacity of 200 MW located at Basin Bridge in the state of Tamil Nadu. This power plant is owned by GMR Power Corporation Limited ("**GMR Power**"), in which we have a 51% equity interest. Odeon Limited owns the remaining 49% interest in GMR Power.

The Chennai Power Plant commenced commercial operations in February 1999. Det Norske Veritas ("**DNV**"), Netherland, a certification authority, has certified the power plant to be ISO 9001, ISO 14001, ISO 50001, SA 8000 and OHSAS 18001 compliant, which is valid until May 2014.

#### ***Operation and Maintenance Agreement***

The Chennai Power Plant is currently operated and maintained by our in-house team.

#### ***Power Offtake Arrangement***

The Chennai Power Plant sold all of its power to Tamil Nadu Electricity Board ("**TNEB**") pursuant to a 15-year PPA that expired in February 2014. We are currently in discussion with TNEB regarding a one-year extension of the PPA. We are currently selling electricity to TNEB on an interim basis. The tariff under the petition for extension of the PPA, comprises a fixed charge and a variable charge. The fixed charge is intended to cover the fixed costs associated with the power plant, such as maintenance costs, finance costs and depreciation expenses, as well as an assured 16% after tax return on equity based on the financing plan and capital cost approved by the CEA.

The variable charge is intended to cover our fuel cost and is passed through to TNEB based on a station heat rate of 1,906 kcal per kWh irrespective of the actual heat rate of the plant.

#### ***Fuel Supply Agreement***

We have entered into a long-term fuel supply agreement with Hindustan Petroleum Corporation Limited for the supply of LSHS for a period of 15 years, which expired in February 2014. The fuel supply agreement with Hindustan Petroleum Corporation Limited is coterminous with our TNEB PPA. If the underlying PPA with TNEB is extended, then the term of the fuel supply agreement will be automatically extended as well. We are currently receiving interim fuel supply from Hindustan Petroleum Corporation Limited pending extension of the TNEB PPA. Pursuant to the terms of this agreement, if Hindustan Petroleum Corporation Limited fails to provide a sufficient quantity or the appropriate quality of LSHS, we may source LSHS from third parties subject to obtaining TNEB's consent.

#### ***Vemagiri Power Plant***

The Vemagiri Power Plant is a natural gas-based combined cycle power plant with a gross capacity of 388 MW located near Rajahmundry in the East Godavari district of Andhra Pradesh. The Vemagiri Power Plant was developed by our wholly-owned subsidiary, GMR Vemagiri Power Generation Limited ("**GVPGL**"). The Vemagiri Power Plant satisfied the requirements for commercial operation under the terms of its PPA in September 2006 but did not produce power until January 2008 due to the non-availability of natural gas. However, the power plant operated for a brief period until April 2008 using the gas arranged by the Transmission Corporation of Andhra Pradesh Limited ("**AP Transco**"), and the operations stalled again until November 2008 due to the non-availability of natural gas. In April 2009 we were able to secure the supply of natural gas by entering into a gas sale and purchase agreement with Reliance Industries Limited ("**Reliance**"), Niko (NECO) Limited ("**Niko**") and British Exploration (Alpha) Limited ("**BP**") and consequently we resumed operations with the power plant operating at various PLF levels based on the availability of natural gas until February 2013. Since March 1, 2013, we have not been receiving any supply of natural gas under this arrangement. We have been operating the plant intermittently using the gas made available by AP Transco for certain periods of the year on a temporary basis.

#### ***Operation and Maintenance Agreement***

The Vemagiri Power Plant is currently operated and maintained by our in-house team. Until March 31, 2013, the power plant was operated and maintained by Korea Plant Service & Engineering Co. Limited. We have also entered into a long-term assured parts supply agreement with GE Energy Parts Inc. and a long-term maintenance agreement with GE International Inc., both valid through December 2020, for the maintenance of the gas and steam turbines used in the Vemagiri Power Plant.

#### ***Power Offtake Arrangement***

GVPGL entered into a 23-year PPA to sell gross capacity of 370 MW to AP Transco, which expires on September 2029. Pursuant to this PPA, we are obligated to deliver the contracted power at our power plant's busbar. The offtake pursuant to this PPA commenced in September 2006. We can sell the balance power produced from this power plant in accordance with the terms of the PPA. We are not obligated to supply power under this PPA if we are unable to secure an adequate fuel source for the Vemagiri Power Plant.



Pursuant to a government notification issued in June 2005, the obligations of AP Transco under the PPA were transferred to four state-owned distribution companies, namely Central Power Distribution Company of Andhra Pradesh ("**APCPDCL**"), Eastern Power Distribution Company of Andhra Pradesh ("**APEDCL**"), Northern Power Distribution Company of Andhra Pradesh ("**APNPDCL**") and Southern Power Distribution Company of Andhra Pradesh ("**APSPDCL**").

The tariff under this PPA comprises a capacity charge, which includes a foreign debt service charge of U.S.\$ 0.006 per kWh payable from the power plant's commercial operation date until fiscal year 2018, a fixed charge of ₹ 0.699 per kWh, and an energy charge intended to cover our fuel cost based on a formula that is linked to the normative station heat rate of 1,850 kcal per kWh. The capacity charge is reduced on a pro-rata basis if the Availability (the amount of time that it is able to produce electricity over a certain period, divided by the amount of the time in the period ("**Availability**")) falls below 80%. In the event that the power plant is unable to achieve an Availability of 68.5% for reasons other than a fuel supply shortage, we will be liable to pay a penalty equal to 2% of the other fixed charge on every percentage of shortfall in Availability up to 60.5% and 3% of the other fixed charge on every percentage of shortfall in Availability from 60.5% to 50.5%. We are also entitled to incentive payments for a PLF above 80%.

#### ***Fuel Supply Agreement***

GVPGL entered into a gas sale and purchase agreement with Reliance, Niko and BP in April 2010 for the supply of natural gas from the Krishna Godavari Basin to fuel the Vemagiri Power Plant until March 31, 2014. We are currently in discussions regarding the extension of this agreement, subject to a new pricing formula. The gas supplied under this agreement is transported by Reliance Gas Transportation Infrastructure Limited and GAIL pursuant to a gas transportation agreement which is coterminous with the gas sale and purchase agreement. Since March 1, 2013, we have not received any supply of natural gas under this arrangement and we are operating the Vemagiri Power Plant intermittently using RLNG arranged by AP Transco to meet seasonal demand. AP Transco has made gas available for certain periods of the year on a temporary basis. For further details, see "*Risk Factors – Risks Associated with our Gas Based Power Generation Business – We may be unable to ensure uninterrupted supply of natural gas to our gas based power plants, which may have an adverse effect on our business, results of operations and financial condition*" on page 17 in this Draft Red Herring Prospectus.

#### ***Kakinada Power Plant***

The Kakinada Power Plant is a natural gas-based combined cycle power plant with a gross capacity of 235 MW. From its commencement of operations in June 2001 to November 2009, the Kakinada Power Plant was located off the coast of Mangalore in the state of Karnataka and was fuelled by naphtha. The power plant was converted to a natural gas based power plant and relocated to Kakinada in the state of Andhra Pradesh in April 2010, and commercial operation resumed in June 2010. We incurred a cost of ₹ 6,043 million in the process of this conversion and relocation. This is an operational power plant under GMR Energy Limited. In November 2011, the Kakinada Power Plant was certified by DNV, Netherland, to be ISO 9001, ISO 14001 and OHSAS 18001 compliant, each of which is valid until November 2014. Since March 2013, we have not been receiving any supply of natural gas under our gas sales and purchase arrangement and the operations of the Kakinada Power Plant have stalled.

#### ***Operation and Maintenance Agreement***

We entered into a long-term service agreement with GE Energy Plant Operations LP in December 2000 (which was later assigned to GE International Inc. in October 2012) and a long-term assured parts supply agreement with GE Energy Parts Inc. pursuant to which these companies have agreed to supply all the parts and services for the planned maintenance of all four of the gas turbines as well as the steam turbine. Under the long-term service agreement, GE International Inc. guarantees a 92% average Availability of the gas turbines. We have also secured the use of a spare engine through an agreement with GE Packaged Power Inc., in case one of the engines at the power plant malfunctions.

#### ***Offtake Arrangement***

Following its relocation to Kakinada, we have sold the power generated by the Kakinada Power Plant in the open market pursuant to a medium-term arrangement with GETL. There are no take-or-pay or supply-or-pay obligations under this agreement, and as such GETL is not required to purchase, and we are not required to sell, any power to GETL. GETL can purchase power generated up to a net capacity of 220 MW by the Kakinada Power Plant provided that it has a corresponding offtake for such power on the open market. We are still liable to pay GETL its commission when we sell the contracted power directly to a third party. We are not obligated to supply electricity to GETL if we are unable to secure the requisite quantity of natural gas to generate such power at the Kakinada Power Plant. The tariff under this PPA will be determined on a mutually agreeable basis between the parties.

### ***Fuel Supply Agreement***

We entered into a gas sales and purchase agreement with Reliance, Niko and BP in April 2010 for the supply of natural gas from the Krishna Godavari Basin to fuel the Kakinada Power Project until March 2014. We are currently in discussions regarding the extension of this agreement, subject to a new pricing formula. We have also entered into a gas transportation agreement with Reliance Gas Transportation Infrastructure Limited and GAIL to transport gas under the gas sales and purchase agreement which is coterminous with the gas sale and purchase agreement. Since March 1, 2013, we have not been receiving any supply of natural gas under this arrangement. For further details, see “*Risk Factors – Risks Associated with our Gas Based Power Generation Business – We may be unable to ensure uninterrupted supply of natural gas to our gas based power plants, which may have an adverse effect on our business, results of operations and financial condition*” on page 17 in this Draft Red Herring Prospectus.

### ***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 in the state of Gujarat. The power plant was developed by our wholly-owned subsidiary, GMR Gujarat Solar Power Private Limited (“**GGSP**”). The Patan Power Plant commenced commercial operations in March 2012.

### ***Operation and Maintenance Agreement***

We have entered into operation and maintenance agreements for the Patan Power Plant with Indu Projects Limited with respect to 20 MW and Photon Energy Systems Limited with respect to 5 MW. The operation and maintenance agreements expire in March 2017.

### ***Offtake Arrangement***

On December 8, 2010, we entered into a 25-year PPA with Gujarat Urja Vikas Nigam Limited (“**GUVN**”) with respect to the entire power generated from the Patan Power Plant. We are obligated to deliver the capacity pursuant to this PPA at our busbar. The tariff under this PPA is fixed at ₹ 15 per kWh for the first 12 years and ₹ 5 per kWh for the remaining 13 years. GUNVL filed a petition before Gujarat Electricity Regulatory Commission (“**GERC**”) seeking a downward revision of tariff payable by it under various PPAs, including ours, which was dismissed by the GERC. GUNVL has appealed to the Appellate Tribunal for Electricity against GERC's decision. For further details on this petition, see “*Outstanding Litigations and Defaults*” on page 360.

### ***Warora Power Plant***

The Warora Power Plant is a 600 MW coal-based power project consisting of two 300 MW units each. The power project is located at Warora Taluka in the Chandrapur district of the state of Maharashtra. In July 2009, we acquired the entire issued share capital of Emco Energy Limited (“**EMCO**”), which owns this power project. We commenced commercial operations of Unit 1 and Unit 2 of Warora Power Plant in March 2013 and September 2013, respectively.

### ***Land and Water***

We require approximately 454 acres of land for the Warora Power Project. In December 2011, we entered into a 99 year lease with Maharashtra Industrial Development Corporation (“**MIDC**”) for approximately 424 acres of land. MIDC allotted another 4.7 acres of land for infrastructure works and we are in the process of entering into a lease for this parcel of land. We acquired the remaining 25 acres of land from a third party.

We have obtained permission from MIDC to withdraw 50 million litres per day of water from the Wardha River, which is sufficient for the operations of this power plant.

### ***Approvals and Clearances***

We have obtained all the necessary approvals and clearances required for the construction and operations of the power project. The environmental clearance for the first and second units was granted by Ministry of Environment and Forest (“**MoEF**”) in June 2009 and May 2010, respectively. The consent to operate both units of the power project has been obtained from Maharashtra Pollution Control Board.

For further details, see “*Governmental Approvals*” on page 421.

### ***Operation and Management***

The Warora Power Plant is currently operated and maintained by our in-house team under the supervision of Shanghai Electric Group Co Ltd.

### ***Financing***

At the financial closure on March 25, 2010, we estimated the total cost of the Warora Power Plant to be approximately ₹ 34,800 million. We entered into a financing agreement with a consortium of lenders led by Axis Bank to finance this cost through a term loan of ₹ 26,100 million and the balance through equity contributions of ₹ 8,700 million.

As at December 31, 2013, we estimate the total cost of the Warora Power Plant to be approximately ₹ 39,500 million. The cost overrun of approximately Rs4,700 million was primarily on account of the increased scope of civil work and erection, testing and commissioning for the BoP, an increase in pre-operative expenses and depreciation of Indian Rupee against the US Dollar in calendar years 2011 and 2012 and an increase in interest during construction ("**IDC**"). We have received approval from some of the lending banks regarding the cost overrun and are currently in discussions with the remaining banks to receive their approval. We have 2,600 million bridge facility from Axis Bank. We plan to finance the cost overrun through debt and equity contributions. As on September 30, 2013, we had ₹ 8,726 million in equity and ₹ 28,447 million of debt contributions.

### ***Power Offtake Arrangements***

We have entered into three PPAs with state utility boards, which we summarize below.

#### ***DNH***

We have entered into a 7 year and 3 month PPA with Electricity Department of Union Territory of Dadra and Nagar Haveli ("**DNH**"), on March 21, 2013, with respect to a net capacity of up to 200 MW. We are obligated to deliver the power pursuant to this PPA to the Ambheti substation located in Vapi, Gujarat although the procurer bears transmission loss from the Bhadravti sub station until the Ambheti substation. The offtake under this PPA commenced on April 1, 2013. Under this PPA, we have agreed to supply 100 MW from April 2013 to June 2013, 150 MW from July 2013 to September 2013, and 200 MW thereafter for the remaining life of the PPA.

The tariff under this PPA comprises non-escalable capacity charge, escalable capacity charge, escalable energy charge and escalable inland transportation charge. The capacity charges are recoverable based on our power plant's Availability as compared to the Normative Availability. Accordingly, we are able to recover all our costs under the capacity charge if our power plant's Availability equals or exceeds the Normative Availability factor of 85%. If the Availability factor of our power plant falls below the Normative Availability factor, then our capacity charges will be reduced on a pro-rata basis for the units under short-fall.

The non-escalable capacity charge is specified on an annual basis in the PPA and the non-escalable capacity charge applicable for fiscal year 2015 is ₹ 2.399 per kWh until September 2014 and ₹ 2.527 per KWh for the remaining fiscal period. The base escalable capacity charge is Rs 0.234 per unit, base escalable energy charge is Rs 0.696 per unit and base escalable inland transportation charge is Rs 0.691 per unit. These base charges are escalated on a monthly basis at CERC-notified escalation rates starting from the bid date of June 8, 2012. The Levelised Tariff of the PPA is ₹ 4.618 per KWh as on June 2012 as per the tariff adoption order by the Joint Electricity Regulatory Commission. We are also entitled to receive incentive payments at a rate of 40% of the non-escalable capacity charge, up to a maximum of ₹ 0.25 per kWh, for Availability in excess of 85%. In the event of Availability less than 80%, we are liable to pay a penalty equal to 20% of the non-escalable capacity charge on the units under shortfall. We have filed a petition with CERC to revise the tariff based on a change in prevailing laws. For further details, see "Outstanding Litigations and Defaults" on page 360. In February 2014, we realized an actual tariff of approximately ₹ 4.376 per kWh.

#### ***MSEDCL***

We also have a 25-year PPA with MSEDCL for a net capacity of 200 MW commencing from 17 March 2014. We are obligated to deliver the power pursuant this PPA to the power station switchyard busbar of our power plant.

The tariff under this PPA comprises non-escalable capacity charge, escalable capacity charge, escalable energy charge and escalable inland transportation charge. We are able to recover the capacity charge fully if our power plant's Availability equals the Normative Availability factor of 85%. If the Availability factor of our power plant falls below the Normative Availability factor, then our capacity charges will be reduced on a pro-rata basis for the units under short-fall.

The non-escalable capacity charge is specified on an annual basis in the PPA and the current non-escalable capacity charge applicable for fiscal year 2014 is ₹ 1.26 per kWh and for fiscal year 2015 is ₹ 1.141 per kWh. The base escalable capacity charge is Rs 0.182 per unit, base escalable energy charge is Rs 0.456 per unit and base escalable inland transportation charge is Rs 0.492 per unit. These base charges are escalated on a monthly basis at CERC notified escalation rates starting from the bid date of 7 August 2009. The Levelised Tariff of the PPA is ₹ 2.879 per kWh as on 7 August 2009 as per the tariff adoption order by Maharashtra Electricity

Regulatory Commission. We are also entitled to receive incentive payments at a rate of 40% of the non-escalable capacity charge, for up to a maximum of ₹ 0.25 per kWh, for Availability in excess of 85%. In the event that the power project is unable to achieve an Availability of 80%, we are liable to pay a penalty equal to 20% of the non-escalable capacity charge on the units under shortfall.

### ***TANGEDCO***

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. The tariff under this PPA comprises non-escalable capacity charge, escalable capacity charge, escalable energy charge and escalable inland transportation charge. We are able to recover the capacity charge fully if our power plant's Availability equals the Normative Availability factor of 85%. If the Availability factor of the power plant falls below the Normative Availability factor, then our capacity charges will be reduced on a pro-rata basis for the units under short-fall.

The non-escalable capacity charge is specified on an annual basis in the PPA and the current non-escalable capacity charge applicable for fiscal year 2015 is ₹ 2.560 per kWh. The base escalable capacity charge is Rs 0.221 per unit and base escalable energy charge is Rs 0.664 per unit, base escalable inland transportation charge is Rs 0.742 per unit. These base charges are escalated on a monthly basis at CERC notified escalation rates starting from the bid date of March 2013. The Levelised Tariff of the PPA is ₹ 4.91 per kWh as on March 6, 2013. We are also entitled to receive incentive payments at a rate of 40% of the non-escalable capacity charge, for up to a maximum of ₹ 0.25 per kWh, for Availability in excess of 85%. In the event that the power project is unable to achieve an Availability of 80%, we are liable to pay a penalty equal to 20% of the non-escalable capacity charge on the units under shortfall.

In contrast to our typical PPAs, any restrictions placed by PGCIL or the relevant regional or state load dispatch centers in scheduling of power due to breakdown of transmission/grid constraint is treated as a force majeure event under the PPA, without liability on either side (non-availability of open access is treated as force majeure).

### ***Fuel Supply***

We have two letters of allocation for 1.3 MTPA each from South Eastern Coalfields Limited ("**SECL**"), a subsidiary of Coal India Limited. In February 2013, we entered into a fuel supply agreement with SECL for the supply of 0.866 MTPA of coal with respect to 200 MW of capacity under the first letter of allocation which was further amended to 0.952 MTPA in September 2013. In August 2013, we entered into a fuel supply agreement for the supply of 0.650 MTPA of coal with respect to 150 MW of capacity under the second letter of allocation which was further amended to 0.953 MTPA in November 2013 for 200 MW of capacity. We are currently in negotiations to amend this fuel supply agreement to 2.6 MTPA based on a further 150 MW capacity supply under the PPA with TANGEDCO.

We intend to procure the balance of our coal requirement from the open market, or e-auctions conducted by Coal India Limited or from imported coal through competitive bidding. We expect the coal mines of Western Coalfields Ltd ("**WCL**") to be a key source of the coal we obtain from the e-auction process.

We have completed the development of the coal transportation infrastructure including railway sidings required for the transportation of domestic and imported coal. The nearest SECL coal mine is located at Korba, which is approximately 700 kilometers from the power project. The WCL coal mines are located 60 kilometers from the power project and are well connected through state highways. Further, we have also entered into the requisite agreements and contracts for transporting imported coal by rail from the Kakinada sea port to our power plant.

### ***Power Evacuation***

We entered into a bulk power transmission agreement ("**BPTA**") with Power Grid Corporation of India Limited ("**PGCIL**") in January 2009 to evacuate 520 MW of power from 400kV Bhadravati sub-station located approximately 33 kilometers from the Warora Power Project. The connecting lines from the Waror Power Project to the Bhadravati sub-station are complete and we are evacuating power through them.

### ***Phase I Kamalanga Power Project***

The Kamalanga Power Plant is a 1,400 MW, coal-based power project under various stages of development, in Dhenkanal district in the state of Odisha. Phase I of the Kamalanga Power Plant ("**Phase I Kamalanga Power Project**") consisted of three 350 MW units and Phase II consists of one 350 MW unit ("**Phase II Kamalanga Power Project**"). We commenced commercial operation of Unit 1, Unit 2 and Unit 3 of Phase I Kamalanga Power Plant in April 2013, November 2013 and March 2014, respectively. Phase II Kamalanga Power Plant is currently under development.

We own 81.44% of GMR Kamalanga Energy Limited ("GKEL"), our subsidiary that owns the Kamalanga Power Project. The remaining equity interest is held by India Infrastructure Fund (as to 15%) and IDFC Limited (as to 3.56%). In February 2012, the Ministry of Power of India granted Mega Power Project status to Phase I Kamalanga Power Project. As a Mega Power Project, GKEL qualifies for certain fiscal concessions and benefits, including exemption from customs duty on the import of capital equipment. For further details, see "Regulations and Policies" and "Statement of Tax Benefits" on page 181 and page 113, respectively.

We entered into a memorandum of understanding with the Government of Odisha in June 2006, pursuant to which the government has agreed to cooperate with us to facilitate construction activities, including, but not limited to, land acquisition, water allocation and captive coal block allocation. In addition to paying for the land, water and coal, we have also agreed to make an annual contribution towards Odisha's Environment Management Fund of ₹ 0.06 for every kWh of power produced by the Kamalanga Power Plant that is exported outside the state of Odisha.

#### ***Land and Water***

GMR Kamalanga Energy Limited requires approximately 1,177 acres of land for the operation of the power plant. GMR Kamalanga has already acquired all the critical land as required.

We have obtained permission from the Water Resources Department, pursuant to an agreement dated May 2012, to withdraw 30 cusecs of water per day from the Brahmani River for Phase I Kamalanga Power Project.

#### ***Approvals and Clearances***

We received all requisite approvals and clearances, including the environmental clearance from MoEF in February 2008 and the pollution clearance from the Pollution Board in April 2008, with respect to each unit of the Phase I Kamalanga Power Plant under construction. We also received civil aviation clearance in May 2008, the relevant railway traffic clearance in July 2007 and the stack height clearance from the relevant government bodies in January 2011.

#### ***Procurement and Implementation***

We entered into an offshore supply agreement and an onshore supply agreement with SEPCO on 28 August 2008 with respect to the design and supply of all equipments required for the completion of the power project. We also signed a Civil Works and Engineering, Erection, Testing and Commissioning Agreement with SEPCO on 27 August 2008 for the construction, erection and installation work required for the commissioning of the power project.

#### ***Operation and Management***

Both operational units of Phase I Kamalanga Power Plant are currently operated and maintained by our in-house team under the supervision of SEPCO. We intend to rely on our in-house team to operate and maintain the remaining units of Phase I Kamalanga Power Project, which are under construction.

#### ***Financing***

At the financial closure on May 27, 2009, we estimated the total cost of the Phase I Kamalanga Power Plant to be ₹ 45,400 million, inclusive of the units that are currently operational and under construction. We entered into a loan agreement with a consortium of lenders led by IDFC for a maximum aggregate commitment of ₹ 34,050 million.

As at November, 2013, we estimate our total cost of the Phase I Kamalanga Power Plant to be ₹ 65,191.7 million. The cost overrun is due to increases in EPC costs due to fluctuations in the US dollar to INR exchange rate, for which hedging facilities were not readily available, customs duty impacts due to delays in achieving MPP status and increases in non-EPC costs due to increases in the scope of transmission line and social development activities. This cost overrun was already partly financed through a facility agreement, dated June 2012, with ICICI Bank for an additional financing of U.S.\$ 62.5 million and a facility agreement dated December 2013 for an additional funding of ₹ 3,000 million. Further, we have been under discussion with the banks for an additional funding of ₹ 6,000 million, out of which we have already received sanction for ₹ 2,546 million. As on September 30, 2013, we had share capital in GKEL amounting to Rs. 15,932.56 million, share application money amounting to Rs. 2,190.00 million, total borrowings of Rs. 41,877.90 million, which comprised of borrowing from other than group companies amounting to Rs. 38,796.20 million and promoters subordinate debt of Rs. 3,081.70 million. In March 2014, we agreed a rescheduling of our debt repayment obligations with a majority of our lenders for the Phase I Kamalanga Power Project.

### ***Power Offtake Arrangements***

We have entered into three offtake arrangements with various state utility boards with respect to the Kamalanga Power Project, each of which is summarized below. There are currently three petitions filed by GKEL with CERC, two of which are in respect of the revision of tariff under the PPA with Uttar Haryana Bijli Vitran Nigam Ltd and Dakshin Haryana Bijli Vitran Nigam Ltd, and one is in respect of the tariff determination for the sale of power to GRIDCO.

#### ***GRIDCO***

We entered into a PPA with GRIDCO, as nominee of the state of Odisha, on September 28, 2006 which is valid for 25 years commencing from the time the last unit of the Kamalanga Power Plant achieves commercial operation. Under this agreement, we are required to sell GRIDCO up to 25% of the total power dispatched from the Kamalanga Power Project. The exact quantity of capacity to be supplied is determined every 5 years through a requisition letter from GRIDCO, which is delivered six months prior to the commencement of each such 5-year period. On February 26, 2013, GRIDCO has exercised its right to purchase 25% of the total power dispatched from Unit 1 of Phase I Kamalanga Power Project.

We are obligated to deliver the contracted capacity under this PPA to the busbar of the nearest Odisha Power Transmission Corporation Limited ("**OPTCL**") substation. We bear any transmission losses up to such delivery point.

The tariff under the PPA is proposed to be determined by CERC or an appropriate commission, and will comprise capacity charges that are payable based on the Availability of our power plant against the Normative Availability. Accordingly, we are able to recover all our costs under the capacity charge if our power plant's Availability equals or exceeds the Normative Availability factor of 80%. If the Availability of our power plant falls below 80% then our capacity charge will be reduced on a pro-rata basis for the units under short-fall. The tariff will also comprise energy charges to cover our fuel cost.

In addition, GRIDCO has the right to purchase all power generated in excess of a PLF of 80% for a tariff consisting of a variable charge and an incentive payment. GRIDCO is also entitled to purchase, on behalf of the Government of Odisha, all the infirm power (which refers to the electricity generated prior to the commercial operations of the power plant) at a variable charge.

In March 2013, GKEL filed a petition with CERC for determination of the tariff under the PPA with GRIDCO, which has been admitted by the CERC. The hearing is currently under way. For further details, see "Outstanding Litigations and Defaults" on page 360.

#### ***PTC***

We entered into a 25-year PPA with Power Trading Corporation India Limited ("**PTC**"), in June 2007, initially to sell the contracted capacity of 787.5 MW (gross) of the power generated by the Phase I Kamalanga Power Plant which is not sold pursuant to the GRIDCO PPA. We subsequently amended our initial PPA to reflect an offtake of contracted capacity of 300 MW based on PTC's agreement with Uttar Haryana Bijli Vitran Nigam Ltd and Dakshin Haryana Bijli Vitran Nigam Ltd.

In August 2008, Uttar Haryana Bijli Vitran Nigam Ltd, Dakshin Haryana Bijli Vitran Nigam Ltd and PTC entered into an agreement with respect to a contracted capacity of 150 MW each, which PTC will supply from the Phase I Kamalanga Power Project, commencing from December 2011, pursuant to the PPA with PTC. We are obligated to deliver the contracted capacity under this PPA to the Haryana State Transmission Utility's interconnection point. We bear any transmission loss up to such delivery point. In February 2014, we started supplying power to Haryana.

The total tariff under this PPA comprises a fixed capacity charge for contracted capacity and a non-escalable energy charge. We also pay to PTC a trading commission of 2.5% of the total tariff. We are not subject to any escalation charges under this PPA. The contracted capacity charge and energy charge applicable for fiscal year 2014 are ₹ 1.194 per kWh and ₹ 0.904 per kWh, respectively. We are able to recover the capacity charge fully if our power project's Availability factor equals 80%. If the Availability factor of our power plant falls below 80%, then our capacity charges will be reduced on a pro-rata basis for units under short-fall. The Levelised Tariff of the PPA is ₹ 2.86 per kWh as on November 2007 based on a tariff adoption order. We are also entitled to receive an incentive payment at a rate of 34% of the capacity charge, up to a maximum of ₹ 0.25 per kWh, for annual Availability in excess of 85%. In the event that the power project is unable to achieve annual Availability of 75%, we are liable to pay a penalty equal to 20% of the capacity charge on the units under shortfall.

In April 2013, GKEL filed two petitions with CERC seeking compensation due to a change in law impacting revenue and cost during the construction and operation period of the power project. These petitions have been

admitted by the CERC and the CERC has upheld the maintainability of the order for tariff revision. Uttar Haryana Bijli Vitran Nigam Ltd and Dakshin Haryana Bijli Vitran Nigam Ltd have appealed against the maintainability order to the Appellate Tribunal for Electricity. For further details, see “Outstanding Litigations and Defaults” on page 360.

### ***Bihar State Electricity Board***

We entered into a 25-year PPA with the Bihar State Electricity Board in November 2011, to supply a contracted capacity of 260 MW with offtake commencing in November 2015. We are obligated to deliver the power to one of the Bihar State Transmission Utilities (“STU”) interfaces listed in the PPA. We bear transmission losses only up to the Angul Pooling Station located in Angul, Odisha, which is located approximately 30 kilometers from the power project.

The tariff under this PPA comprises a non-escalable capacity charge, an escalable energy charge and an escalable inland transportation charge. The non-escalable capacity charge varies annually and the non-escalable capacity charge applicable for fiscal year 2016 is ₹ 1.910 per kWh. We are able to recover the capacity charge fully if our power project's Availability factor equals the Normative Availability factor of 85%. If the Availability factor of our power project falls below the Normative Availability factor, then our capacity charge will be reduced on a pro-rata basis for the units under shortfall.

The base escalable energy charge is Rs 0.585 per unit and the base escalable inland transportation charge is Rs 0.065 per unit. These base escalable charges are adjusted on a monthly basis at the CERC notified escalation rates starting from the bid date in December 2010. The Levelised Tariff of the PPA is ₹ 3.69 per kWh as on December 2010 as per the tariff adoption order by Bihar Electricity Regulatory Commission. We are also entitled to receive an incentive payment at a rate of 40% of the non-escalable capacity charge, up to a maximum of ₹ 0.25 per kWh, for Availability in excess of 85%. In the event that the power project is unable to achieve Availability of 80%, we are liable to pay a penalty equal to 20% of the non-escalable capacity charge on the units under shortfall.

We plan to sell the remaining power produced from Unit 1 of Phase 1 Kamalanga Power Plant through long-term power purchase agreements and short-term arrangements, including in the open market.

### ***Fuel Supply***

In January 2008 we received an allocation of coal to be used exclusively for the Kamalanga Power Project. As per the letter of allocation issued by the Ministry of Coal of India, 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 645.24 million tons, of which our individual allocation is up to 112.2 million tons. The Rampia Coal Mine is located approximately 300 kilometers from our Kamalanga Power Project. We experienced delays in developing the Rampia Coal Mine on account of pending governmental approvals and transfer of ownership interest from MCL, among other factors. We received a show cause notice from the Ministry of Coal on January 15, 2014 regarding the delay in the development of the Rampia coal mine. Subsequently, the relevant inter-ministerial group of the Government of India recommended the de-allocation of the Rampia coal mine. We are challenging the de-allocation of the Rampia coal mine and on February 12, 2014, the High Court of Delhi granted a stay order against de-allocation of the coal block. Further action on the recommendations of the inter-ministerial group is currently put on hold by the Ministry of Coal in view of the order of the High Court of Delhi. For further details on the dispute regarding the Rampia coal mine, see “Outstanding Litigations and Defaults” on page 360.

In July 2008, GKEL received a letter of assurance from MCL to supply 2.14 MTPA of coal, corresponding to 500 MW of capacity at the Phase I Kamalanga Power Project. In July 2009, we secured a letter of assurance from the Ministry of Coal of India allocating a tapering coal linkage to supply 2.384 MTPA of coal, corresponding to the remaining 550 MW of capacity at the Phase I Kamalanga Power Project, until the Rampia Coal Mine becomes fully operational. On January 16, 2014, the Ministry of Coal granted us a three-year tapering linkage extension so that tapering starts in the earlier of September 2016 or when production starts at the Rampia Coal Mine, and reaches zero in 2019. We have executed a fuel supply agreement on March 26, 2013 for 2.009 MTPA which corresponds to 425 MW of the 500 MW capacity covered under the letter of assurance from MCL received in July 2008. The supply of coal starts from the commencement of power offtake under the long-term PPAs with GRIDCO and PTC. Further, on August 28, 2013, we executed a fuel supply agreement for 0.6556 MTPA of coal, which corresponds to the 137.5 MW plus 10% of auxiliary consumption of the 550 MW capacity covered under the letter of assurance from MCL received in July 2009. The supply of coal starts at a mutually agreed date after the construction of the power project is complete and GKEL has received all authorizations for the operation of the project.

In May 2011, GKEL entered into a fuel supply agreement with PT BSL for an initial term of 15 years starting from the day when the first shipment of coal is delivered by PT BSL. The term for this agreement can be mutually extended upon its expiration by the parties for another five years. Pursuant to this fuel supply agreement, PT BSL is obligated to supply up to 2 MT of coal per annum.

We plan to purchase the remaining coal from the open market or e-auction. The MCL mines are expected to be a key source for e-auction coal. A significant number of MCL coal mines are located close to our power project site and are connected through the national highway. For instance, Talcher coal fields are located approximately 35 kilometers from the power project. Further, based on fuel requirement, we will be importing coal from Paradeep sea port which is located approximately 200 kilometers from the power project.

We have completed the development of the coal transportation infrastructure including railway sidings required for the transportation of domestic and imported coal. The nearest MCL coal mine is located at Talcher, which is approximately 35 kilometers from the power project. Further, we have also entered into the requisite agreements and contracts for transporting imported coal by rail from the Paradip sea port to our power plant and has also started receiving imported coal.

### ***Power Evacuation***

The power project is currently connected to Talcher-Meramandali line-in-line-out for temporary evacuation of power until the proposed PGCIL pooling station at Angul is ready. In February 2010, we signed a BPTA with PGCIL for the evacuation of 800 MW of power to the Northern and Southern regions of India from the proposed PGCIL pooling station at Angul. GKEL will connect to this pooling station through a 400 kV transmission line. In January 2011, we signed another BPTA with PGCIL for the evacuation of an additional 220 MW of power through the 400kV transmission line to an inter-connection point outside of Mermandali for Phase II Kamanlanga Power Project.

### ***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. A supercritical power plant operates at temperatures, which enables the power plant to generate a greater output of electrical energy for a given amount of energy input. As such, a supercritical power plant is able to produce more power from less fuel and has lower emissions than a subcritical power plant.

We own 100% of GMR Chhattisgarh Energy Limited ("GCEL"), our subsidiary that owns the Chhattisgarh Power Project. We expect to complete the commissioning of the two units of the power project during fiscal year 2015. The Ministry of Power of India granted a provisional Mega Power Project status to the Chhattisgarh Power Project in September 2011 which is valid until September 2016.

### ***Land and Water***

We require approximately 850 acres of land for the Chhattisgarh Power Project, of which 423 acres have been leased to us for 99 years by the Chhattisgarh State Industrial Development Corporation. We have acquired the remaining 427 acres of the required land from various parties.

In order to improve the site connectivity by constructing a railway line to transport coal and to make the plant land contiguous, the total area of land acquired is 1399 acres out of which we have acquired certain parcels from lands from various parties and are in the process of acquiring additional land. We received approval from the Water Resource Department of the State of Chhattisgarh for the withdrawal of 36 million cubic meters of water per year from the Mahanadi River.

### ***Approvals and Clearances***

We have received all requisite approvals and clearances, including environmental clearance from MoEF in May 2011 and pollution clearance from the Pollution Control Board in June 2011. We also received civil aviation clearance from Airport Authority of India in October 2009 and water allocation clearance in July 2009.

### ***Procurement and Implementation***

We entered into an implementation agreement with the Government of Chhattisgarh and Chhattisgarh State Power Holding Company Limited in April 2010 for the construction of this power project (the "**Implementation Agreement**"). The Government of Chhattisgarh has agreed to cooperate with us to facilitate the project construction activities, including but not limited activities like land acquisition, water allocation, coal linkage and statutory and other clearances.

In January 2010, we entered into a contract with Doosan Projects India Limited for the construction of the Chhattisgarh Power Project, consisting of an offshore BTG supply agreement of approximately U.S.\$ 755



million, an onshore supply agreement of approximately ₹ 3,792 million and a civil execution contract of approximately ₹ 8,166 million. The offshore supply agreement and the onshore supply agreement relates to the design and supply of all equipments required for the completion of the power project. The civil execution contract covers the fabrication and erection materials required for the completion of the BTG. We have also entered into various arrangements with third parties for the BoP with respect to this power plant.

### ***Financing***

At the financial closure on December 10, 2010, we estimated the total cost of the Chhattisgarh Power Project to be ₹ 82,905 million. In December 2010, we signed financing documents with a consortium of lenders led by Axis Bank, committing the entire debt portion of such funding amounting to ₹ 62,170 million, for the power project. Four lenders in the consortium with commitments totaling ₹ 8,500 million did not disburse any funds. We have replaced these commitments with additional commitments from one of the lenders, raising their commitments from ₹ 5,000 million to ₹ 7,150 million, as well as new commitments of US\$ 50 million and US\$ 51 million from India Infrastructure Finance Company Ltd.

As at March 2014, we estimate our total cost of the Chhattisgarh Power Project to be ₹ 110,150 million, assuming commercial operation dates of September 2014 and March 2015 for unit 1 and unit 2, respectively. The cost overrun is primarily due to increased EPC costs as a result of changes in the US dollar to Indian Rupee exchange rate and increased finance and interest costs as a result of delays to the project's original anticipated timetable.

### ***Power Offtake Arrangements***

In January 2011, we entered into a 20-year PPA with Chhattisgarh State Power Trading Company Limited ("CSPTCO") under which we are obliged to sell 30% of the gross capacity generated and 5% of the net power generated by the Chhattisgarh Power Project. We are obligated to deliver the contracted power under this PPA at our power project's busbar. The power corresponding to 30% of capacity will be sold at a tariff determined in accordance with CERC regulations and approved by the appropriate commission (CERC or the Chhattisgarh State Electricity Regulatory Commission, as the case may be), and will comprise capacity charges linked to the Availability of the power project and energy charges linked to the cost of fuel. Pursuant to the Implementation Agreement, 5% of the net power generated is to be supplied at an energy charge that is determined in accordance with CERC regulations and approved by the appropriate commission (CERC or the Chhattisgarh State Electricity Regulatory Commission, as the case may be). We are entitled to incentive payments for a PLF above 85%. 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 are currently challenging CSPTCO's position.

We plan to sell the remaining power produced by the Chhattisgarh Power Project through long-term power purchase agreements and short-term arrangements, including in the open market.

### ***Fuel Supply***

We had initially applied to the Ministry of Coal of India for domestic coal linkage with respect to 1,000 MW of capacity, which we subsequently amended to 1,200 MW in July 2009. We are still waiting for the Ministry of Coal of India to grant us an award for the coal linkage. CEA sets forth the criteria for allocating coal linkages from Coal India Limited based on a points system. We believe the Chhattisgarh Power Project satisfies each of the criteria set forth by CEA, and hence we expect the power project to be recommended for domestic coal linkage.

In order to have a stand-by plan for sourcing coal, and to meet any delays or deficiencies in coal linkage, in June 2012, GCEL entered into a fuel supply agreement with GEL. Pursuant to the terms of the fuel supply agreement, GEL will supply up to 4.2 MTPA of coal from fiscal 2015 onwards, until such period when the coal linkage for the plant is provided by the Ministry of Coal of India. The fuel supply agreement terminates in 20 years from the date of commencement of the supply of coal. GCEL is required to provide six months' notice to GEL for the commencement of supply and has the right to defer the delivery of coal by a year beyond March 2014. The coal supplied by GEL is expected to be sourced primarily from GEMS, which has a coal supply agreement with GCRPL. The price of coal will be based on mutual agreement between the parties and shall not be more than the minimum price for coal products as per the Indonesian coal index for the relevant specification and period. For further details, see "– Other Interests in Coal Assets – GEMS Investment" on page 175 in this Draft Red Herring Prospectus. Prior to our procurement of coal in the second quarter of 2014, we plan to enter into an arrangement with GCRPL, which permits us to source the coal from GCRPL.

We are in the process of completing the coal transportation infrastructure, including railway sidings from Tilda up to the power plant as well as a wagon tipping system. We intend to transport imported coal from Vizag sea port which is located approximately 600 kilometers from the power plant. We also intend to source e-auction coal from SECL or MCL mines, which are located approximately 200 to 300 kilometers from the power plant.

#### ***Power Evacuation***

In March 2010, we signed a BPTA with PGCIL to evacuate 816 MW of capacity from this power project. The power to be sold from the Chhattisgarh Power Project, including offtake from the PPA with Chhattisgarh State Power Trading Company, will be evacuated by a single transmission line, which GCEL is currently developing. This transmission line will connect the Chhattisgarh Power Project to the PGCIL pooling substation located in Durg, Chhattisgarh.

#### ***The Rajahmundry Power Project***

The Rajahmundry Power Project is a 768 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 wholly-owned subsidiary, GMR Rajahmundry Energy Limited ("**GREL**"). Since July 1, 2012, construction on this power project has been suspended due to the non-availability of natural gas. We will resume construction and attain COD once we secure gas linkage.

#### ***Financing***

As at financial closure, our estimated total cost for the Rajahmundry Power Project was ₹ 32,500 million. As at March, 2013, we estimated our total cost of the Rajahmundry Power Project to be ₹ 40,600 million based on a CoD of April 1, 2014, which we financed through a term loan of ₹ 30,450 million and equity contributions for the balance ₹ 10,150 million. The cost overrun of ₹ 8,100 million was primarily on account of the two-year delay in securing fuel for this power project resulting in a delay in achieving commercial operations. Due to this delay, we will have incurred additional interest and preservation costs to maintain the power project during its non-operational period. The cost overruns will be funded through a combination of equity and debt contribution. Further, due to the current non-availability of gas, we will not be able to achieve CoD of the project on April 1, 2014 and hence we have requested RBI for a deferment of the date of commencement of commercial operation by one year to April 1, 2015 and in case of further non-availability of gas at that point by one additional year to April 1, 2016. There will be additional cost overrun due to this extension and we will be approaching the lenders for additional funding post receiving the approval from RBI. As at September 30, 2013 share capital in GREL amounting to Rs. 5,200.00 million and total borrowings of Rs. 41,877.90 million, which comprised of borrowing from other than group companies amounting to Rs. 38,796.20 million and promoters subordinate debt of Rs. 3,081.70 million.

#### ***Power Offtake Arrangements***

We plan to enter into long-term PPAs by participating in bids as and when the opportunity arises. We plan to sell the balance power through short-term arrangements or in the merchant market.

#### ***Fuel Supply***

GREL is yet to enter into a gas sale and purchase agreement.

#### ***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. We own 100% of GMR Bajoli Holi Hydropower Private Limited, 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 operation 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 fiscal year 2018. Achieving commercial operations of our projects under construction and projects under development is subject to a number of contingencies. See "*Risk Factors - Our power projects under construction and development require a long gestation period and substantial capital outlay before we realize any benefits or returns on investments. In addition, the time and costs required in completing a power project may be subject to substantial increases*" on page 33.

#### ***Procurement and Implementation***

In March 2011, we entered into an implementation agreement with the state of Himachal Pradesh, which sets out the terms, milestones and timeframe for the development of the Bajoli Holi Power Project. This project has received all the statutory clearances from the State and Central Government and the notice to proceed was issued

on March 12, 2014. In May 2013, we entered into contracts with M/s Gammon India Limited, a civil contractor, for civil works for Lot I and Lot II of the project. The scope of work for these contracts covers the substantial majority of civil works in the project, other than certain initial infrastructure works such as roads, bridges and buildings that separate contractors are constructing. We are proceeding with the infrastructure works, have received the first disbursement of funds from the lenders and, in March 2014, we issued the notice to proceed to M/s Gammon India for the main civil works. The award of electro-mechanical and hydro-mechanical works are under advanced stages of negotiations.

### ***Financing***

The total cost of this power project is expected to be ₹ 22,050 million, which we are financing at 62.6% debt and 37.4% equity. In April 2013, we entered into a common loan Agreement with a lender's consortium led by IDBI bank (with the other lenders being L&T Infrastructure Finance Company Limited and L&T Finance Limited) for providing term loans to the project, covering the debt-component of the financing plan, which we estimate at ₹ 13,800 million. As of September 30, 2013, we had share capital in GMR Bajoli Holi Hydropower Private Limited amounting to Rs. 1,735.84 million and total borrowings of Rs. 2,517.51 million, comprising of promoters subordinate debt.

### ***Power Offtake Arrangements***

We have agreed to provide 12% of power produced during the first 12 years from the commercial operation date, 18% of power for the next 18 years and 30% of power thereafter, free of charge to the state of Himachal Pradesh as royalty payments. We do not currently have any other offtake arrangements in respect of the power produced.

### ***Revenue Sources***

We generate revenue from the sale of electricity based on tariffs issued pursuant to our power purchase agreements and from the sale of CERs. The Electricity Act 2003 empowers the CERC to specify the terms and conditions of the tariff applicable to generating companies that supply power to the state. For further details, see "Regulations and Policies" on page 181. As at fiscal years 2011, 2012, 2013 and the six months ended September 30, 2013, we generated consolidated income from the sale of electrical energy of ₹ 18,908.27 million, ₹ 20,404.52 million, ₹ 13,727.40 million and ₹ 10,183.43 million, respectively.

### ***Power Purchase Agreements***

We generate income primarily on account of sale of electricity to various state utility boards or to private parties in the open market. We typically enter into long-term power purchase agreements with various state utility boards, with terms ranging from 7 to 25 years. Historically, our largest customers have all been state utility boards, and TNEB, has historically been our most significant customer.

Our tariffs charged to state electricity distribution companies typically consist of capacity and energy charges. Capacity charges are generally formulated to cover our annual fixed costs incurred on the underlying power project, while the energy charges are generally formulated to cover our fuel costs. Our capacity charges include a fixed return on equity, interests on loan capital and working capital, operation and maintenance expenses and depreciation cost. Energy charges cover our fuel costs fully, to the extent that our operational efficiency of the underlying power project meets or exceeds the normative operational parameters as specified by the regulator. Most of our PPAs also provide for certain rebates in the event of early payment by the purchaser, and are usually take-or-pay arrangements.

We also sell power to GETL, an entity in which we own a 19% equity interest, and PTC for resale or through other short-term arrangements. The tariffs to third party sales are at the prevailing market price of electricity and tend to offer us slightly better tariffs than the tariffs under our long-term offtake arrangements. However, the terms of the offtake arrangements entered into with private third party customers are short and medium, with periods ranging from three to seven years.

The table below sets forth the key terms of our offtake arrangements that we have entered into:

Name of Power Plant / Project	Offtake Arrangement	Contracted Capacity <sup>1</sup>	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 <sup>2</sup>	PPA valid until October 2015 <sup>3</sup>	N/A	N/A
Vemagiri Power Plant	PPA with four state-owned distribution companies in Andhra Pradesh <sup>4</sup> dated March 1997	370 MW	PPA valid for 23 years from September 2006 <sup>5</sup>	Entitled to incentive payments in the event that plant load factor ("PLF") exceeds 80%	Subject to penalty if PLF is less than 68.5%
Chennai Power Plant	PPA with TNEB dated September 1996 <sup>6</sup>	200 MW	PPA expired February 2014	N/A <sup>6</sup>	N/A
Kamalanga Power Plant	PPA with GRIDCO dated September 2006	(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 <sup>8</sup>	PPA valid for 25 years from the commencement of operation of the last unit <sup>7</sup>	Entitled to incentive payments for power generated in excess of a PLF of 80%	N/A
	PPA with PTC dated June 2007 <sup>9</sup>	300 MW	25 years from the start date of supply	Entitled to incentive payments in the event that annual Availability <sup>10</sup> of the power project exceeds 85%	Subject to penalty if annual Availability of the power project is less than 75%
	PPA with Bihar State Electricity Board dated November 2011	260 MW	PPA for 25 years from November 2015	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%
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 <sup>11</sup>	150 MW	PPA valid 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 dated January 2011	(A) 30% of gross capacity of the power project, 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 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 GMR Trading originally expired in October 2012, but was subsequently extended 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 was extended by eight years until 2029.
6. The PPA with TNEB expired in February 2014. We are currently in discussions with TNEB regarding a one-year extension of the PPA.
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 Ltd and Dakshin Haryana Bijli Vitran Nigam Ltd with respect to a net capacity of 300 MW, which was expected to be supplied from the Kamalanga Power Plant pursuant to our PPA with PTC with offtake commencing from December 2011.
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.

### Carbon Credit Transactions

In addition to generating revenue from selling electricity to state electricity boards and to third parties, we also derive income from the sale of Carbon Credits ("CUs") or from the sale of CERs accrued during the operation of the power plants based on our registration as Clean Development Mechanism ("CDM") projects with the CDM Executive Board of the United Nations Framework Convention on Climate Change ("UNFCCC"), which is a pre-requisite to be eligible to issue CERs. Pursuant to the Kyoto Protocol, to which India is a signatory country, certain developed or "Annex 1" countries have committed to reduce global greenhouse gas emissions. To meet the binding commitment to reduce global greenhouse gas emissions, the Annex I countries have an option either to reduce part of their emissions domestically or to purchase CERs, from developing or "Annex 2" countries through the carbon finance market. Effectively, emission reduction certificates can be used against the greenhouse gas reduction obligations under the Kyoto Protocol or for other regulated or voluntary greenhouse gas emission reduction regimes.

The Vemagiri and Patan Power Plants and Rajahmundry, Alaknanda and Bajoli Holi Power Projects have been registered as CDM projects with UNFCCC and the Upper Marsyangdi-2 and Upper Karnali Power Projects are in the process of being registered with the UNFCCC. Additionally, the Bajoli Holi and Alaknanda projects have also successfully completed, and the Upper Karnali and Upper Marsyangdi-2 Projects are in advanced stages of completing, the World Commission of Dams audit.

The table below sets forth the key details of our CERs generated by our power projects:

Power Projects	Total CERs Generated	Total CERs Sold as at September 30, 2013	Potential CERs per annum
Vemagiri Power Plant	431,139 as of September 30, 2013	111,667	732,614 (based on a PLF of 80%)
Patan Power Plant	NA	NA	34,462 (based on a PLF of 18.255%)
Rajahmundry Power Project	NA	NA	2,309,657 (based on a PLF of 85%)
Alaknanda Power Project	NA	NA	951,395 (based on a PLF of 45.62%)
Bajoli Holi Power Project	NA	NA	687,964 (based on a PLF of 48.79%)

In January 2013, the Kakinada Power Plant was validated with the Verified Carbon Standards Board for CUs ("VCUs"). The Verified Carbon Standard ("VCS") is the world's leading voluntary greenhouse gas program for assuring quality in voluntary carbon markets. The potential carbon emission reduction projects are validated and subsequently verified according to the VCS Program rules. As December 2012, we had accumulated 889,125 CUs, which are currently under the verification process. The Kakinada Power Plant can accumulate 513,619 VCUs annually at a PLF of 85%. Once the verification process is complete, we plan to sell our CUs in the open market and generate revenue from sale.

### ***Fuel Supply Sources***

We enter into fuel supply agreements with respect to the supply of coal, natural gas and LSHS.

We primarily source coal domestically from Coal India Limited. We also procure coal in the open market through e-auctions conducted by Coal India Limited. We also plan to import coal from Indonesia 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 of India 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:

<b>Name of Power Plant/Project</b>	<b>Fuel Type</b>	<b>Supplier</b>	<b>Term</b>	<b>Contracted Quantity<sup>2</sup></b>
Kakinada Power Plant	Natural Gas	Reliance, Niko and BP	Expires on March 31, 2014 <sup>1</sup>	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
Vemagiri Power Plant	Natural Gas	Reliance, Niko and BP	Expires on March 31, 2014 <sup>1</sup>	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
Chennai Power Plant	LSHS	Hindustan Petroleum Corporation Limited	Expired in February 2014 <sup>3</sup>	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
Kamalanga Power Project	Coal	Mahanadi Coal Fields Limited	20 years or life of plant, whichever is earlier	LoA for firm linkage of 2.14 MTPA for 500 MW; corresponding fuel supply agreement signed for 2.009 MTPA (425 MW of capacity) <sup>4</sup>
		Mahanadi Coal Fields Limited	Tapering starts in the earlier of September 2016 or when production starts at the Rampia Coal Mine, and reaches zero in 2019	LoA for tapering linkage of 2.384 MTPA corresponding to 550 MW; corresponding fuel supply agreement signed for 0.6556 MTPA (550 MW capacity)
		Rampia Coal Mine (under development) <sup>5</sup>	N/A	Captive coal mine allocated along with five other partners; our share is up to 112.2 million tons of coal

Name of Power Plant/Project	Fuel Type	Supplier	Term	Contracted Quantity <sup>2</sup>
		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	20 years or life of plant, whichever is earlier	LoA for 1.3 MTPA for 300 MW; corresponding fuel supply agreement signed for 0.952 MTPA (200 MW Unit 1 of the Warora Power Project)
		South Eastern Coal Field Limited	20 years or life of plant, whichever is earlier	LoA for 1.3 MTPA for 300 MW; corresponding fuel supply agreement signed for 0.953 MTPA (200 MW Unit 2 of the Warora Power Project) <sup>6</sup>
Chhattisgarh Power Project	Coal	GMR Energy Limited (GEMS)	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 Ministry of Coal of India.	4.2 MTPA from fiscal year 2015 onwards

*Notes:*

1. We are currently in discussions regarding the extension of this agreement, subject to a new pricing formula. Since March 1, 2013, we have not received any supply of natural gas under this arrangement.
2. 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.
3. The fuel supply agreement, like the underlying PPA, expired in February 2014. However, the fuel supply agreement with Hindustan Petroleum Corporation Limited is coterminous with our TNEB PPA. If the underlying PPA with TNEB is extended, then the term of the fuel supply agreement will be automatically extended as well. We are currently in discussion with TNEB regarding a one-year extension of the PPA. We are currently receiving interim fuel supply from Hindustan Petroleum Corporation Limited pending extension of the TNEB PPA.
4. We will subsequently amend our existing fuel supply agreement with MCL from 2.009 MTPA to 2.14 MTPA upon submission of the PPA corresponding to the remaining 75 MW capacity.
5. We received a notice of de-allocation of the Rampia Coal Mine from the Ministry of Coal on January 15, 2014. We are challenging the de-allocation of the Rampia Coal Mine and on February 12, 2014, the High Court of Delhi granted a stay preventing de-allocation of the coal block until resolution of the dispute. For further detail on the dispute regarding the Rampia Coal Mine, see "Outstanding Litigations and Defaults" on page 360.
6. We received a show cause notice from the Ministry of Coal on January 15, 2014 regarding the delay in the development of the Rampia coal mine. Subsequently, the relevant inter-ministerial group of the Government of India recommended the de-allocation of the Rampia coal mine. We are challenging the de-allocation of the Rampia coal mine and on February 12, 2014, the High Court of Delhi granted a stay order against re-allocation of the coal block. Further action on the recommendations of the inter-ministerial group is currently put on hold by the Ministry of Coal in view of the order of the High Court of Delhi. For further details on the dispute regarding the Rampia coal mine, see "Outstanding Litigations and Defaults" on page 360.

**Performance of the Power Plants in the Operating Phase**

The performance of the operating power plants can be measured by examining a number of factors, of which plant load factor ("PLF"), is the most significant. PLF, or each power plant's actual output of energy compared to its potential maximum output of energy, is a key measure of efficiency. PLF for a given period is defined as the percentage of total kWh generated at generator terminals of all the units corresponding to scheduled generation to installed capacity, expressed in kilowatts (kW) multiplied by number of hours in that period. A higher PLF is advantageous because it indicates a higher efficiency level as fixed costs are spread over more kWh of output (resulting in a lower price per unit of electricity), and a greater total output of electricity.

The performance of the operating power plants can also be assessed by their Availability. The Availability of a power plant is the amount of time that it is able to produce electricity over a certain period, divided by the amount of time in that period.

The PLF and Availability factor for the following operating power plant is set forth in the table below for the periods indicated. Unit 1 and Unit 2 of Phase I Kamalanga Power Plant and Warora Power Plant are not included in this due to their limited operational history.

Name of Power Plant	For the fiscal year ended March 31,					
	PLF (%)			Availability (%)		
	2011	2012	2013	2011	2012	2013
Patan Power Plant	N/A <sup>1</sup>	13.8%	18.7%	N/A	N/A	N/A
Kakinada Power Plant	64.73%	62.11%	19.6%	N/A	93.30%	95.8%
Vemagiri Power Plant	82.92%	60.69%	26.88%	96.36%	86.23%	99.78%
Chennai Power Plant	51.82%	50.65%	36.15%	97.71%	73.33%	88.88%

Notes:

1. The Patan Power Plant commenced operations in March 2012.

PLF is affected by non-availability of fuel, maintenance shut-down, and unplanned breakdowns. PLF for the Kakinada and Vemagiri Power Plants declined in fiscal year 2013 due to the non-availability of natural gas. For further details, see "– Overview of our Business – Our Operational Power Plants and Power Projects under Construction" and "Risk Factors – Risks Associated with our Gas Based Power Generation Business – We may be unable to ensure uninterrupted supply of natural gas to our gas based power plants, which may have an adverse effect on our business, results of operations and financial condition" on page 17 in this Draft Red Herring Prospectus.

### ***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 and SJK). Although Phase II Kamalanga Power Plant is currently under development, we achieved commercial operation for Unit 1, Unit 2 and Unit 3 of Phase I Kamalanga Power Project, in April 2013, November 2013 and March 2014, respectively.

The table below sets out our equity interests in our Power Projects under development as at the date of this Draft Red Herring Prospectus.

Power Project	Our equity interest
Alaknanda Power Project	99.90%
Talong Power Project	100.00%
Upper Marsyangdi-2 Power Project	82.00%
Upper Karnali Power Project	69.35%
Phase II Kamalanga Power Project	81.44%
SJK Power Project	70.00%

We provide a brief description of each of our hydroelectric power projects below, which we believe are further along in the development phase.

### ***The Alaknanda Power Project***

The Alaknanda Power Project is a 300 MW run-of-the-river power facility to be constructed on the Alaknanda River in the Chamoli district of the state of Uttarakhand, which we are developing pursuant to a concession that we won in May 2005 through a competitive bidding process by the Government of Uttarakhand. We own 99.90% of GMR Badrinath Hydro Power Generation Private Limited, the company that we formed to develop the Alaknanda Power Project. The remaining 0.1% is held by GIL. We expect the Alaknanda Power Project will begin commercial operations during fiscal year 2019. Achieving commercial operations of our projects under construction and projects under development is subject to a number of contingencies. See "Risk Factors - Our power projects under construction and development require a long gestation period and substantial capital outlay before we realize any benefits or returns on investments. In addition, the time and costs required in completing a power project may be subject to substantial increases" on page 33. The water flow from the Alaknanda river increases during the months of May to September each year due to melting snow and monsoons.



As a result of this seasonal variation, our profitability and revenue may vary quarter to quarter for each financial year. Furthermore, the Alaknanda Power Project does not have peaking capabilities, which may further adversely affect marketability and tariff levels.

The Government of Uttarakhand awarded this power project for a period of 45 years to commence from the date of the implementation agreement with an option to extend the term for another 20 years upon mutual agreement, subsequent to which it will be transferred to the state of Uttarakhand. In May 2013, we entered into an implementation agreement with the Government of Uttarakhand, pursuant to which we agreed to provide 13% of the power generated, free of charge to the state government for the entire life of the power project. The Uttarakhand Power Corporation limited has the first right of refusal for 6% of the net saleable energy at the rates prescribed by the Uttarakhand Electricity Regulatory Commission. The power project has received, among other permits and approvals, environmental clearance, technoeconomic concurrence, long-term grid access and host country approval and has all required land in its possession. See "Government Approvals" on page 421.

The total cost of the power Project, as appraised by lenders, is expected to be ₹ 26,165.2 million, out of which Power Finance Corporation has sanctioned ₹ 18,315.6 million.

#### ***Talong Power Project***

The Talong Power Project is a 225 MW run-of-the-river power facility to be constructed in the East Kameng district of the state of Arunachal Pradesh. The power project was awarded to us by the Government of Arunachal Pradesh through a competitive bidding process. We presently own 100.00% of GMR Londa Hydropower Private Limited ("**GMR Londa Hydropower**"), the company we formed to develop this power project. Pursuant to the terms of the memorandum of agreement with respect to this power project, we are required to transfer a 12% equity interest in GMR Londa Hydropower to the Government of Arunachal Pradesh at the time of construction of this power project, for which either (i) the Government of Arunachal Pradesh will arrange its own equity funding or (ii) we will receive deferred compensation in the form of adjustments to Government of Arunachal Pradesh's free power entitlement and dividends once the project reaches operations. We have received technoeconomic concurrence from the Central Electricity Authority for this project. We need to supply 14% of free power to the Government of Arunachal Pradesh as per the terms of the agreement. A detailed project report has been prepared and submitted to CEA based on which techno-economic concurrence has been granted by CEA.

#### ***Upper Marsyangdi-2 Power Project***

The Upper Marsyangdi-2 Power Project is a 600 MW run-of-the-river power facility to be constructed on the Upper Marsyangdi river in Nepal, pursuant to a survey license owned by Himtal Hydropower Company Private Limited ("**Himtal Hydro**"). All activities pertaining to the survey license have been completed and we applied for the generation license during the survey license validity period in October 2011. In November 2009, the Department of Electricity Development of Nepal granted us the necessary approval to increase the capacity of the power project from 250 MW to 600 MW. We currently own an 82% equity interest in Himtal Hydro, and pursuant to our original memorandum of understanding and the subsequent shareholders agreement, we are entitled to increase our equity interest to 95% by the date of commercial operation of this project. The power project received environmental clearance in December 2012. In December 2013, we entered into a joint development agreement with the International Finance Corporation ("**IFC**") and Himtal Hydro to develop the power project. Pursuant to the agreement, IFC can acquire a 10% equity stake in Himtal Hydro. We are negotiating a shareholders' agreement with IFC for the acquisition of its equity stake in Himtal Hydro. The IFC will act as the lead lender or arranger of debt financing for the project.

The entire power generated from the power project, net of any free power to be supplied to the Government of Nepal, will be imported to India. The Directorate General of Foreign Trade of Government of India has already granted a license for the import of power from this power project.

#### ***Upper Karnali Power Project***

The Upper Karnali Power Project is a 900 MW run-of-the-river power facility to be constructed on the Upper Karnali river in Nepal on a build-operate-own-transfer basis by GMR Upper Karnali Hydropower Public Limited ("**GMR Upper Karnali**"). GMR Upper Karnali was formed pursuant to a joint venture agreement dated February 21, 2008, between our Company, GIL, Italian-Thai Development Public Company Limited ("**ITDPCL**") and the Nepal Electricity Authority ("**NEA**"). We own a 69.35% equity interest, GIL owns a 3.65% equity interest and NEA owns a 27.00% equity interest of GMR Upper Karnali. Further, pursuant to the terms of the joint venture agreement, ITDPCL may acquire up to a 22.50% equity interest of GMR Upper Karnali from us and GIL, provided that our and GIL's aggregate equity interest in GMR Upper Karnali does not fall below 50.50%.

The power project has already received environmental clearance in April 2013 and we are in the advanced stage of finalization of the project development agreement with the Government of Nepal. We are obligated to supply free power equal to 12% of the power generated from the power project, post deduction of auxiliary consumption, to the Government of Nepal and the residual power will be imported to India. The Directorate General of Foreign Trade of Government of India, has already granted a long-term license for the import of power from this power project.

### ***Nepal Transmission Lines***

Power generated by each of our Upper Karnali and Upper Marsyangdi-2 Power Projects shall be evacuated from Nepal to the Indian National grid via our two transmission lines. To this end, we have established two wholly owned subsidiaries, Karnali Transmission Co. Private Limited ("**KTCPL**") and Marsyangdi Transmission Co. Private Limited ("**MTCPL**").

KTCPL will be responsible for development of the transmission line from the Upper Karnali Power Project to the Indo-Nepal International Border at Kalakunti with an approximate route length of 76 kilometers. Similarly, MTCPL will be responsible for development of the transmission line from the Upper Marsyangdi-2 Power Project to the Indo-Nepal International Border at Simarpani with an approximate route length of 201 kilometres. The Indian portion of transmission line of both projects will be developed as an extension of the Inter State Transmission System network, as per Indian regulations.

Although our Nepal transmission lines are dedicated to the evacuation of power generated by the Upper Karnali and Upper Marsyangdi-2 Power Projects, we are developing them as independent transmission lines and we will enter into an arm's length transaction to evacuate power from these power projects.

We provide a list of our remaining power projects under development below:

- A 350 MW planned coal-based power project to be developed in the state of Odisha, or the Phase II Kamalanga Power Project; and
- A 1,320 MW planned capacity coal-based power project to be developed in the state of Madhya Pradesh, or the SJK Power Project.

### ***Our Energy Trading Investment***

We own 19% of GETL, the company that currently purchases power generated by the Kakinada Power Plant for sale pursuant to short-term arrangements in the open market. GIL owns the remaining 81% of GETL.

GETL entered into a PPA with GEL which expires in October 2015 pursuant to which GETL may purchase up to 220 MW of power generated by the Kakinada Power Plant for sale in the open market. Pursuant to this agreement, GETL coordinates scheduling and dispatch of power on the open market at the highest available price and is entitled to a margin from such sales, the amount of which is determined by regulation. Moreover, 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.

### ***Our Coal Mining Assets***

We, through our 95%-owned subsidiary GMR Energy (Mauritius) Limited ("**GMR Mauritius**"), have rights to explore and develop certain coal blocks in the South Sumatra Province of Indonesia held by PT Barasentosa Lestari ("**PT BSL**") ("**BSL Coalfields**").

### ***The PT BSL Acquisition***

In February 2009, GMR Mauritius acquired a 100% indirect equity interest in PT BSL, which has rights to explore and develop BSL Coalfields. In connection with our interest in PT BSL, we also acquired U.S.\$6,368,158 aggregate principal amount of mandatory convertible bonds issued by PT Dwikarya Sejati Utama ("**DSU**"), our intermediate holding company through which our interest in PT BSL is held, which are convertible into equity shares of DSU. The aggregate acquisition price for our equity interest in PT BSL and the mandatory convertible bonds was approximately U.S.\$ 79.40 million, of which U.S.\$41 million has been paid (consisting of U.S.\$9 million in the form of an equity contribution and U.S.\$32 million in the form of a secured loan from Axis Bank and guaranteed by GEL). The remaining deferred consideration million will become payable, (subject to any claims under and in accordance with the provisions of the share purchase agreement) when any of the coal blocks in the BSL Coalfields become operational. We plan to finance the U.S.\$40 million either through debt financing or through equity contribution from GIL.

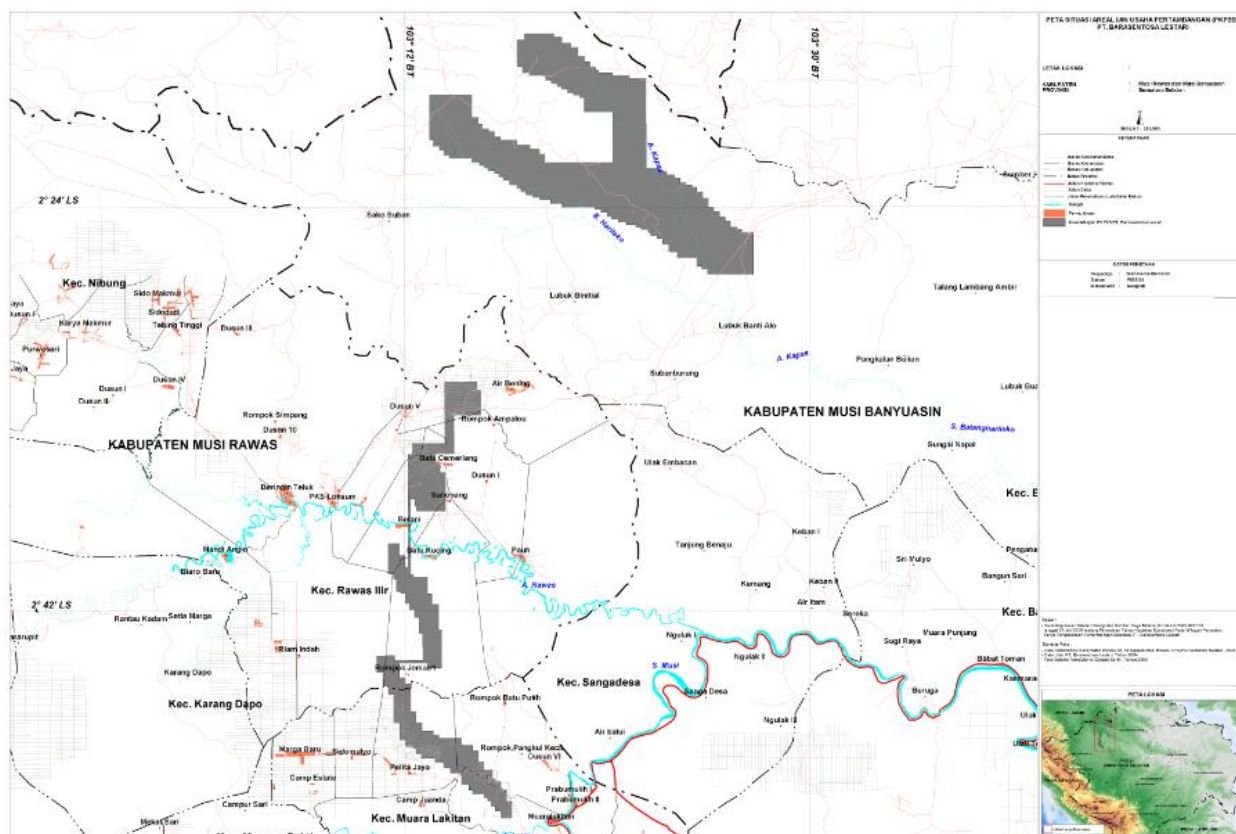
### ***The PT BSL Commission***

We are one of the few companies in India to hold a second generation Coal Contract of Work, dated 15 August 1994, from the Ministry of Energy and Mineral Resources of the Government of Republic of Indonesia (the "MEMR"), which is a contract granting PT BSL a right to explore, develop and exploit the BSL Coalfields over a period of 30 years starting from March 31, 2011. This license may be extended by us for an additional period of 10 years each for two consecutive terms.

Rights to the BSL Coalfields were previously held by PT Banpu Public Company Limited and, by our subsidiary, PT Duta Sarana Internusa. The BSL Coalfields consist of the North and South blocks. The two blocks cover a total area of 24,385 hectares. The North and South blocks are approximately equidistant from the major cities of Palembang and Bengkulu in Indonesia.

### ***BSL Coalfields***

We have not started any exploratory activities with respect to the North block and, as such, have not been able to determine any reserve or resource estimates. To date, we have focused primarily on exploration and development activities with respect to the South block comprising four coal deposits: Muara Lakitan, Batukucing, Belani and Ampalau. We expect that the first of these coal blocks will begin production during fiscal year 2015, but see *"Risk Factors - Our power projects under construction and development require a long gestation period and substantial capital outlay before we realize any benefits or returns on investments. In addition, the time and costs required in completing a power project may be subject to substantial increases"* on page 33. The map below depicts the location of each of the coal deposits in the South block:



According to reserves and coal quality estimates based on the Statement of Open Cut Coal Resources and Reserves report ("**HDR Reserves Report**") of HDR Salva Resources Pty Ltd ("**HDR**") dated 19 June 2013, prepared in accordance with the reporting guidelines of the 2004 Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy ("**JORC Code**"), the Muara Lakitan, Batukucing and Belani coal deposits are under development. We have not commenced any exploratory activities with respect to the Ampalau coal deposits and, as such, have not been able to determine any reserve or resource estimates. Our exploration personnel include qualified geologists and surveyors. As at December 31, 2013, we have incurred costs of U.S.\$ 105.88 million in exploring and developing the South block. We intend to continue to invest in equipment and technology for developing and exploring the South block. As such, we plan to incur U.S.\$ 15 million in additional developmental and exploration costs for the South block in fiscal year 2014 and 2015.

The coal deposits in the South block are open-pit mines that will require hydraulic excavators and trucks to access the underlying coal and remove waste. Open-pit mines utilize a surface mining technique of extracting rock or minerals from the earth by their removal from an open pit or borrow. We plan to engage local mining contractors for the initial exploration of our BSL Coalfields.

We plan to transport coal from the open pit, to the port stockpile area by dumpers, trucks or conveyors, where it will be crushed to produce thermal coal. The thermal coal will be loaded onto barges and subsequently shipped onto larger vessels and delivered to our customers. During the dry season, we may use other modes of transportation, such as road transport as an alternative. In addition, the logistical infrastructure in South Sumatra is still developing, with limited availability of road and rail capacity. Coal producers generally build their own roads for hauling their coal. As such, we are currently in discussions with various third parties in relation to evacuation and transportation of coal extracted (including in relation to the construction of a road which, once completed, will allow for evacuation and transportation by land, in addition to existing barge transportation capabilities sourced from third parties).

We intend to use the coal from our BSL Coalfields for our internal consumption and for sale to other thermal power generation companies. Our ability to use PT BSL to satisfy our needs provides us with greater certainty that we will be able to obtain the additional coal required for our power projects in the event of any shortfall in our domestic coal linkages. In May 2011, GKEL entered into a fuel supply agreement with PT BSL for the supply of up to 2 MT of coal per annum for a term of 15 years starting from the date of the first shipment of coal from PT BSL.

We have obtained the HDR Reserves Report in June 2013, which we have attached as Appendix. In this JORC-compliant independent technical report with respect to the South block, HDR used an integrated exploration methodology using various exploration tools including mapping, regional modeling, exploratory drilling, surface geophysical surveys and borehole geophysics to generate data for a comprehensive assessment of our resources and reserves with respect to the structural framework, reserve potential and quality of coal of the South blocks. The following table describing the coal resources at South block has been extracted from the report.

Coalfield	Total Capital Expenditure Incurred as at December 31, 2013 (in U.S.\$ millions)	Proven (Measured) Reserves <sup>1</sup> and <sup>2</sup> (million tons)	Probable (Indicated) Coal Reserves <sup>1</sup> and <sup>3</sup> (million tons)	Coal Quality <sup>1</sup> and <sup>4</sup>			
				Total Moisture (%)	Ash Content (%)	CV kcal/kg	Sulphur Content (%)
Muara Lakitan		90	18.5	36.3%	4.89%	4,019	0.30%
Batukucing	105.88	1.2	9.9	33.57%	5.34%	4,370	0.44%
Belani		1.6	15.1	28.42%	3.99%	4,771	0.18%

Notes:

1. The reserves and coal quality estimates are based on the HDR Reserves Report prepared in accordance with the JORC Code.
2. Proven (measured) reserves estimates are limited to volumes expected to be economically and legally recovered within a specified period from the underlying coal mine in light of the prevailing fuel prices.
3. Probable (indicated) reserves estimates are the part of coal indicated based on the outcome of pit optimization results and the techno-economics study, after consideration of all the modifying factors such as mining, metallurgical, economical, marketing, legal, environmental, social and governmental factors, and or the part of coal measured.
4. For further details, see the "HDR Reserves Report" as appended to this Draft Red Herring Prospectus.

We provide details of each of the three coal deposits in the South block which are under development, in the order of their significance:

### **Muara Lakitan**

The Muara Lakitan coal block is approximately 5 kilometers north of the Musi River at its closest point and is approximately 400 kilometers upstream from the offshore shipping port at the mouth of the Musi River. The Muara Lakitan coal block is accessible by existing logging roads. The Muara Lakitan coal block covers an area of approximately 3,200 hectares. The Muara Lakitan coal block is further divided into three sub-blocks (Blocks A, B and C from north to south) for operational convenience. We have completed detailed exploration activities with respect to Blocks B and C, and have conducted semi-detailed exploration activities with respect to Block A at Muara Lakitan. Exploration activities include detailed drilling, examining the condition of surface and sub-surface water, determining the location of the mine area, calculating the cost of mining in detail, all of which provide additional information about the geological data required to formulate a mining plan. Semi-detailed

exploration activities include regional geological mapping, geology and technical photo imagery, chemical analysis and geophysical well logging, which provide information about the geology of the mining area, including the coal quality.

The Muara Lakitan coal block is currently in the developmental stage, where we are preparing commercially minable coal reserve for subsequent extraction. We are developing the Muara Lakitan coal block using our equipment, supplies, material and labor. We have an adequate fleet of mining equipment of various specifications.

### ***Batukucing***

The Batukucing coal block is approximately 5 kilometers south of the Rawas River at its closest point and is approximately 415 kilometers upstream from the offshore shipping port at the mouth of the Musi River. The Batukucing coal block is accessible by existing logging roads. The Batukucing block covers an area of approximately 1,793 hectares. We have obtained the majority of the governmental permits and approvals with respect to conducting further mining activities in the Batukucing coal block.

Our Batukucing coal block is in the development stage, where we are preparing commercially minable coal reserves for subsequent extraction. As per the Feasibility Study Report of the MEMR, dated December 2012, the Batukucing coal block is expected to enter into the development phase in fiscal year 2019 based on the progressive exploitation of the South block in a phased manner.

### ***Belani***

The Belani coal block is approximately 5 kilometers north of the Rawas River at its closest point and is approximately 420 kilometers upstream from the offshore shipping port at the mouth of the Musi River. The Belani coal block covers an area of approximately 1,574 hectares. The Belani coal block is accessible by existing logging roads. We have obtained the majority of the governmental permits and approvals with respect to conducting further mining activities in the Belani coal block.

Our interest in the Belani coal block overlaps with PT. London Sumatera Tbk ("**Lonsum**"), a palm oil plantation company. Lonsum has the surface rights of land in the Belani coal block, whereas we have the mineral rights for exploiting the coal in the Belani coal block. In this regard, we have negotiated a settlement with Lonsum, which includes a payment of U.S.\$ 1.55 per metric ton of coal mined and sold from the overlapping area.

The Belani coal block is in the development stage, where we are preparing commercially minable coal reserves for subsequent extraction. To date, we have completed the exploration drilling and we are nearing exploration stage. We plan to engage third party contractors to complete a significant portion of our exploration activities. We expect to commence exploration of the Belani coal block in fiscal year 2015.

### ***Other Interests in Coal Assets***

We hold minority stakes in certain coal blocks in Indonesia and India. Through our overseas subsidiary GMR Coal Resources Pte Limited, we have acquired an effective 28.5% equity interest in PT Golden Energy Mines Tbk, a Sinar Mas Group company in Indonesia, which owns four producing and six non-producing coal concessions in Indonesia ("**GEMS Coal Assets**"). We own 17.39% of Rampia Coal Mine and Energy Limited ("**RCMEL**"), a company that, pending the resolution of a dispute with the Ministry of Coal, has a license to explore and exploit coal from coal blocks located in Sundergarh, in the state of Odisha ("**Rampia Coal Mine**").

### ***GEMS Investment***

In fiscal year 2012, we, through our overseas subsidiary GMR Coal Resources Pte Limited ("**GCRPL**"), formerly known as GMR Infrastructure Investments (Singapore) Pte Limited, acquired a 28.5% equity interest of GEMS, a Sinar Mas Group company in Indonesia, which owns the GEMS Coal Assets. The majority shareholder, Dian Swastatika Sentosa Tbk ("**DSS**"), holds a 66.9% equity interest in GEMS.

The relationship between DSS and GCRPL is governed by a shareholders agreement, dated 11 August 2011 ("**Shareholders Agreement**"). Pursuant to the Shareholders Agreement, any reduction in the shareholding of DSS in GEMS below 51% will implicate a tag along right for GCRPL. Also, GCRPL has an extended tag along right if shareholding of PT Sinar Mas Tunggal (which is the parent company of DSS) and its affiliates, either directly or indirectly, falls below 22% in GEMS. Pursuant to the Shareholders Agreement, notwithstanding the terms of Coal Sales Agreement described below, GCRPL may reduce annual purchase of coal by 50% in a particular year.

GCRPL entered into a coal sales agreement, dated 11 August 2011, with GEMS to purchase coal for a period of 25 years, with the annual offtake quantity of 1 MMTA in the first year starting fiscal year 2014 and steadily increasing to 10 MMTA by the seventh year for our coal-based thermal power projects in India. If GCRPL fails

to purchase at least 90% of the annual tonnage set forth in this agreement, GEMS is entitled to sell the shortfall tonnage to any third party buyer, and GCRPL must compensate GEMS for any difference in the sale price to such third party buyer(s). Also, if GEMS fails to deliver at least 90% of the annual tonnage of coal as set forth in this agreement, GCRPL may seek an alternative supplier for the shortfall tonnage and GEMS is obligated to reimburse for all reasonable costs incurred in obtaining such third party supplier. However, if GCRPL is unable to secure an alternative supplier within 60 days from GEMS's failure to supply the requisite amount of coal, then GEMS is liable to pay liquidated damages. We plan to source coal from GEMS to meet any shortfall in our coal supply for our coal-based thermal power projects in India.

On 11 August 2011, GEMS and GCRPL entered into a management and technical support agreement, whereby GCRPL agreed to provide technical and management services to maximize revenue potential from the low quality coal deposit in mining areas of GEMS. This agreement is valid for 96 months commencing from November 2011. GEMS agreed to pay U.S.\$ 750,000 per month, less Indonesian withholding tax, to GCRPL for the services provided under this agreement.

On July 11, 2013, DSS entered into a Conditional Share Purchase Agreement with United Fiber Systems Limited ("UFS"), a company that is listed on Singapore Stock Exchange, for selling and transferring its shares in GEMS in exchange for the issue of shares in UFS. Subsequent to the completion of this transaction, DSS will be a majority shareholder in UFS and UFS will be a majority shareholder in GEMS and GEMS will continue to be listed on the Indonesian Stock Exchange. On July 12, 2013, DSS had provided an opportunity to GCRPL to participate in the exchange of shares but GCRPL did not exercise this option. As at the date of Draft Red Herring Prospectus, DSS is still a direct shareholder of GEMS. Post consummation of this exchange transaction, UFS will become a 66.9% shareholder in GEMS and execute a Deed of Adherence to become a party to the Shareholders Agreement.

#### ***Rampia Coal Investment***

We own a 17.39% equity interest in RCMEL, a company that has applied for a license to explore for and exploit coal in the Rampia Coal Mine. The other shareholders of RCMEL are Lanco Group Limited, Reliance Infrastructure Limited, Navbharat Power Private Limited, ArcelorMittal India Limited and Sterlite Energy Limited; and we signed a shareholders agreement with them in June 2010. Additional concessions for the exploration of oil and natural gas have also been granted to third parties on the land area where the Rampia Coal Mine is located. There may be conflicts of interest between such third parties and us, which may cause delays or disruptions in the mining operations. For further details, see *"Risk Factors – Risks Associated with Our Coal Mining Business – Our coal assets are based on concessions from government bodies, which may revoke the concessions granted to us. In addition, there may be conflicting concessions on the same land. Any revocation of a concession or dispute on the concession could materially and adversely affect our mining operations"* on page 23 in this Draft Red Herring Prospectus.

As per the letter of allocation issued by the Ministry of Coal of India, dated January 2008, 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 645.24 million tons, of which our individual allocation is up to 112.2 million tons, which is to be used exclusively for the Kamalanga Power Project. As at September 30, 2013, approximately ₹ 140 million has been invested to explore and exploit the underlying coal blocks and will continue to make further investments from time to time for this purpose. We experienced delays in developing the Rampia Coal Mine on account of pending governmental approvals and transfer of ownership interest from MCL. We received a show cause notice from the Ministry of Coal on January 15, 2014 regarding the delay in the development of the Rampia coal mine. Subsequently, the relevant inter-ministerial group of the Government of India recommended the de-allocation of the Rampia coal mine. We are challenging the de-allocation of the Rampia coal mine and on February 12, 2014, the High Court of Delhi granted a stay order against re-allocation of the coal block. Further action on the recommendations of the inter-ministerial group is currently put on hold by the Ministry of Coal in view of the order of the High Court of Delhi. For further details on the dispute regarding the Rampia coal mine, see *"Outstanding Litigations and Defaults"* on page 360.

#### ***Homeland Investment***

We owned a 55.84% equity interest in Homeland Energy Group Limited ("**Homeland**"), a company listed on the Toronto Stock Exchange. Homeland has a subsidiary, Ferret Coal Kendal (Pty) Ltd, that owns a 74% stake in Kendal coal mine in South Africa (the "**Kendal Mine**"). In addition, Homeland owns a 50% stake in Eloff coal mine through a joint venture entity, Tshedza Mining resources (Pty) Ltd, in South Africa ("**Eloff Mine**").

In March 2013, Homeland entered into two share sale agreements to sell all its interests in the Kendal Mine and Eloff Mine, respectively, to Joe Singh Group of Companies (Proprietary) Ltd and Xilombe Mining Proprietary Ltd. Homeland has received the entire consideration with respect to the sales, which were Rand 235 million and

Rand 110 million for the Kendal Mine and Eloff Mine, respectively. Completion of the share transfer with respect to the Kendal Mine is pending approval from the Department of Mineral Resources of South Africa.

## **Our Transmission Assets**

### ***Deedwana and Alwar Lines***

In September 2010, GMR Energy Limited was selected as the successful bidder in the tariff-based competitive bidding process conducted by Rajasthan Rajya Vidyut Prasaran Nigam Limited ("**RRVPL**"), for providing transmission services with regard to the following power projects:

- to build, own, operate and maintain the 400 kV S/C Bikaner-Deedwana-Ajmer lines with 400 kV/220 kV GCC at Deedwana and Associated Schemes/Works that will span 269 kilometers in length (the "**Deedwana Line**"); and
- to build, own, operate and maintain the 400 kV S/C Hindaun-Alwar line with 400 kV GSS at Alwar and Associated Schemes/Works that will span 96 kilometers in length (the "**Alwar Line**").

The Deedwana line was commissioned in December 2013 and we expect the Alwar Line to be commissioned in fiscal year 2015. The Deedwana line was constructed by our wholly-owned subsidiary, Maru Transmission Services Company Limited ("**MTSCL**") and the Alwar Line is being constructed by our wholly-owned subsidiary Aravali Transmission Service Company Limited ("**ATSCL**"), on a build, own, operate and maintain basis for 25 years from the commissioning date. MTSCL and ATSCL will continue to own the Transmission Assets beyond the concession period of 25 years. The two subsidiaries have entered into Transmission Service Agreements on January 18, 2011 for ATSCL and February 15, 2011 for MTSCL with each of Jaipur Vidyut Vitran Nigam Limited ("**Jaipur Discom**"), Ajmer Vidyut Vitran Nigam Limited ("**Ajmer Discom**"), and Jodhpur Vidyut Vitran Nigam Limited ("**Jodhpur Discom**") to provide transmission services on a long-term basis. We will operate and maintain these Transmission Assets for the next 25 years as per the Transmission Service Agreements from the date of commissioning.

### ***Financing***

The total cost of these transmission projects is estimated to be ₹ 3,569 million. In September 2011, we entered into two facility agreements with ICICI Bank pursuant to which MTSCL obtained a total term loan commitment of ₹ 1,786 million and ATSCL obtained a total term loan commitment of ₹ 1,045 million. For the Deedwana Line, as at September 30, 2013, we have made ₹ 446.6 million in equity contribution and incurred ₹ 1,706.7 million in debt. For the Aravali Line, as at September 30, 2013, we have made ₹ 261.1 million in equity contribution and incurred ₹ 1,029 million in debt.

### ***Revenue***

Our revenue model for MTSCL and ATSCL consists of both escalable and non-escalable transmission service charges. The applicable rates for the escalable charges are as determined and published by the CERC on an annual basis. The majority of our revenue will be derived from the non-escalable transmission service charges, which vary from year to year and are determined at the time of bidding.

### ***EPC Contract***

We have entered into EPC contracts with M/s Larsen and Toubro Limited for construction of these Transmission Assets, including the transmission lines and substations, on a lump sum and turnkey basis. The aggregate cost of the contract is ₹ 3,000 million.

### ***Approvals and Clearances***

We have received all requisite approvals and clearances, including approval from Power Telecom Co-ordination Committee, Airport Authority of India, National Highway Authority of India and MoEF.

### ***Land***

We require approximately 107 acres of land for developing substations under these transmission projects (46 acres for ATSCL and 61 acres for MTSCL), all of which have been acquired by the respective subsidiaries.

### **Other Investments**

We previously owned 10% of the equity shares of Delhi International Airport Private Limited, ("**DIAL**"), the company that operates, manages and developed the Delhi airport, pursuant to a 30 year Operation, Management and Development Agreement, granted by the Airports Authority of India. DIAL is controlled by our promoter company, GIL. In October 2013, we sold all but 100 of our equity shares, to GMR Airports Limited, a subsidiary of GIL. There are 2,450,000,000 total equity shares in DIAL.

We also own the following minority interests in companies that have developed or are developing toll road or annuity road projects in India, each of which is controlled by our promoter company, GIL. In a toll road project, the project company earns revenues by collecting toll on the route, whereas in an annuity road project, the project company receives periodic payments on an annual or semi-annual basis from the government for a period up to 20 years.

- 26% of GMR Ambala-Chandigarh Expressways Private Limited, which developed the 34-kilometer Ambala-Chandigarh road project between Ambala and Chandigarh on the New Delhi-Chandigarh (NH21/NH22) highway, a toll road project which commenced commercial operation in November 2008;
- 0.5% of GMR Pochanpalli Expressways Limited, which developed the 81-kilometer Adloor Yellareddy-Kalkallu road project on the Hyderabad-Nagpur (NH-7) highway, an annuity road project which entered commercial operation on March 26, 2009;
- 0.31% of GMR Jadcherla Expressways Limited, which developed the Faruknagar-Jadcherla road project (consisting of a 46-kilometer stretch between Faruknagar and Jadcherla and an additional 12-kilometer stretch on the Hyderabad-Bengaluru (NH-7) highway), a toll road project that commenced operation on February 11, 2008;
- 0.38% of GMR Ulundurpet Expressways Private Limited, which developed the 71-kilometer Tindivanam-Ulundurpet toll road project on the Chennai-Dindigul (NH-45) highway, a toll road project that commenced commercial operation in July 2009; and
- 10% of GMR Chennai Outer Ring Road Private Limited which is the developing 29-kilometer ring road project in the city of Chennai, an annuity road project which is expected to achieve commercial operation in fiscal year 2014.

We intend to divest our interest in these entities subject to the receipt of government approvals.

## Competition

We compete with other Indian and foreign companies in the power business. Some of our competitors have more experience than us in the development and operation of power assets. In addition, a number of these companies may have more resources than us.

The Electricity Act, 2003, and the Hydro Power Policy 2008 have introduced measures that may result in increased competition for us. For further details, see "*Risks Factors – Risks Associated with Our Hydrological Power Generation Business – The Electricity Act 2003, and the Hydro Power Policy 2008 have introduced measures that may result in increased competition for us*" on page 26 in this Draft Red Herring Prospectus. We face competition with respect to power that we produce that is not subject to long-term PPAs.

We also face competition for new power projects from National Thermal Power Corporation, National Hydroelectric Power Corporation, Reliance Energy Limited and Reliance Power Limited (Anil Dhirubhai Ambani Group), Adani Power Limited, Tata Power Company Limited, LNJ Bhilwara Group, CESC (RPG Group), GVK Power, the Torrent Group, Lanco Group, Essar Group, Jaiprakash Group, JSW Energy, AES Corporation, Sterlite, Jindal Steel & Power Limited and Gujarat Industries Power Company Limited, among others.

## Insurance

Together with other GMR companies, 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. GIL maintains a directors' and officers' insurance policy covering all its subsidiaries including GEL.

We currently maintain industrial all-risk insurance on reinstatement value basis which includes coverage for fire-loss-of-profit and machinery break-down-loss-of-profit for each of the operational power plants. For terrorism, we have loss limit cover for all the operational power plants.

All of our insurance policies are subject to exclusions, deductibles and coverage limitations as per prevailing market practices. Our Directors' and Officers' policy is placed with New India Assurance Company Limited and Industrial All-Risk Insurance policies as aforesaid with United India Insurance Company Ltd. Neither of these insurance companies are affiliated to us.

All our power projects under construction are covered under comprehensive project insurance policies from National Insurance Company Ltd. and United India Insurance. All our employees are insured under a group



personal accident policy and a group health insurance policy with United India Insurance Company Ltd. All employees are also covered by group term insurance with Birla Sun Life.

Notwithstanding our insurance coverage, damage to our power projects, facilities, equipment, machinery, buildings or other properties as a result of fire, explosion, power loss, telecommunications failure, intentional unlawful act, human error or natural disaster, terrorism or any analogous event, or any decline in our business as a result of a threat of war, outbreak of disease or epidemic could have an adverse effect on our financial condition and results of operations to the extent that such occurrences disrupt the normal operation of our business.

### **Real Properties**

We own and lease certain premises in Bengaluru, Mumbai, Mangalore, New Delhi and Kakinada from third parties at commercial rent. In addition, our subsidiaries own and lease space for project offices at the locations of our power plants and power projects.

### **Employees**

As at February 28, 2014, we had 1,150 employees in our various offices, as well as at the sites of our power projects. The Bengaluru office is our principal corporate offices that conducts administrative and reporting activities. All of our employees are remunerated with basic salary and other benefits with reference to industry practice and their individual performance. In addition, we also employ contract laborers at our power projects and the number of contract laborers varies from time to time based on the nature and extent of work contracted to independent contractors.

As part of our strategy to improve operational efficiency, we regularly organize in-house and external training program for our employees. As part of our strategy to improve our business, we aim to recruit qualified and talented employees.

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 GMR Holdings Private Limited ("**GMR Holdings**"). GMR Holdings 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 and associated logo to GIL and its subsidiaries, including our company and our subsidiaries, and granted a non-exclusive personal right to use the "GMR" trademark, associated logo and the artistic work/copyright to each such company, in its ordinary course of business, in consideration for the payment of a specified annual license fee to GMR Holdings. The license agreements shall, subject to the compliance of the agreements, continue in force until terminated by any of the parties to the agreement. The license granted by GMR Holdings may be terminated in the event of (a) GMR Holdings ceasing to hold at least a 26% equity interest in GIL; (b) our company or any of our subsidiaries ceasing to be a subsidiary of GIL; (c) a default in the payment of the required license fee; or (d) a default of any of the provisions of the license agreements. For further details, see "*Risk Factors – Internal Risks Associated with Our Businesses – We do not own the trademarks used in all of our businesses*" on page 47 in this Draft Red Herring Prospectus.

### **Risk Management**

We are exposed to specific risks in connection with the management of our investments and the environment within which our operating companies operate. Our goal in risk management is to ensure that we understand, measure and monitor the various risks that arise and that our organization adheres, as far as reasonably and practically possible, to the policies and procedures which are established to address these risks.

We are primarily exposed to credit risk, market risk (including liquidity risk, interest rate risk and foreign exchange risk), operational risk and legal risk. We focus on monitoring credit and market risks, as well as portfolio and operational risk, through our senior management personnel. Legal risk is subject to the review of our legal department and external advisors. For further details, see "*Management's Discussion and Analysis of Our Results of Operations – Qualitative and Quantitative Disclosure about Market Risk*" on page 300 in this Draft Red Herring Prospectus.

## Health and Safety Standards

Although mining is an inherently hazardous activity due to varying geology and geo-mining conditions, we seek to mitigate and minimize the risk of accidents, injuries and illness to our employees and our contractors' employees by improving health and safety standards and closely monitoring our operations keeping the Mines Act in India and regulations issued by the MEMR as standards. We continue to focus on maintaining a safe working environment through the implementation of practices and safeguards prescribed by the above acts and regulations to oversee safety in our operations. Our system for the safe operation of our mines includes safety management plans, rules, regulations, codes of practice, manuals, SOP's and procedures with which our employees and our contractors' are required to comply. We believe that our commitment to safety fosters good relationship with our employees, regulatory agencies and regional administrative authorities, which ultimately enhance our business.

Power projects under construction and operation are inherently hazardous, due to the dangerous nature of the activities involved during project commissioning and operation stages. We take a proactive approach to mitigate and reduce the risk of incidents, injuries and illness to our employees, contractors, society and the environment by complying with the applicable rules and regulations. Our safeguards during construction and operation of our power projects include periodical internal and external audits, conducting root cause analysis and corrective and preventive action for various incidents that are reported at our power project sites. We strongly believe that commitment towards safety fosters good relationships with our employees, contractors, regulatory agencies, and regional administrative authorities.

## Environmental Matters

We believe that the heightened level of environmental and quality concerns among insurance underwriters, regulators and environmental protection groups is leading to greater inspection and safety requirements of power projects. Increasing environmental concerns have created a demand for power projects that conform to stricter environmental standards. We are required to maintain operating standards at all of our power projects that emphasize operational safety, quality maintenance, continuous training of our employees and compliance with laws and regulations. Prior to the commencement of any power project, we undertake environmental impact assessment studies and formulate an environmental management plan. We believe that the operation of our power plants are in substantial compliance with applicable environmental laws and regulations, but such laws and regulations are frequently changed and may impose stricter requirements in the future. In addition, the interpretation or application of any existing laws and regulations may change, and such change may also have the effect of imposing stricter requirements and more costs on us.

We also engage in a variety of environmental initiatives and conservation efforts, including recycling and conserving waste water, reducing usage of fossil fuel, and developing greenery. As a result of our initiatives and efforts, our power plants have received the following awards:

- Chennai Power Plant received the 'Green Award' from Government of Tamil Nadu in 2012 in recognition of its various environmental initiatives.
- Vemagiri Power Plant received the National Energy Conservation award from Ministry of Power of India in December 2010 and 2011 in recognition of its energy conservation measures. It also received the CII Environmental Best Practice Award in January 2011 for being an innovative environmental project.

## Regulatory Environment

For a description of the regulatory environment in which we operate in India, see "Regulations and Policies" on page 181.

## Legal Proceedings

For a description of our material legal proceedings that are outstanding or threatened, see "Outstanding Litigations and Defaults" on page 360.

## REGULATIONS AND POLICIES

*The following description is a summary of certain sector-specific laws and regulations in India, which are applicable to our Company. The information detailed below has been obtained from the various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the Bidders and are neither designed nor intended to substitute for professional legal advice.*

### Power Sector

#### 1. Background

The development of electricity industry in India was fashioned by two legislations, namely the Indian Electricity Act, 1910 (“**Electricity Act 1910**”) and the Electricity (Supply) Act, 1948 (“**Electricity Supply Act**”). The Electricity Act 1910 introduced a licensing system in the electricity industry whereas the Electricity Supply Act resulted in greater state involvement in the industry.

The Electricity Supply Act promoted state-owned, vertically integrated units through the creation of the State Electricity Boards (“**SEBs**”). SEBs were responsible for generation, transmission and distribution of electricity within the geographical limits of each State of the Indian Union. Where SEBs were not set up, a government department was responsible for the electricity supply. It is worthwhile to note that “electricity” comes under the Concurrent List of the Seventh Schedule to the Constitution of India and both the state and central governments have the power to legislate on “electricity”. However, the state enactment should not conflict with any central enactment in this sector.

In the early 1990s, the electricity sector was liberalized, following which private participation in the generation sector was permitted by way of amendments to the Electricity Supply Act. Subsequent to the amended legislation, several private sector players set up generating stations and power purchase agreements were entered into between these independent power plants (“**IPPs**”) and the SEBs.

In 1998, the Electricity Regulatory Commissions Act, 1998 (“**ERC Act**”) was enacted by the central government. The ERC Act provided for the establishment of independent electricity regulatory commission both at the Central and state levels. The regulatory commissions were set up to rationalize electricity tariff and promote and regulate the electricity industry.

The Andhra Pradesh Electricity Reforms Act, 1998 was enacted by the state government for restructuring the state’s electricity industry by unbundling the SEBs into separate generation, transmission and distribution companies. Generation segment was considered as potentially competitive and kept outside the purview of the regulatory supervision. Transmission and distribution was considered as monopolistic activities within the geographic area and regulated businesses. Licensing was chosen as the form of regulatory control and the rate of return on investment was regulated. The Andhra Pradesh Electricity Reforms Act, 1998 (and other reform legislations in different states) introduced a single buyer model, where the transmission and supply licensees acted as the buyer of all electricity generated by the generating companies and would sell electricity to the distribution supply licensees for further supply and distribution. A single company controlled transmission and bulk supply while a number of distribution companies enjoying monopoly supply rights in their area of supply handled the distribution.

The Karnataka Electricity Reforms Act, 1999, was enacted to provide for the following:

- (i) the constitution of an Electricity Regulatory Commission for the state of Karnataka;
- (ii) the restructuring of the electricity industry in the state, the corporatisation of the Karnataka Electricity Board and the rationalization of the generation, transmission, distribution and supply of electricity in the state of Karnataka;
- (iii) avenues of participation of private sector entrepreneurs in the electricity industry in the state and generally for taking measures conducive to the development and management of the electricity industry in the state in an efficient, economic and competitive manner ; and
- (iv) reliable quality power and to protect the interests of the consumer.

The Electricity Regulatory Commission was vested with powers to regulate the activities of the power sector in the state and for matters connected therewith or incidental thereto.

The Orissa Electricity Reforms Act, 1995 was enacted to provide for the restructuring of the electricity industry by providing avenues for participation by private sector individuals and companies. It provided for the establishment of Orissa Electricity Regulatory Commission. The Grid Corporation of Orissa Limited, a corporate entity established in April 1995, has been empowered to undertake planning and coordination in regard to transmission, to determine the electricity requirements in the State in coordination with other authorities and to perform the functions of the State Electricity Board.

The Orissa Electricity Reforms Act, 1995 has been legislated with the objective of rationalising the generation, transmission, distribution and supply of electricity in Orissa. Licensing system in respect of transmission and distribution activities has been incorporated in the Orissa Electricity Reforms Act, 1995.

## **2. *Salient features of the Electricity Act, 2003***

The Electricity Act, 2003 came into effect on June 10, 2003 and extends to whole of India except the State of Jammu and Kashmir. The Electricity Act, 2003 is a central unified legislation that seeks to replace the multiple legislations that governed the Indian electricity sector and provides for further material reforms in the sector. The Electricity Act, 2003 expressly repeals the Electricity Act, 1910, the Electricity Supply Act and the ERC Act. However, after the enactment of the Electricity Act, 2003, the provisions of the enactments in the respective states as specified in the Schedule to the Electricity Act, 2003 continue to apply to the extent that their provisions are not inconsistent with the provisions of Electricity Act, 2003.

The Electricity Act, 2003 was amended by the Electricity (Amendment) Act 2007, and it came into effect on June 15, 2007. Pursuant to section 176 of the Electricity Act, 2003, Electricity Rules, 2005 were notified regarding requirements of captive generating plant, compliance by transmission lines etc.

The most significant reform initiative under the Electricity Act, 2003 was the move from multiple sellers, single buyer model towards multi buyers, multi sellers system. In addition, under the Electricity Act, 2003, the regulatory regime is more flexible, has a multi year approach towards tariff and allows greater freedom to regulatory commissions in determining tariff. Under the Electricity Act, 2003, penal provisions for dishonest use of electricity have also been tightened and special courts have been envisaged for speedy dispensation of justice. The Electricity Act, 2003 also introduced power trading as a separate activity.

### **2.1 *Generation***

Electricity generation has been de-licensed and any generating company can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with grid. Approvals from the central government, state government and the techno-economic clearance from the Central Electricity Authority (“CEA”) have been done away with for any power plant, except for hydroelectric projects, which still require CEA approval if their capital cost is above a threshold which is determined by the Central Government from time to time. Generating companies are now permitted to sell electricity to any licensee and directly to consumers, subject to availing open access to the transmission and distribution systems and payment of charges as may be determined by the appropriate regulatory commission.

In addition, no restriction is placed on setting up of a captive power plant by any consumer or group of consumers for their own consumption. Under Electricity Act, 2003, captive users are exempt from payment of surcharge for transmission and wheeling of power from the captive plant to the destination of the use by the captive user. Further, the Electricity (Amendment) Act, 2007 has stated that no license shall be required for supply of electricity generated from a captive generating plant to any licensee in accordance with the provisions of the Electricity Act, 2003 and rules and regulations made thereunder and to any consumer subject to the regulations specified under the Electricity Act, 2003.

Pursuant to a notification dated August 9, 2007 issued by the Ministry of Power, states could assist the developers through MoUs to secure land, obtain the requisite environment and other clearances and achieve financial closure.

The regulatory commissions have the right under the Electricity Act, 2003 to determine the tariff for (i) supply of electricity from a generating company to any distribution licensee; (ii) transmission of electricity; (iii) wheeling of electricity and (iv) retail sale of electricity. The Central Electricity Regulatory Commission (“CERC”) regulates generating companies owned or controlled by Central Government and those generating companies who have entered into or otherwise have a composite scheme for generation and sale in more than one state. The State Electricity Regulatory Commissions (“SERC”) regulates generating stations within the state boundaries, except those under the CERC’s jurisdiction.

The GoI notified the Tariff Policy on January 6, 2006 (as amended), under Section 3 of the Electricity Act, to ensure availability of electricity to consumers at reasonable and competitive rates, financial viability of the sector and to attract investment, promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks and promote competition, efficiency in operation and improvement in quality of power supply and to guide CERC and the SERCs in discharging their functions. The Tariff Policy seeks to achieve optimal development of the transmission network and attract investments in the transmission sector and provide adequate returns, and to balance interests of consumers and other stakeholders, keeping in view availability of energy resources, technology available to exploit these resources, economics of generation using different resources and energy security issues and the need for investments while laying down the rate of return, which should attract investments at par with, if not in preference to other sectors such that the electricity sector is able to create adequate capacity. The Tariff Policy requires CERC to determine the rate of return on equity keeping in view the overall risk and prevalent cost of capital, and to establish norms for capital and operating costs, operating standards and performance indicators for transmission lines at different voltage levels. The Tariff Policy provides that transmission charges under the national tariff framework be determined on MW per circuit kilometer basis, zonal postage stamp basis, or some other pragmatic variant, such that transmission system users share the total transmission cost in proportion to their respective utilization of the transmission system, and that transactions be charged on the basis of average transmission losses arrived at after appropriately considering distance and directional sensitivity, as applicable to relevant voltage levels. The Tariff Policy requires investment by transmission developers other than the CTU or an STU to be invited through competitive bids, provided that after a period of five years or when CERC is satisfied that the situation in India is appropriate, competitive bidding be extended in respect of projects to be developed by the CTU and STUs.

The Tariff Policy stipulates that all future power requirements should be procured competitively by distribution licensees except in cases of expansion of pre-existing projects or where there is a public sector controlled or owned developer involved. In these cases, regulators must resort to tariffs set by reference to cost-plus tariff standards provided that expansion of generating capacity by private developers for this purpose will be restricted to a one time addition of not more than 50 per cent. of the existing capacity. Under the Tariff Policy, even for public sector projects, tariffs for all new generation and transmission projects will be decided on the basis of competitive bidding after January 6, 2011 subject to certain exemptions.

## 2.2 *Transmission*

Transmission, both at the inter-state and intra-state levels, is a regulated activity requiring a license. The Electricity Act, 2003 requires the central government to designate one government company as the Central Transmission Utility (“CTU”), which would be deemed as a transmission licensee. Similarly, each state government would designate one government company as the State Transmission Utility (“STU”), which would also be deemed as a transmission licensee.

The CTU and STU shall be responsible for transmission of electricity, planning and co-ordination of transmission system, providing non-discriminatory open-access to any users and developing a co-ordinated, efficient and integrated inter-state and intra-state transmission system respectively. The Electricity Act, 2003 prohibits the CTU and the STUs from engaging in the business of generation or trading in electricity.

The Electricity Act, 2003 envisages private participation in the power sector. Investment by transmission developers other than the CTU/ STU would be invited through competitive bidding. The tariff would also be determined through a process of competitive bidding. The National Electricity Policy, 2005 issued by the Ministry of Power states that the tariff framework for transmission should be sensitive to distance, direction and related to quantum of power flow.

The Electricity Act, 2003 allows private generating stations open access to transmission lines. This facilitates sale of power to distribution and trading licensees as well as directly to consumers. The provision of open access is subject to the availability of adequate transmission capacity as determined by the CTU / STU, as the case may be. Further, the open access consumer has to pay charges for open access as may be applied by the appropriate commission.

Rajasthan Electricity Regulatory Commission (“**RERC**”) promulgated Rajasthan Electricity Regulatory Commission (Transmission Licensee’s Standards of Performance) Regulations, 2004, to serve as guidelines for transmission licensee to operate its state transmission system for providing an efficient system of electricity supply and transmission. The Regulations set the levels of operational security and quality of supply which are as follows:

- (i) to ensure grid performance meets minimum standard essential for user’s system demand and equipment function
- (ii) to enable users to design their systems and equipment to suit the electrical environment they operate in.
- (iii) to enhance quality standards of the state transmission system
- (iv) to provide quality of power at the interface point of 33 KV and 11 KV lines emanating from wind farm or other generating stations and terminating at Rajasthan Rajya Vidyut Prasaran Nigam Limited (“**RVPN**”)

### 2.3 *Trading*

The Electricity Act, 2003 specifies trading as a licensed activity. Trading has been defined as purchase of electricity for resale. This may involve wholesale supply (i.e. purchasing power from generators and selling to the distribution licensees) or retail supply (i.e. purchasing from generators or distribution licensees for sale to end consumers).

The license will be awarded by the appropriate commission, based on certain entry norms relating to capital adequacy and technical parameters. However, the National and Regional Load Despatch Centres, Central and State Transmission Utilities and other transmission licensees will not be allowed to trade in power, to prevent unfair competition.

The appropriate commission also has the right to fix a ceiling on trading margins in intra-state trading to ensure that the electricity traders do not indulge in profiteering from inter-state trading license. Some regulatory commissions have also taken the view that a trading licensee will not be allowed to sell power to another trading licensee, to prevent escalation in the cost of power.

Open access, together with recognition of power trading as a distinct business opportunity, is expected to provide new intermediation opportunities between wholesale buyers and distribution licensees and between generators and distribution licensees, as well as between generators and consumers. At a bulk supply level, this provision is expected to create competition and enhance efficiency.

### 2.4 *Distribution and retail supply*

The Electricity Act, 2003 does not make any distinction between distribution and retail supply of electricity. Distribution is a licensed activity and distribution licensees are allowed to undertake trading without any separate license. Under Electricity Act, 2003, no license is required for the purposes of supply of electricity. Thus a distribution licensee can undertake three activities: trading, distribution and supply through one license.

The Electricity Act, 2003 allows new licensees to enter distribution areas after acquiring licenses from the regulator. Non exclusive licensing and provision for phased open access in distribution will restrict monopolies in the distribution business. Open access to generators will be subject to a surcharge to meet the current level of subsidy, in addition to wheeling charges. Several SERCs have already specified regulations for open access. SERCs also have the flexibility to determine the time frame for implementing open access in the retail segment, depending on subsidies and readiness of the utilities. The SERCs also have the right to determine the various charges for open access, i.e. transmission charge, transmission loss, wheeling charge, cross-subsidy surcharge and additional surcharge.

The National Electricity Policy states that such charges should not be so onerous as to eliminate open access altogether and the Tariff Policy lays down the formula for collecting cross-subsidy surcharge for open access in order to bring about competition in the larger interest of the consumers. Several regulatory commissions including the CERC have commented that the Tariff Policy should not impose a formula on all the regulatory commissions to ensure that cross subsidy surcharge for open access power will not be at an uniform rate but set separately for each state.

Further, under the Electricity Act, 2003 the surcharge has to be progressively reduced and eliminated. Pursuant to the Electricity (Amendment) Act, 2007 cross subsidies and surcharges have been eliminated with respect to open access. It has also specified that the State Commission shall specify an electricity supply code to provide for recovery of electricity charges, intervals for billing of electricity charges, disconnection of supply of electricity for non-payment thereof, restoration of supply of electricity, measures for preventing tampering, distress or damage to electrical plant or electrical line or meter, entry of distribution licensee or any person acting on his behalf for disconnecting supply and removing the meter, entry for replacing, altering or maintaining electric lines or electrical plants or meter and such other matters.

## 2.5 *Unregulated rural markets*

The licensing requirement does not apply in cases where a person intends to generate and distribute electricity in rural areas as notified by the state government. However, the supplier has to comply with the requirements specified by the CEA. In order to provide an impetus to rural electrification, Electricity Act, 2003 mandates formulation of national policies governing rural electrification and local distribution and rural off-grid supply including those based on renewable and other non-conventional energy sources. The concerned state and the central government shall jointly endeavor to provide access to electricity to all areas including villages and hamlets through rural electricity infrastructure and electrification of households.

The Central Government has also notified the Rural Electrification Policy.

***Certain key policies in relation to the power sector, are provided below:***

### *New Hydro Policy 2008*

The new hydro policy was passed by the Ministry of Power, Government of India in 2008. Some of the key features in the policy include allocation of sites for development of hydro electric power projects by the state governments, exemption to private developers from tariff-based bidding for a period up to January 2011 and structuring of tariff on cost plus basis. In order to enable the project developer to recover the cost incurred by him in obtaining the project site, a special incentive by way of up to 40 per cent of salable energy is permitted for trade as merchant sales.

Further, to infuse a regular stream of revenue aimed at providing income generation, welfare scheme and creation of infrastructure and common facilities on a sustained and continual basis, 1 per cent additional power above the existing 12 per cent free power will be provided exclusively for local area development for the benefit of project affected people. For a period of 10 years from the date of the commissioning of the project, 100 units of electricity per power project per month is required to be provided to each project affected family either in cash or kind or both

### *Mega Power Projects: Revised Policy Guidelines*

These guidelines were issued by the Ministry of Power, Government of India, in relation to setting up mega power projects of capacity 1,000 MW or more that supplies power to more than one state. The original guidelines passed on November 10, 1995 were amended in 2009. As per the revised guidelines, developers need to ensure a specified capacity of power, differing between states, to be generated from the power project to be granted mega power project status. Further, under the revised guidelines, fiscal concessions/benefits such as zero customs duty, income tax holidays and deemed export benefits were made applicable to companies that own the mega power projects subject to satisfying certain conditions. The Ministry has also brought in distribution reforms under the modified Mega Power Policy, according to which the power purchasing states have to given an undertaking that there shall be timely release of subsidy, timely approval of annual revenue requirement / tariff determination according to SERC regulations and special courts to tackle theft of electricity and ring fencing of state load dispatch centres.

In 2010, the Government of India approved certain changes in standard bidding documents to be used for all future Ultra Mega Power Projects (“UMPPs”). The bidding documents must contain a declaration that at any point of time, the bidding company, bidding consortium- including its parent, affiliate or ultimate parent- or any group company of all, or any of the above, will not have more than three UMPPs at pre-commissioning stage. Accordingly, a developer can bid for the next UMPP only after all the units of one of the three UMPPs have achieved COD. This condition would need to be met thirty days prior to the request for proposal (“RfP”) bid submission date as originally stipulated at the time of issuance of the RfP, irrespective of whether the RfP bid submission date is subsequently extended.

#### *Guidelines for Allocation of coal blocks/coal linkages for power sector*

These guidelines were issued by the Ministry of Power, Government of India, in 2007 in relation to facilitating the process of allotment of coal blocks /coal linkages for thermal power projects. These guidelines lay down the inter-se hierarchy in which projects would be accorded priority for allotment of coal blocks, for instance, the central public sector undertakings and the joint ventures between the central government and state government or between state governments. Further, the guidelines lay down the criteria for eligibility for coal blocks allotment. In 2009, the Ministry of Coal issued an official memorandum regarding the methodology for allocating coal linkage for 12<sup>th</sup> Plan projects in view of the shortage of coal in comparison to the number of power projects proposed for commissioning, by prescribing a set of priorities and pre-qualifications for the same. Certain pre-qualifications for projects with unit size less than 200 MW was amended in 2011.

#### *Tariff based Competitive-bidding Guidelines for Transmission Service, 2006*

The Ministry of Power issued the Guidelines for Encouraging Competition in Development of Transmission Projects on April 13, 2006 and the Tariff based Competitive-bidding Guidelines for Transmission Service, 2006 (collectively the “**TBCB Guidelines**”) on April 17, 2006, framed under the provisions of Section 63 of the Electricity Act, 2003. The TBCB Guidelines apply to procurement of transmission services for transmission of electricity through tariff based competitive bidding. The TBCB Guidelines aim at promoting, among other things, competitive procurement of transmission services, transparency and fairness in procurement processes and to encourage private investment in transmission lines.

The TBCB Guidelines provide that a Bid Process Coordinator, (“**BPC**”), would be responsible for coordinating the bid process for procurement of required transmission services. For procurement of transmission services, required for any inter-state transmission projects, the Central Government shall notify any Central Government Organization/ Central Public Sector Undertaking or its wholly owned subsidiary (special purpose vehicle) to be the BPC and for intra-state transmission, the appropriate State Government may notify any organization/state public sector undertaking especially engaged for this purpose by the appropriate state government or BPC notified by the Central Government to be the BPC for the state. For procurement of transmission services, the BPC may, at its option, either adopt a two-stage process featuring separate request for qualification and request for proposal or adopt a single stage two envelope tender process combining both.

The successful bidder shall seek transmission license from the appropriate regulatory commission, if it is not a deemed licensee. Upon obtaining such license the bidder shall be designated as the transmission service provider and shall take up execution of the transmission scheme.

#### *Gas Allocation Policy*

The Gas Allocation Policy was enacted in 2008 by the Ministry of Petroleum and Natural Gas, Government of India to ensure that natural gas is utilised in the most optimal manner. Under the Gas Allocation Policy, priority among allocation is provided to (1) existing fertilizer and urea plants (2) LPG based plants as it is a clean fuel (3) existing gas based power plants (4) natural gas based plants (5) replacement of liquid fuel by natural gas. The policy further elaborates that once the gas demand from existing units has been satisfied, the gas should be utilised in the following order of priority for greenfield expansion: fertilisers plants, petrochemical plants, city gas distribution, refineries and power plants.

#### *Solar Power Policy 2009*



The Government of Gujarat introduced the Solar Power Policy in 2009, to promote solar power as an additional and alternative source of energy. The policy is slated to remain in operation till March 31, 2014. Upon fulfilment of minimum financial and technical criteria, a company will be eligible for setting up solar power generators (“SPG”) and shall become eligible for incentives declared under the policy for a period of twenty five years from the date of commissioning or for the life span of the SPGs, whichever is earlier. During the operative period of the Policy, a maximum of 500 MW SPG shall be allowed for installation.

### **3. Roles of key organisations and players**

#### **3.1 *Central and State Governments***

The Electricity Act, 2003 reserves a significant involvement of the central government in the functioning of the power sector. It has been assigned a number of duties, including planning and policy formulation, rule making, appointing, establishing, designating authority, prescribing duties and other tasks, funding, and issuing directions.

The central government designates a CTU and establishes the National Load Dispatch Centre (“NLDC”), Regional Load Dispatch Centers (“RLDC”), the Appellate Tribunal for Electricity, the Coordination Forum, and the Regulators’ Forum. It has the power to vest the property of a CTU in a company or companies and decides on the jurisdiction of benches of the Appellate Tribunal. It prescribes the duties and functions of the CEA, NLDC and RLDC, and can make rules on a wide range of areas. It also has the power to amend the schedule of States where reform legislation continues to be applicable.

The Central Government provides loans and grants to the CERC and decides on other sources of funds for the CERC. It decides how the CERC should spend all its revenues and specifies the manner the accounts should be maintained. The CERC is required to send its audited accounts to the Central Government.

The Central Government is also responsible for: a) specifying additional requirements for granting license to more than one distribution licensee in the same geographical area; b) providing no-objection certificates for granting license if the service area includes central government installations such as cantonment, aerodrome, defence area; c) demarcating the country into transmission regions for the purpose of inter-state transmission; d) issuing guidelines for transparent bidding process; e) approving the salary and benefits of the employees of the CEA, CERC and the Appellate Tribunal; f) referring cases to the Appellate Tribunal for removal of members on the ground of misbehaviour; and g) prescribing the procedures for inquiry into misbehaviour by members.

The State Government exercises appointing, designating powers, provides funds and makes rules notifications, among others. It appoints the members of the SERC, including the chairman and approves the terms and conditions of appointment of the secretary to the SERC and other staff, and can remove or suspend a member of the SERC. It is also responsible for constituting the selection committee for appointing members of SERC. It establishes the State Load Disptach Centre (“SLDC”), notifies the STU, vests property of STU in companies, draws up reorganization of the SEB through acquiring its assets and re-vests it through a transfer scheme. It can also transfer employees through a transfer scheme. It is empowered to constitute special courts, and state coordination forum. The state government creates the SERC fund and can provide loans or grants for the running of the SERC. It decides how the SERC should utilize the fund and how it should maintain accounts. The State Government can also provide subsidies to consumers, but Electricity Act, 2003 requires it to compensate the licensee in advance by the amount of loss expected to be suffered by the licensee in implementing the subsidies. The State Government notifies rural areas where exemption of license conditions would apply and issues directions to the SERC on public interest issues.

#### **3.2 *Central Electricity Authority***

The CEA was created under the Electricity Supply Act and the Electricity Act, 2003 retains the agency, although it has been relegated to a consultative role. There was some overlap of duties and power between the CERC and the CEA earlier, which Electricity Act, 2003 has removed. The technical clearance required for power projects under the provisions of the Electricity Supply Act has been eliminated, except in cases of hydro projects above a certain capital investment.

### 3.3 *Commissions*

Electricity Act, 2003 retains the two-level regulatory system for the power sector which was established under the ERC Act and the various state reform legislations. At the Central level, the CERC would be responsible for regulating tariff of generating stations owned by the Central Government, or those involved in generating or supplying in more than one states, and regulating inter-state transmission of electricity. The State Electricity Regulatory Commissions on the other hand regulate intra-state transmission and supply of electricity within the jurisdiction of each state. The CERC and the SERCs are to be guided by the National Electricity Policy, Tariff Policy, 2006 and the National Electricity Plan while discharging their functions under Electricity Act, 2003. The Commissions are also to be guided by any direction given by the Central Government for CERC or the state government for the SERC pertaining to any policy involving public interest. The decision of the government is final and non-challengeable with respect to the question that whether directions pertain to policy involving public interest or not. The Commissions have been entrusted with a variety of functions including determining tariff, granting licensees, settling disputes between the generating companies and the licensees. The Commissions are a quasi-judicial authority with powers of a civil court and an appeal against the orders of the Commissions would lie to the Appellate Tribunal.

### 3.4 *Appellate Tribunal*

Under the earlier electricity legislations, the High Courts in the respective State was the appellate authority against orders that are passed by the SERC. Under Electricity Act, 2003, the Appellate Tribunal has been set up to as an appellate body against orders of the Commissions or adjudicating officers in settling disputes. No civil court has any jurisdiction over a matter which the Appellate Authority is empowered to determine under the Electricity Act, 2003. The Appellate Tribunal has the power to summon, enforce attendance, require discovery and production of documents, receive evidence and review decisions. The orders of the Appellate Tribunal are executable as decrees of a civil court. Appeals against the orders of the Appellate Tribunal lie with the Supreme Court of India.

### 3.5 *Load dispatch centres*

Electricity Act, 2003 has created a three-tier load dispatching system, namely a NLDC, RLDC and SLDC. The load dispatch centres are now separate government companies and they cannot participate in trading or generation of electricity.

### 3.6 *Special courts*

To try offences like theft of electricity or electrical lines and equipment, Electricity Act, 2003 empowers the State Governments to establish special courts with single judges for certain area or areas.

### 3.7 *Ombudsman for grievance redressal*

The distribution licensee shall set up a grievance redressal system following the guidelines of the SERC. Any consumer aggrieved by non-redressing of grievances can refer the case to an Ombudsman which has been set up in few states by the SERC. The Ombudsman is to settle the grievance of the consumer within such time and in such manner as specified by the SERC.

### 3.8 *Coordination Forum and Forum of Regulators*

The forum has been constituted by the central government by way of a notification dated February 19, 2008 issued by the Ministry of Power for the smooth and coordinated development of the power system in the country. Some state governments have constituted coordination forums for the state to ensure smooth and coordinated development of the power system in the state. The Central Government has formulated rules to coordinate the formation and functions of this forum.

### 3.9 *Enforcement Agencies*

#### *Assessing Officer*

Electricity Act, 2003 provides for provisional assessment of dues payable by a person who benefits from unauthorized use of electricity, by an Assessing Officer of the State Government, or State Electricity Board or a licensee designated by the State Government. No civil court has any jurisdiction

over a matter which the Assessing Officer is empowered to determine under the Electricity Act, 2003.

#### *Appellate Authority*

Electricity Act, 2003 provides for an appeal to be filed within 30 days from a final order by an Assessing Officer to the Appellate.

#### *Investigating Authority*

The Commissions may, upon being satisfied of a failure by the generating company/licensee to comply with the provisions of the Electricity Act, 2003 or the license, direct any person to investigate the affairs of and undertake inspection of the generating company/licensee and report to the Commission after which the Commission may direct the generating company/licensee to take such action as may be necessary.

#### *Electrical Inspector*

In the event of an accident in connection with the generation, transmission, distribution or supply of electricity or in case of use of electrical lines or electrical plant which is likely to cause injury to human being or animal, on receipt of a complaint, the appropriate government may require an Electrical Inspector to inquire and report as to the cause of the accident and the manner and extent to which the provisions of the Electricity Act, 2003 have been complied with. The Electrical Inspector is vested with the powers of a civil court under the Civil Procedure Code, 1908 for enforcing the attendance of witnesses and compelling the production of documents and material objects.

#### *Adjudicating Officer*

A member of the Commission may be appointed as an Adjudicating Officer to hold enquiry as prescribed by the Government. A civil court has no jurisdiction in respect of matters, which the Adjudicating Officer has the power to determine.

## **4. Tariff-related provisions**

### **4.1 Tariff principles**

Electricity Act, 2003 has introduced significant changes in terms of tariff principles. Earlier, the rate of return regulation as prescribed in the Sixth Schedule of the Electricity Supply Act was the basis of for tariff determination, which was done by the State Electricity Boards. Even in the case of state reform acts, this Sixth Schedule was retained as the basis. The present act has done away with that provision.

The Electricity Act, 2003 casts a duty on the Commissions to be guided by the following while determining tariff:

- the principles and methodologies specified by the CERC for determination of the tariff applicable to generating companies and licensees;
- generation, transmission, distribution and supply of electricity are conducted on commercial principles;
- the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;
- safeguarding consumers interest and also ensure recovery of the cost of electricity in a reasonable manner;
- incorporate principles which reward efficiency in performance;
- multi year tariff principles;
- that the tariff progressively reflects the cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Appropriate Commission;

- the promotion of co-generation and generation of electricity from renewable sources of energy; and
- the National Electricity Policy and Tariff Policy.

It is to be noted that unlike the ERC Act, the Commissions have not been expressly permitted to depart from the tariff determining factors set out above. Further, under the Electricity Act, 2003, the appropriate Commission is also required to adopt any tariff determined by competitive bidding process.

The Tariff Policy, 2006 states that multi-year tariff framework will have to be adopted for any tariff from April 1, 2006. The framework should feature a five year control period although the initial control period may be three years. This would minimise risks for utilities and consumers, promote efficiency and appropriate reduction of system losses and attract investments and would also bring greater practicability to system losses.

The Tariff Policy, 2006 also envisaged introduction of Availability Based Tariff (“**ABT**”) in all states by April 2006. Some States have commenced implementing the ABT mechanism in stages.

## 5. **Consumer protection: Standards of performance**

The appropriate Commission as defined under the Electricity Act, 2003, can set standards of performance of each licensee or a class of licensees after consulting the licensees and the affected parties. A licensee failing to meet the performance standards may have to pay compensation or may be prosecuted as determined by the appropriate Commission. The penalty is payable within 90 days of the decision. The standards of performance can be different for different licensees. The licensees are required to submit information about their performance to the appropriate Commission and the appropriate Commission shall arrange to publish them at least once a year.

### ***Other Regulations***

#### ***Foreign Investment Regulations***

The industrial policy was formulated in 1991 to implement the Government’s liberalisation program and consequently industrial policy reforms relaxed industrial licensing requirements and restrictions on foreign investment.

Under India’s Consolidated FDI Policy, effective from April 5, 2013, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI, as amended, foreign direct investment in companies associated with electricity is under the 100% automatic route, requiring no approval from the FIPB.

#### ***Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the “2013 Act”)***

On August 29, 2013, the Lok Sabha passed the “Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill, 2013” (the “**Bill**”) which seeks to repeal the Land Acquisition Act, 1894 (the “**1894 Act**”). The Rajya Sabha ratified the Bill on September 4, 2013 with four government amendments which were accepted, necessitating the Bill to be returned to the Lok Sabha for its consideration. The President gave his assent to it on September 26, 2013.

The framing of appropriate rules and notification of the 2013 Act, are awaited the following are some of the key regulations in relation to the 2013 Act.

The 2013 seeks to provide fair compensation, thorough resettlement and rehabilitation of those affected, adequate safeguards for their well-being and complete transparency in the process of land acquisition, at the same time facilitating land acquisition for industrialization, infrastructure and urbanization projects.

The Government may acquire land for its own use, including for public sector undertakings and for a public purpose, which has been defined to include strategic purposes for armed forces and for infrastructure projects. In addition, the Government may also acquire lands for public private partnership (“**PPP**”) projects or for private companies, provided the acquisition is for a public purpose.

Compensation payable to the affected families is up to four times of the market value of lands acquired in rural areas, and twice the market value of lands acquired in urban areas. Market value will be the higher of:

- (a) market value, if any, specified in the Indian Stamp Act, 1899;
- (b) average sale price for similar type of land situated in nearby areas; or
- (c) consented amount of compensation in case of acquisition of lands for private companies or for PPP projects.

A new section has also been inserted to provide for additional compensation if an affected family is displaced twice.

### ***Fiscal Regulations***

Under the Foreign Trade (Development and Regulation) Act, 1992, the central government is empowered to periodically formulate the Export Import Policy (EXIM Policy) and amend it thereafter whenever it deems fit. All exports and imports would have to be in compliance to such EXIM Policy.

### ***Environmental Laws***

The Environment (Protection) Act, 1986 (“**EPA**”) vests the GoI with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution, including the power to prescribe standards for emission of environmental pollutants or handling of hazardous substances, inspection of any premises, plant, equipment or machinery, and examination of manufacturing processes and materials likely to cause pollution. There are also provisions with respect to furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts. The MoEF has issued notifications under the EPA in 1994, 1999 and 2006 (collectively, the “**EIA Notifications**”), prescribing the procedure with respect to environmental impact assessment for the commencement, expansion or modernization of industrial or mining operations. While the EPA and the EIA notifications do not generally require environmental clearance to be obtained for electrification and laying of new transmission lines, such environmental clearance is mandated in respect of certain areas of Aravali Range in the districts of Alwar in Rajasthan and Gurgaon and Mewat in Haryana, pursuant to a notification dated May 7, 1992 issued by the MoEF.

Penalties for violation of the EPA includes fine up to ₹ 0.10 million or imprisonment of up to five years or both. Further, in case operations involve clearance of forest land, the Forest (Conservation) Act, 1980, as amended (“**Forest Conservation Act**”) requires prior clearance of the GoI, through the MoEF. The penalties for non-compliance under the EPA and the Forest Conservation Act range from closure or prohibition of operations as well as monetary penalties on and imprisonment of the persons in charge of the conduct of the business of the company.

### ***Labour Laws***

#### ***The Industrial Disputes Act, 1947***

The Industrial Disputes Act, 1947 (“**ID Act**”) provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or board of conciliation and by an order prohibit the continuance of any strike or lock-out in connection with such dispute which may be in existence on the date of reference. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment, reinstatement of workmen and awarding costs. The ID Act specifies that the tribunals and labour courts shall have the powers of a civil court in respect of enforcement of their decrees. The ID Act also provides workmen direct access to labour courts or tribunals in case of individual disputes relating to termination of services and prescribes a procedure for the voluntary reference of disputes (existing or apprehended) by the employer and workmen to arbitration. Further, establishments having 20 or more workmen are required to constitute a grievance settlement machinery, consisting of equal number of members from the employer and the workmen, for the resolution of disputed arising out of individual grievances.

Depending upon the nature of the activity undertaken by us, additional applicable labour laws and regulations include the following:

- The Employee's Compensation Act, 1923;
- The Payment of Bonus Act, 1965;
- The Employees' State Insurance Act, 1948;
- The Minimum Wages Act, 1948;
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952; and
- The Contract Labour (Regulation and Abolition) Act, 1970.

### ***Price Mechanism***

The Electricity Act 2003 provides protection for projects selected through competitive bidding and requires the appropriate Commission to adopt tariffs as determined through the bidding process. Any risk that appropriate Commission will not adhere to adopted tariffs in terms of signed PPA's would then be passed on to projects which have adopted the Memorandum of Understanding ("MoU") route.

### ***Modes of participation in power projects***

The Government of India announced major policy reforms in October 1991 widening the scope of private sector participation in power generation. A particularly significant aspect of the policy was the notification on the two-part tariff guidelines, which set out principles of tariff competition from private power sector companies. The two modes of participating in power projects are the MoU route and the Bidding route.

The initial batch of private sector power projects were awarded generally on the basis of negotiation between the SEB and a single developer.

### ***MoU Route***

The cost determination under the MOU route usually involves, among others:

1. Determination of receivables of capital cost. The capital costs are required to be approved by a CEA, Government of India;
2. Approval of interest rates and local & foreign debt;
3. Finalizing the term of loans and/or or other debt;
4. Finalizing the extent of foreign exchange protection;
5. Fixing operating parameters within the prescribed ceilings;
6. Identifying deemed generation provisions;
7. Evaluating the extent of despatchability;.
8. Evaluating the level of incentive payments;
9. Identifying change in law in terms of tax or any other matter;
10. Identifying the extent of working capital permissible;
11. Evaluating the premium on fuel prices for assured supply;
12. Identifying fuel supply and transportation risk and issues;
13. Evaluating escalations in operation and maintenance and insurance expenses permissible;

14. Evaluating the extent of maintenance of spares permissible; and
15. Rebates in respect of prompt payment.

The MoU route with a cost plus approach was initially adopted to attract investment. However, there were several complexities in calculating the above costs despite the capital cost of the project being frozen by the CEA.

Gradually, the government adopted a tariff based bidding process. The concept of bidding is discussed below.

#### *Bid Route*

Bidding is essentially based on bulk power tariff structure. The tariff structure recommends bid evaluation on the basis of levelised tariff for fixed cost components, escalable and non-escalable costs and certain operational parameters such as heat rate, auxiliary consumption, among others.

Under the bid route, the IPP sells its entire capacity and output to SEBs / Distribution Companies (“DISCOMS”) and does not trade directly. The revenue from operations of IPPs under the bid route is broken up into two streams:

1. the fixed or capacity charge covering the payment received by the IPP for the generating capacity available to the SEB (irrespective of actual dispatch by SEB). This fixed or capacity charge also comprises components in respect of foreign exchange risk;
2. the variable or energy charge, which comprises the fuel cost for the electricity generated and purchased by the SEB at actuals. The fuel cost is calculated on the heat rate over the life of the power project and the cost of the fuel.

In 2012, the Ministry of Power issued guidelines for short term (for a period less than or equal to one year) procurement of power by distribution licensees through tariff based bidding process under section 63 of the Electricity Act, 2003, with the objective of promoting competitive procurement of electricity for short term demand, reduce power purchase bill of DISCOMS etc.

Under the Electricity Act, 2003, as there is no licensing requirement for electricity, there are no restrictions on private participation in generation. The Ministry of Power has specified competitive bidding guidelines on January 19, 2005, and all competitive bidding is regulated by these guidelines. The guidelines provide for the procurement of electricity separately for base load requirements and peak load requirements. These guidelines were further amended on March 30, 2006, August 18, 2006, September 27, 2007 and March 27, 2009 respectively.

The Tariff Policy, states that all future requirements of power would be competitively acquired by distribution licensees except in cases of expansion of existing projects or where there is a State controlled/ owned company. Even for public sector companies it has been held that tariff of all new generation and transmission projects should be decided on the basis of competitive bidding after a period of five years. Pursuant to the notification dated March 31, 2008 the Central Electricity Regulatory Commission has notified rates for the purpose of bid evaluation and payment.

## 6. **Laws and Regulations regulating the Coal Mining Industry in Indonesia**

Mining activities in Indonesia are generally governed by the Law on Mineral and Coal Mining of 2009 (“**Mining Law 2009**”), which replaced Mining Law No. 11, 1967 concerning Basic Mining Provision (“**Mining Law 1967**”).

The Mining Law 2009 was enacted on January 12, 2009. Pursuant to its enactment, the Central Government implemented several regulations. They are as follows: (i) Government Regulation No. 22, 2010 concerning mining areas (“**Government Regulation No. 22**”); (ii) Government Regulation No. 23, 2010 (“**Government Regulation No. 23**”) concerning coal mining operations (as amended by Government Regulation No. 24, 2012 (“**Government Regulation No. 24**”); (iii) Government Regulation No. 55, 2010 concerning the development and supervision of the management of mineral and coal mining businesses in Indonesia (“**Government Regulation No. 55**”); and (iv) Government Regulation No. 78, 2010 concerning reclamation and post-mining matters (“**Government Regulation**

**No. 78**”). The Mining Law 2009 classified several minerals, *inter alia*, coal, as an important non-renewable resource crucial for the development of Indonesia’s economy, therefore declaring that the management of coal will be controlled by the government of Indonesia. Authorization for coal mining will be granted by the central government and/or relevant local government authorities, depending on the geographical coverage of the mine and its infrastructure. The Mining Law 2009 also provided that all Coal Cooperation Agreements (“**CCA**”) which later came to be referred as Coal Contract of Work (“**CCOW**”) entered into pursuant to the Mining Law 1967 remain in force until the expiration of such agreements.

The Mining Law 2009 also stipulated that such agreements must be amended, modified or adjusted accordingly to comply with the Mining Law 2009 no later than January 12, 2010. Provisions relating to state revenue are not subjected to this requirement. The Mining Law 2009 further provided that no form of contractual based concessions will be provided for new mining projects. Based on the foregoing, an extension of a CCOW will be in the form of a Mining Business Permit (*Izin Usaha Pertambangan*). Further, Government Regulation No. 24 stipulates that a Mining Business Permit for a foreign investment company (*Penanaman Modal Asing* – “**PMA**”) will be issued by the Ministry of Energy and Mineral Resources (“**MEMR**”).

Government Regulation No. 23 provides that Mining Business Permits must be obtained prior to commencement of mining activities. There are two types of Mining Permits, (i) mining permits for general survey, exploration, and feasibility study of coal mining; and (ii) mining permits for the construction, mining, processing, refining and transport and sales of coal.

#### *Divestment Obligation*

Government Regulation No. 24 stipulates a mandatory divestment by foreign investors within five years after the fifth anniversary of production. Mining business permit licence holders or special mining business permit licence holders with foreign ownership are obliged to divest shares to Indonesians so that at least fifty-one (51) percent of the shares are held by an Indonesian participant. An Indonesian participant includes the Government of Indonesia, a regional government, state-owned enterprises, regional-owned enterprises (*Badan Usaha Milik Daerah* or BUMD), or Indonesian wholly owned companies.

Government Regulation No. 22 provides that an area shall be classified as a *Wilayah Pertambangan* (“**Mining Area**”) if research and surveys indicate the area has potentially huge reserves and resources of coal.

### **MINING SERVICES REGULATION**

Pursuant to Article 127 of the Mining Law 2009 which provides for the implementation of mineral and coal mining services businesses in Indonesia, the MEMR issued Regulation No. 28 of 2009 concerning mineral and coal mining services businesses as amended by MEMR Regulation No. 24 of 2012 (collectively, “**Regulation No. 28**”), repealing the Decree of the Minister of Mining and Energy No. 423/Kpts/M/Pertamb/1972 as amended by Decree No. 536.K/201/M.PE/1995 on mining service companies, with the exception of oil and gas companies.

Regulation No. 28, provides, *inter alia*, that any party who wishes to conduct mining services activities in Indonesia must obtain the approval of the MEMR, the governor, the regent and/or the mayor (as the case may be). Upon obtaining the approval, the *Ijin Usaha Jasa Pertambangan* (Mining Services Business Licence), shall be issued.

Regulation No. 28 prohibits Mining Permit holders from including their subsidiaries and/or affiliates in participating in the mining services sector which they as principals operate in. This prohibition can be overcome subject to the approval of the Director General of Mineral, Coal and Geothermal, on behalf of the MEMR, permitting the same.

Likewise, all mining companies in possession of mining business permits are required to use local or national mining services companies. Where local and/or national mining services companies are unavailable, these mining companies may engage foreign mining services contractors (“**Foreign Contractors**”), in so far as they are legal entities permitted to conduct business operations in Indonesia.



Regulation No. 28 restricts Mining Business Permit holders from receiving benefits (for example in the form of fees) for work performed by Foreign Contractors.

Pursuant to Regulation No. 28, all agreements entered into between mining business permit holders and contractors before the enactment of this regulation were required to comply with the requirements of Regulation No. 28 by September 30, 2009.

#### **DETERMINATION OF COAL PRICE**

MEMR Regulation No. 17 Year 2010 relating to the procedures to determine the mineral and coal mining sales benchmark price (“**Regulation No. 17**”) was enacted to regulate and determine the benchmark sales price of thermal coal and coking coal based on a formula that makes reference to the average index of coal in accordance with market mechanisms and the generally accepted price of coal traded in the international market. Regulation No. 17 also stipulates that mining companies in possession of the production operation mining permit and special mining permit are mandatorily required to submit a report of the sale of coal produced every month to the Director General, the governor, the regent or the mayor, as the case may be.

#### **DOMESTIC MARKET OBLIGATION (“DMO”)**

MEMR Regulation No. 34 Year 2009 relating to prioritization of minerals and coal domestic needs (“**Regulation No. 34**”) was enacted to provide for the prioritization of mineral and coal supply for the domestic needs of Indonesia. Regulation No. 34 provides that coal (including various other minerals) producers in Indonesia must give priority to Indonesia’s domestic market.

#### **MINING BUSINESS PERMIT AREAS**

Coal exploration mining permit holders are allocated mining permit areas for an area between 5,000 hectares to 50,000 hectares, while the production operation mining permit holders are given mining business permit areas for an area of up to 15,000 hectares.

#### **ENVIRONMENTAL REGULATIONS**

Environmental protection in Indonesia is governed by various laws, regulations and decrees including the following key legislative instruments:

- Law No. 32 of 2009 on Protection and Management of Environment (“**Environmental Law No. 32**”);
- Government Regulation No. 27 of 2012 on the Environmental Licenses (“**Government Regulation No. 27**”);
- State Minister of the Environment Regulation No. 5 of 2012 which provides for the types of businesses, plans and/or activities which are subject to the Environmental Impact Assessment (*Analisa Mengenai Dampak Lingkungan – “AMDAL”*) (“**Regulation No. 5**”);
- MEMR No. 1453K/29/MEM/2000 which provides for the technical guidelines relating to the organization’s and government’s obligations in mining (“**Decree 1453**”);
- MEMR Decree No. 1457K/28/MEM/2000 which provides for the technical guidelines for environmental management in the mining and energy sectors (“**Decree 1457**”); and
- the MEMR Regulation No. 18 of 2008 governing mine reclamations and closures.

## OTHER REGULATIONS RELATING TO MINING OPERATIONS

Other relevant regulations governing mining operations in Indonesia are as follows:

- regulations on the use of underground water and technical guidelines for controlling air pollution arising from immobile resources;
- under Law No. 40 of 2007 regarding Limited Liability Companies, any company in Indonesia that engages in the business of natural resources or in a business or activities relating to natural resources must meet its corporate social responsibility requirements. Government Regulation No. 47 of 2012 further deals with the corporate social responsibility for companies who explore and exploit natural resources;
- for CCOW holders, the relevant CCOWs usually contain provisions on the type of community development that the relevant company must engage in;
- Regulation of the Minister of Transportation No. PM.51 of 2011 concerning Special Purpose Terminals (*Terminal Khusus*) and Terminals for Personal Use (*Terminal Untuk Kepentingan Sendiri*); and
- Decree of the Minister of Mining and Energy No. 555.K/26/M.PE/1995 on General Mining Occupational Safety and Health (“**Decree No. 555**”) and Regulation of the Chief of the Indonesian National Police No. 2 2008 on Supervision, Control and Safety of Commercial Explosives which governs the storage and use of explosives within the mining industry.

## OCCUPATIONAL HEALTH AND SAFETY (“OHS”) STANDARDS REGULATIONS

Indonesia has an extensive OHS framework. The main law on OHS is the Work Safety Act (Law No. 1 of 1970) (“**WSA**”) which regulates all workplaces and emphasises prevention of accidents.

Government Regulation No. 50 of 2012 regarding OHS Management System (“**Government Regulation No. 30**”) stipulates that any company employing 100 employees or more, or containing harmful potential issues which may cause occupational accidents which are detrimental to people, disruption of production process and contamination to the working environment is obliged to implement an OHS management system (“**OHS-MS**”). Endorsed by the Government, a systematic audit must be conducted by an independent auditor to evaluate the implementation of the OHS-MS.

The Manpower Act (Law No. 13 of 2003) also refers to the OHS-MS, and stipulates that every worker has the right to receive protection against safety and health hazards, protection against immorality and indecency, and treatment that shows respect to human dignity and religious values. It also stipulates that every enterprise must apply an OHS-MS which is to be integrated into the enterprise’s management system.

According to the WSA, the Ministry of Manpower and Transmigration is responsible for establishing the national OHS policy to ensure universal and smooth implementation in Indonesia. The establishment of OHS committees is meant to improve the OHS enforcement and implementation at the enterprise level. All companies must have an OHS committee.

OHS regulations are also administered and enforced by the MEMR under Decree No. 555.

## HISTORY AND CORPORATE STRUCTURE

### Our History

Our Company was originally incorporated on October 10, 1996 as a private unlimited company by the name Tanir Bavi Power Company under the Companies Act 1956. On December 10, 1997, our status was changed to a private limited company, pursuant to which our name was changed to Tanir Bavi Power Company Private Limited. Further, on September 29, 2003, our name was changed from Tanir Bavi Power Company Private Limited to GMR Energy Private Limited. Pursuant to a resolution passed by our shareholders on August 20, 2003 our Company was converted into a public limited company as GMR Energy Limited and a fresh certificate of incorporation was issued on September 30, 2003.

### Change in Registered Office

The registered office of our Company was originally located at Bharath Apartments, No. 44, Race Course Road, Bangalore 560 001. Pursuant to a resolution of our Board dated January 3, 1997, the registered office of our Company was changed to 336, 'Vinayaka', 14<sup>th</sup> Main Road, Rajmahal Vilas Extension, Bangalore 560 080. Thereafter, pursuant to a resolution of our Board dated June 20, 1998, the registered office of our Company was shifted to Skip House, 25/1, Museum Road, Bangalore 560 025 for operational convenience.

### Key Events and Milestones

Year	Key Events, Milestones and Achievements
September 1996	Signing of power purchase agreement with Tamil Nadu Electricity Board for Chennai power plant
December 1998	Commercial operation of Chennai power plant
June 2001	Commercial operation of Mangalore power plant
June 2003	Signing of power purchase agreement with Andhra Pradesh Central Power Distribution Corporation Limited for Vemagiri power plant
December 2003	Financial closure of Vemagiri power plant
October 2005	Signing of project development agreement with Government of Uttarakhand for Alaknanda hydro project
June 2006	Signing of MoU with Government of Orissa for 1050 MW Kamalanga thermal power project
September 2006	Commercial operation of Vemagiri power plant
September 2006	Signing of power purchase agreement with Grid Corporation of Orissa Limited for up to 25% power sent out from the Kamalanga power plant
January 2007	Signing of memorandum of agreement with Government of Arunachal Pradesh for Talong hydro project
June 2007	Signing of power purchase agreement with PTC India Limited for 787.5MW -Kamalanga power plant
July 2007	Allotment of Bajoli Holi Hydro Power Project by the Government of Himachal Pradesh
January 2008	Acquisition of 80% stake in Himtal Hydro Power Company Private Limited, Nepal
January 2008	Signing of memorandum of understanding with the Government of Nepal for the 300 MW Upper Karnali hydroelectric power project
February 2009	Acquisition of 100.00% stake in PT BSL, an Indonesian holding company thereby acquiring interest in coal mines situated in Indonesia
February 2009	Acquisition of 16.08% stake in Homeland Energy Group Limited, South Africa
May 2009	Financial closure of Kamalanga power plant
March 2010	Signing of power purchase agreement with Maharashtra State Electricity Distribution Company Limited for supply of 200MW from EMCO Energy Limited
March 2010	Financial closure for EMCO power plant at Maharashtra - 300MW (Unit-1)
April 2010	Relocation of barge from Mangalore to Kakinada, Andhra Pradesh
September 2010	Financial closure for GMR Rajahmundry Project-768MW
October 2010	Signing of power purchase agreement with Gujarat Urja Vikas Nigam Limited for 25MW Solar power Allocation of 25MW solar power
December 2010	Financial closure for Chhattisgarh Thermal Power Project-1370 MW
November 2011	Signing of power purchase agreement with Bihar State Electricity Board for 260 MW for Kamalanga power plant
January 2011	Signing of power purchase agreement with Chhattisgarh State Power Trading Company Limited for 35% of power supply from Chhattisgarh power plant

Year	Key Events, Milestones and Achievements
June 2011	Financial closure for Gujarat Solar Power Project - 25MW
September/October 2011	Financial closure for Maru and Aravali transmission projects in Rajasthan
August 2011	Acquisition of 28.5% stake in PT Golden Energy Mines
February 2012	Receipt of mega power status for Kamalanga power plant
March 2012	Commercial operation of GMR solar project at Gujarat - 25MW
February 2013	Signing of fuel supply agreement by EMCO power plant with South Eastern Coalfields Limited for Unit-1
March 2013	Tie-up of 200 MW for EMCO power plant with Dadra and Nagar Haveli Electricity Department for a period of seven years and three months
March 2013	Commercial operation of EMCO project at Maharashtra - 300MW (Unit-1)
March 2013	Signing of fuel supply agreement by GMR Kamalanga Energy Limited with MCL for firm linkage
April 2013	Financial closure for Bajoli Holi hydro project
April 2013	Commercial operation for Kamalanga power plant-350MW (Unit-1)
August 2013	Signing of fuel supply agreement by EMCO with SECL for Unit-2
August 2013	Signing of fuel supply agreement by GMR Kamalanga Energy Limited with MCL for tapering linkage
September 2013	Commercial operation of EMCO power plant- 300 MW (Unit-2)
November 2013	Commercial operation of Kamalanga power plant -350 MW (Unit-2)
November 2013	Tie up of 150 MW for EMCO with TANGEDCO for a period of 15 years
March 2014	Commercial operation of 350 MW (unit-3) for Kamalanga power plant

#### Awards and Accreditations

Year	Award
2000	GMR Power Corporation Private Limited, one of our Subsidiaries has been awarded the Dr. M. S. Swaminathan Foundation Award for Environment Protection as an appreciation for establishing the sewage treatment unit which can treat up to 7,200 cubic metres of sewage per day to produce up to 4,200 cubic meters of fresh water for use of the power plant
2010	GMR Vemagiri Power Generation Limited, one of our Subsidiaries won the “National Energy Conservation Award” by CEA given in recognition of the energy conservation measures taken by GVPGL in 2010
2011	GMR Vemagiri Power Generation Limited won the “Innovative Environmental Project” award at the CII Environmental Best Practices Award 2011 organised by Bureau of Energy Efficiency
2012	Appreciation letter from Government of Gujarat Energy & Petrochemicals Department for outstanding contribution as a Solar Power Project Developer in the State of Gujarat dated April 19, 2012

#### Main Objects

Our main objects enable us to carry on our current business and also the business proposed to be carried on by us. The main objects of our Company as contained in our Memorandum of Association are as follows:

- To carry on business of generators, procurers, suppliers, distributors, transformers, converters, manufacturers, processors, developers, transmitters, producers, storers, carriers, importers and exporters and dealers in electricity (including products derived from or connected with any form of energy), including without limitation thermal (based on coal/gas), solar, hydro, wind, tidal, geo-thermal biological and any other form of energy that may be permitted by official policy, any product or by-product derived from any such business (including without limitation steam, heat and ash) under conditions of direct ownership or through its affiliate, associate or subsidiary.*
- To carry on any business of procurers, suppliers, distributors, converters, producers, developers, storers, processors, miners, extractors, explorers and importers of any raw materials, including without limitation hydrocarbon fuels (coal, lignite gas etc.) fuel handling equipments and machinery and fuel handling facilities (inter alia setting up of feeders roads, rail heads, barrages, dams etc.) and any product or by product etc. derived from any such business including without limitation natural gas in liquified or vaporised form and distillate fuel oil under conditions of direct ownership or through its affiliate, associate, franchisee, licensee or subsidiary companies.*

3. *To promote, own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, carry on, control, take on hire/lease power plants, co-generation power plants, energy conservation projects, power houses and distribution systems for generation, distribution and supply of electrical energy and buy, sell, supply exchange, market, function as a licensee and deal in electrical power, energy to the State Electricity Board, State Government, Appropriate Authorities, licensees, specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Boards and any other competent authority in accordance with the provisions of India Electricity Act, 1910 and/or Electricity (Supply) Act, 1948 or any statutory modifications or re-enactment thereof and rules made thereunder and elsewhere in the world*
4. *To establish captive power plants on a co-operative basis for a group of industrial and other consumers and supply power to the participants in the cooperative effort either directly or through the distribution lines of the State Electricity Boards or other authorities by entering into appropriate arrangements.*
5. *To carry on the business of a general electric power supply company in all its branches and to construct, lay down, establish, fix and carryout all necessary power stations, cables, wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, streets, docks, industries, markets, theatres, buildings and all other places, both private and public.*
6. *To provide consultancy services and conduct feasibility studies for governments and public utilities concerning integrated resource management plans, least cost power plans, efficient distribution system, energy conservation potential, renewable energy potential, pollution control, environmental impact statements, power plant feasibility studies, and for all other related business.*
7.
  - a. *To carry on the business of purchase and sale of all forms of electrical power, both conventional and non-conventional, and also to supply, import and export or otherwise deal in all forms of electrical energy in all respects.*
  - b. *To plan, promote and take up necessary developmental work for the power sector, purchase power from generating companies and trade in an optimal manner.*
  - c. *To plan promote, develop and establish an efficient, reliable power trading and distribution system, policies and procedures*
  - d. *To engage in business of purchasing, procuring, selling, importing, exporting and trading all forms of electric power and ancillary services on commercial basis either individually or on joint venture basis.*
8. *To undertake development and execution of Infrastructure projects through bidding or in any other manner, whether independently or otherwise, for the purpose of carrying on the business of Design, Construction, Development, Financing, Investment in, Operation and Maintenance of various infrastructure projects / facilities like roads, culverts, highways, expressway, including fly-overs, bus and truck terminals, subways, convention centers, airports, sea ports, inland water ways, inland ports and rail system etc on Build Operate-Transfer basis(BOT) or BOT (Annuity) or both the basis or on Build-Own-Operate- Transfer (BOOT) basis or on Build-Own-Lease- Transfer (BOLT) basis or any other basis.*
9.
  - a. *To carry on the business of transmission of all form of electrical power both conventional and non-conventional.*
  - b. *To build, maintain and operate an efficient, co-ordinated and economical inter-state transmission system or intra-state transmission system as may be required.*
  - c. *To engage in the business of transmission of all forms of electrical power and ancillary services on commercial basis either individually or on joint venture basis.*
10. *To carry on in India and elsewhere in the world, the business or businesses of surveying, prospecting, drilling and exploring for, acquiring, developing, producing, maintaining, refining, storing, trading, supplying, transporting, marketing, distributing, importing, exporting and generally dealing in minerals and other natural oils, petroleum and all other forms of solid, liquid and gaseous hydro carbons and*

*other minerals and their products and by-products and all their branches.*

#### **Amendments to Memorandum of Association**

<b>Date</b>	<b>Nature of Amendment</b>
January 9, 2000	Increase in authorised capital from ₹ 10 million comprising one million Equity Shares of ₹ 10 each to ₹ 2,700 million comprising 270 million Equity Shares of ₹ 10 each
September 11, 2001	Increase in authorised capital from ₹ 2,700 million comprising 270 million Equity Shares of ₹ 10 each to ₹ 2,790 million comprising 279 million Equity Shares of ₹ 10 each
March 11, 2004	Increase in authorised capital from ₹ 2,790 million comprising 279 million Equity Shares of ₹ 10 each to ₹ 3,290 million comprising 329 million Equity Shares of ₹ 10 each
March 11, 2004	Insertion of clause 7 of the Main Objects Clause, which states as follows: <ul style="list-style-type: none"> <li>a. <i>To carry on the business of purchase and sale of all forms of electrical power, both conventional and non-conventional, and also to supply, import and export or otherwise deal in all forms of electrical energy in all respects</i></li> <li>b. <i>To plan, promote and take up necessary developmental work for the power sector, purchase power from generating companies and trade in an optimal manner</i></li> <li>c. <i>To plan promote, develop and establish an efficient, reliable power trading and distribution system, policies and procedures</i></li> <li>d. <i>To engage in business of purchasing, procuring, selling, importing, exporting and trading all forms of electric power and ancillary services on commercial basis either individually or on joint venture basis</i></li> </ul>
July 18, 2005	Insertion of clause 8 of the Main Objects Clause, which states as follows: <p><i>“To undertake development and execution of Infrastructure projects through bidding or in any other manner, whether independently or otherwise, for the purpose of carrying on the business of Design, Construction, Development, Financing, Investment in, Operation and Maintenance of various infrastructure projects / facilities like roads, culverts, highways, expressway, including fly-overs, bus and truck terminals, sub-ways, convention centers, airports, sea ports, inland water ways, inland ports and rail system etc on Build Operate-Transfer basis(BOT) or BOT (Annuity) or both the basis or on Build-Own-Operate- Transfer (BOOT) basis or on Build-Own-Lease- Transfer (BOLT) basis or any other basis”</i></p>
June 9, 2006	Increase in authorised capital from ₹ 3,290 million comprising 329 million Equity Shares of ₹ 10 each to ₹ 4,290 million comprising 329 million Equity Shares of ₹ 10 each and 100 million preference shares of ₹ 10 each
June 9, 2006	Insertion of clause 9 of the Main Objects Clause, which states as follows: <ul style="list-style-type: none"> <li>a. <i>To carry on the business of transmission of all form of electrical power both conventional and non-conventional</i></li> <li>b. <i>To build, maintain and operate an efficient, co-ordinated and economical inter-state transmission system or intra-state transmission system as may be required</i></li> <li>c. <i>To engage in the business of transmission of all forms of electrical power and ancillary services on commercial basis either individually or on joint venture basis</i></li> </ul>
January 23, 2008	Increase in authorised capital from ₹ 4,290 million comprising 329 million Equity Shares of ₹ 10 each and 100 million preference shares of ₹ 10 each to ₹ 7,500 million comprising of 650 million equity shares of ₹ 10 each and 100 million preference shares of ₹ 10 each

Date	Nature of Amendment
February 16, 2008	<p>Insertion of clause 10 of the Main Objects Clause, which states as follows:</p> <p><i>To carry on in India and elsewhere in the world, the business or businesses of surveying, prospecting, drilling and exploring for, acquiring, developing, producing, maintaining, refining, storing, trading, supplying, transporting, marketing, distributing, importing, exporting and generally dealing in minerals and other natural oils, petroleum and all other forms of solid, liquid and gaseous hydro carbons and other minerals and their products and by-products and all their branches</i></p>
February 16, 2008	Increase in authorised capital from ₹ 7,500 million comprising 650 million Equity Shares of ₹ 10 each and 100 million preference shares of ₹ 10 each to ₹ 10,000 million comprising of 900 million Equity Shares of ₹ 10 each and 100 million preference shares of ₹ 10 each
March 25, 2008	Increase in authorised capital from ₹ 10,000 million comprising 900 million Equity Shares of ₹ 10 each and 100 million preference shares of ₹ 10 each to ₹ 14,000 million comprising of 900 million Equity Shares of ₹ 10 each and 500 million preference shares of ₹ 10 each
November 13, 2008	Increase in authorised capital from ₹ 14,000 million comprising of 900 million Equity Shares of ₹ 10 each and 500 million preference shares of ₹ 10 each to ₹ 16,000 million comprising of 900 million Equity Shares of ₹ 10 each and 700 million preference shares of ₹ 10 each
February 19, 2009	Increase in authorised capital from ₹ 16,000 million comprising of 900 million Equity Shares of ₹ 10 each and 700 million preference shares of ₹ 10 each to ₹ 18,000 million comprising of 900 million Equity Shares of ₹ 10 each and 900 million preference shares of ₹ 10 each
April 19, 2010	The authorized share capital of our Company of ₹ 18,000 million divided into 900 million equity shares of ₹ 10 each and 900 million preference shares of ₹ 10 each was re-classified to ₹ 18,000 million divided into 900 million equity shares of ₹ 10 each, 600 million preference shares of ₹ 10 each and 3 million preference shares of ₹ 1,000 each
April 19, 2010	Increase in authorized capital from ₹ 18,000 million divided into 900 million equity shares of ₹ 10 each, 600 million preference shares of ₹ 10 each and 3 million preference shares of ₹ 1,000 each to ₹ 25,000 million divided into 900 million equity shares of ₹ 10 each, 600 million preference shares of ₹ 10 each and 10 million preference shares of ₹ 1,000 each
June 28, 2010	Increase in authorized share capital from ₹ 25,000 million divided into 900 million Equity shares of ₹ 10 each, 600 million preference shares of ₹ 10 each and 10 million preference shares of ₹ 1,000 each to ₹ 29,000 million divided into 900 million equity shares of ₹ 10 each, 600 million preference shares of ₹ 10 each and 14 million preference shares of ₹ 1,000 each
July 3, 2012	Increase in authorised share capital from ₹ 29,000 million divided into 900 million equity shares of ₹ 10 each, 600 million preference shares of ₹ 10 each and 14 million preference shares of ₹ 1,000 each, was increased to ₹ 31,000 million divided into 900 million equity shares of ₹ 10 each, 800 million preference shares of ₹ 10 each and 14 million preference shares of ₹ 1,000 each
July 15, 2013	Increase in authorised share capital of ₹ 31,000 million divided into 900 million equity shares of ₹ 10 each, 800 million preference shares of ₹ 10 each and 14 million preference shares of ₹ 1,000 each, was increased to ₹ 38,500 million divided into 1,650 million equity shares of ₹ 10 each, 800 million preference shares of ₹ 10 each and 14 million preference shares of ₹ 1,000 each
December 6, 2013	<p>Alteration of objects clause of the Memorandum of Association of the Company by replacing the Sub Clause 3 of Clause III-A with the following Clause:</p> <p><i>“To promote, own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, carry on, control, take on hire/lease power plants, co-generation power plants, energy conservation projects, power houses and distribution systems for generation, distribution and supply of electrical energy and buy, sell, supply exchange, market, function as a licensee and deal in electrical power, energy to the State Electricity Board, State Government, Appropriate Authorities, licensees, specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Boards and any other competent authority in accordance with the provisions of India Electricity Act, 1910 and/or Electricity (Supply) Act, 1948 or any statutory modifications or re-enactment thereof and rules made thereunder, and elsewhere in</i></p>

Date	Nature of Amendment
	<i>the world</i> "
March 12, 2014	Reclassification of the Authorized Share Capital to ₹ 38,500 million divided into 1,650 million Equity shares of ₹ 10 each and 772.50 million Preference shares of ₹ 10 each and 14.275 million Preference shares of ₹ 1000 each
March 22, 2014	Reclassification of Authorised Share Capital to ₹ 38,500 million divided into 2,250 million Equity shares of ₹ 10 each and 172.5 million Preference shares of ₹ 10 each and 14.275 million Preference shares of ₹ 1000 (Rupees One Thousand only) each
March 27, 2014	Increase of authorized share capital from ₹ 38,500 million divided into 1,650 million equity shares of ₹ 10 each, 800 million preference shares of ₹ 10 each and 14 million preference shares of ₹ 1,000 each to ₹ 46,000 million divided into 3,000 million equity shares of ₹ 10 each and 172 million 500 thousand preference shares of ₹ 10 each and 14 million and 275 thousand Preference shares of ₹ 1000 each

### Other Details Regarding our Company

For details regarding the description of our activities, the growth of our Company, exports, technology, the standing of our Company with reference to the prominent competitors with reference to its products, management, major suppliers and customers, segment, capacity/facility creation, market capacity build-up, location of manufacturing facilities, marketing and competition, see “Our Business” and “Industry Overview” on page 147 and 124 respectively. There has been no lock-outs or strikes at any time in the Company and our Company is not operating under any injunction or restraining order.

For details regarding our management and its managerial competence, see “Our Management” on page 230.

For details regarding profits due to foreign operations, see “Financial Statements” on page F-1.

### Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, if any

Except as disclosed under “Our Business”, our Company has neither acquired any entity, business or undertakings nor has undertaken any mergers, amalgamation or revaluation of assets.

### Capital raising activities through equity and debt

Except as mentioned in “Capital Structure” on page 85, our Company has not raised capital through equity. For details on our debt facilities of our Company, see “Financial Indebtedness” on page 302.

### Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

There have been no defaults with financial institutions in respect of our current borrowings from lenders. For details in relation to rescheduling of borrowings from our current lenders see “Financial Indebtedness” on page 302. Except as disclosed in “Capital Structure” on page 85, in relation to conversion of loans to equity shares, none of our outstanding loans have been converted into equity shares.

### Time and cost overruns

Except as described under “Risk Factors” and “Our Business” on page 17 and 147 respectively, there has been no time and cost overruns in the development or construction of any of our projects.

### Changes in the activities of our Company during the last five years

There has been no change in the activities of our Company during the last five years which may have had a material effect on the profit/loss account of our Company including discontinuance of line of business, loss of agencies or markets and similar factors.

### Our Shareholders

Our Company has 15 Shareholders as of the date of this Draft Red Herring Prospectus. For further details regarding our Shareholders, see “Capital Structure” on page 85.



## Strategic or Financial Partners

For further details regarding our strategic partners, see “Our Business” on page 147.

## Holding Company

For details of our holding Company, see “Our Promoters” on page 244.

## Shareholder Agreements

### *Share Subscription and Shareholders Agreement dated April 9, 2010 and Amendment Agreement dated May 24, 2010 between our Company, GMR Infrastructure Limited and Claymore Investments (Mauritius) Pte Limited*

Our Company issued and allotted 93,00,000 (Nine million Three Hundred Thousand) compulsorily convertible cumulative preference shares of the Company of face value of ₹ 1,000 (Rupees One Thousand) each (“**Investor CCPS**”) at par and convertible into equity shares in the manner set out in the Agreement, for an aggregate consideration of ₹ 9,300 million.

This agreement requires that the Investor CCPS be converted into equity shares on the occurrence of earlier of: (i) a Qualified Institutional Placement Offering (“**QIPO**”) on the terms and conditions as stipulated in this agreement and as approved by the board but seven days before the filing of the DRHP/RHP with SEBI or such other date as permitted under law; (ii) exercise of put option right by the Investor; and (iii) in the event that the investor has not exercised its put option right and GIL has not exercised its call option right under the Agreement by the expiry of 6 (six) months from the date after 5 years of closing date as stated in the Agreement, but in any case prior to the expiry of twenty (20) years from the closing date.

The Agreement provides certain rights to the investor up to the date of the QIPO including *inter alia* tag along rights, right of first offer, right of first refusal, information rights, anti-dilution rights, further issuance of shares, right to nominate 1 (one) director to the Board as long as Investor continues to hold 5% of the issued and paid-up equity share capital in the Company and certain other corporate matters related rights and affirmative voting rights in relation to certain matters such as IPO of the Company’s shares, changes in capital structure of the Company and its Subsidiaries and amendment of its charter documents

Our Company and GIL are required to provide an exit to the investors as stated in the agreement. Under this agreement, all the rights of the investor or their affiliates, nominees, transferees other than those provided in the Agreement including tag-along rights, indemnity, information rights, claw-back rights shall lapse on the occurrence of a QIPO.

Each party is required to maintain confidentiality of the terms of this agreement and not disclose any such terms unless required under applicable law with prompt written notice to the other parties.

### *Share Subscription & Shareholder Agreement dated June 3, 2010 between GMR Infrastructure Limited, IDFC Private Equity Fund III, IDFC Investment Advisors Limited, Infrastructure Development Finance Company Limited, Argonaut Ventures, Ascent Capital Advisors India Private Limited and GMR Energy Limited and Amendment Agreement dated March 31, 2011*

Our Company issued and allotted 4,650,000 (Four million six hundred and fifty thousand) compulsorily convertible cumulative preference shares of the Company of face value of ₹ 1,000 (Rupees One Thousand) each at par and convertible into equity shares in the manner set out in the agreement, for an aggregate consideration of ₹ 4,650 million (“**Investor CCPS**”) and 1,000 equity shares of face value of ₹ 10 each to IDFC PE Fund III (“**IDFC Equity Shares**”). IDFC PE Fund III was the lead investor.

The Agreement required that the Investor CCPS be converted into equity shares on the occurrence of earlier of (i) a Qualified Institutional Placement Offering (“**QIPO**”) on the terms and conditions as stipulated in this agreement and as approved by the board but seven days before the filing of the DRHP/RHP with SEBI or such other date as permitted under law; (ii) exercise of put option right by Investors; and (iii) in the event that the investors had not exercised their put option right and GIL hasnot exercised its call option right under the

agreement by the expiry of 6 (six) months from the date after 5 years of closing date as stated in the Agreement, but in any case prior to the expiry of twenty (20) years from the closing date.

Under the terms of the Agreement, GIL shall, at all times, hold 51% of the equity share capital of our Company on a fully diluted basis assuming the Investor CCPS are converted on the basis of fair valuation of the Company. GIL has agreed not to pledge, hypothecate or create any encumbrance on more than 49% of its shares without the prior consent of the investors.

However, subsequent to the amendment agreement dated March 31, 2011, GIL was not permitted to make any further changes to the shareholding of or transfer the shareholdings of such companies as detailed in the amendment agreement without the prior written consent of the Investors.

This agreement provides certain rights to the investor prior to the QIPO including *inter alia* tag along rights, right of first offer, right of first refusal, information rights, anti-dilution rights, further issuance of shares, right to nominate 1 (one) director to the Board as long as the investor continues to hold 5% of the issued and paid-up equity share capital in the Company and certain other corporate matters related rights and affirmative voting rights in relation to certain matters such as IPO of the Company's shares, changes in capital structure of the Company and its Subsidiaries and amendment of its charter documents.

Our Company and GIL are required to provide an exit to the investors either through a QIPO, a put option, a drag along right or a claw-back right. Under the Agreement, all the rights of the Investor or their affiliates, nominees, transferees other than those provided in the Agreement including tag-along rights, indemnity, information rights, claw-back rights shall lapse on the occurrence of a QIPO.

Each party shall maintain confidentiality of the terms of this agreement and shall not disclose any such terms unless required under applicable law with prompt written notice to the other parties.

For further details on the terms of the Agreement refer to the Articles of the Company. Also the Agreement shall be a material document available for inspection at the registered office of the Company.

***Amended and Restated Share Subscription and Shareholders Agreement dated February 21 2014 entered into among the Company, GIL, Claymore Investments (Mauritius) Pte Ltd, GMR Power Infra Limited, GMR Renewable Energy Limited, Dhruvi Securities Private Limited, GMR Infrastructure (Mauritius) Limited, GMR Infrastructure (Cyprus) Limited, GMR Infrastructure (Global) Limited, GMR Energy (Global) Limited and GMR Energy Projects (Mauritius) Limited.***

Claymore Investments (Mauritius) Pte Ltd, a Foreign Venture Capital Investor as defined under the SEBI (Venture Capital Fund) Regulations, 1996, had, in June 2010, subscribed to 9,300,000 (Nine Million Three Hundred Thousand) compulsorily convertible cumulative preference shares in the Company (the “**Investor Securities**” for the purpose of this agreement). The parties had, in February 2014, agreed to split the Investor Securities into Portion A Securities and Portion B Securities of 4,650,000 (Four Million Six Hundred and Fifty Thousand) Investor Securities each. GMR Renewable Energy Limited has purchased Portion A Securities for an aggregate consideration of Rs 7.88 billion. This agreement has been entered into to amend and restate the shareholders agreement dated April 9, 2010 and the supplemental agreement dated March 31, 2011 between the parties, and governs the Portion B Securities held by Claymore Investments (Mauritius) Pte Limited.

This agreement provides that the portion of the Portion B Securities to be sold in the offer for sale (“**OFS**”) in the initial public offering (“**IPO**”) of the Company (“**OFS Portion B Securities**”) shall be converted into equity shares prior to the filing of the Draft Red Herring Prospectus. The remaining portion of the Portion B Securities (“**Remaining Portion B Securities**”) will be converted prior to the filing of the Red Herring Prospectus at a price which is specified in this agreement. Depending on the lower end of the price band (or a valuation of the Company at Rs. 60,100 million, which is applicable if lower than the lower end of the price band and if the IPO is occurring post 12 months from November 29, 2013), the number of equity shares to be issued to Claymore Investments (Mauritius) Pte Ltd on conversion of the Remaining Portion B Securities may vary. In the event that the converted Portion B Securities provide Claymore Investment (Mauritius) Pte Ltd with an amount less than Rs. 8.28 billion (such amount calculated as the aggregate value of the converted shares sold by Claymore Investments (Mauritius) Pte Ltd as part of the OFS and the value of the balance converted shares, both arrived at using the actual price at which equity shares are issued to subscribers in the IPO), the shortfall shall be made good by the Promoter Group. Further, in the event of the IPO being completed within 12 months from November 29, 2013, if the converted Portion B Securities provide Claymore Investment (Mauritius) Pte Ltd with an amount

in excess Rs. 8.28 billion (such amount calculated as the aggregate value of the converted shares sold by Claymore Investments (Mauritius) Pte Ltd as part of the OFS and the value of the balance converted shares, both arrived at using the actual price at which equity shares are issued to subscribers in the IPO), the excess amount shall be transferred to the Promoter Group by Claymore Investment (Mauritius) Pte Ltd.

944,251 (Nine Hundred Forty Four Two Hundred Fifty One) Portion B Securities held by Claymore Investments (Mauritius) Pte Ltd have been converted into equity shares at a price per share of Rs. 12.16 (Rupees Twelve Sixteen Paise) into 77,652,220 (Seventy Seven Million Six Hundred Fifty Two Thousand Two Hundred Twenty) equity shares of the Company, on account of Claymore Investments (Mauritius) Pte Ltd's intended participation in the OFS of the Company. The Remaining Portion B Securities held by Claymore Investments (Mauritius) Pte Ltd have not been converted into equity shares as on the date of this Draft Red Herring Prospectus.

In the event that the IPO does not take place within 24 months from November 29, 2013, or if the right to an accelerated exit (described below) is available to Claymore Investments (Mauritius) Pte Ltd, then Claymore Investments (Mauritius) Pte Ltd will have the right to convert such Remaining Portion B Securities into equity shares so as to enable the exercise of its corresponding exit rights under this agreement.

Further, Claymore Investments (Mauritius) Pte Ltd may at anytime convert such Remaining Portion B Securities into equity shares so as to enable the exercise of its tag along rights and other exit rights under this agreement.

This agreement places restrictions on the transfer of promoter shares by the Promoter Group. The Promoter Group has agreed that it shall at all times hold at least 51% of the equity share capital of the Company on a fully diluted basis. The Promoter Group covenants to not pledge, hypothecate or create any encumbrance over more than 49% of its shares in the Company without the prior consent of Claymore Investments (Mauritius) Pte Ltd.

This agreement also provides certain rights to Claymore Investments (Mauritius) Pte Ltd. These rights, which are exercisable until the occurrence and consummation of the IPO, include the following rights:

1. Tag Along Rights: where the Promoter Group proposes to sell shares held in the Company to a third party purchaser, Claymore Investments (Mauritius) Pte Ltd shall have the right to require the third party purchaser to purchase such number of shares held by Claymore Investments (Mauritius) Pte Ltd in the Company, as is provided in the agreement.
2. Information Rights: Claymore Investments (Mauritius) Pte Ltd shall have the right to be delivered audited and unaudited financial statements, management reports, material updates on the business of the Company and all other information as may be required by Claymore Investments (Mauritius) Pte Ltd and permissible under applicable law.
3. Anti-Dilution Rights: Claymore Investments (Mauritius) Pte Ltd has the right to subscribe to all further issuances of equity shares by the Company, pro-rata with all the other shareholders of the Company, so as to maintain its shareholding on a fully diluted basis.
4. Right to Dividend: Claymore Investments (Mauritius) Pte Ltd is entitled to receive the same amount of dividend on the Portion B Securities at all times as would be payable to an equity shareholder of the Company.
5. Removal of Officers: Right to seek removal of the chief financial officer and chief executive officer of the Company.
6. Board Representation: Right to nominate 1 director to the Board, which is conditional upon a minimum shareholding in the Company of 5%.
7. Affirmative Voting Rights: affirmative voting rights are available on certain corporate matters including matters such as rights issues, changes in capital structure of the Company and its Subsidiaries and amendment of its charter documents.
8. Issue of GIL Shares: where the volume weighted average price of the equity shares of GIL exceeds Rs.40/- for the immediately preceding month, Claymore Investments (Mauritius) Pte Ltd shall have the right to sell its Portion B Securities to GIL or its nominee, and be issued equity shares of GIL at the minimum price prescribed under the relevant SEBI regulations.
9. Accelerated Exit: where there is a change in control of GIL, or a debt payment default by the Company as defined in the agreement, Claymore Investments (Mauritius) Pte Ltd shall have certain exit rights, including the right to sell all the Portion B Securities to GIL or its nominee, and be issued GIL shares at the minimum statutory price.
10. Corporate Debt Restructuring: the Promoter Group and the Company shall require the consent of Claymore Investments (Mauritius) Pte Ltd prior to entering into any corporate debt restructuring of the Company.

The Company and the Promoter Group have agreed to provide an exit to Claymore Investments (Mauritius) Pte Ltd through an IPO within 30 months from November 29, 2013. If the IPO has not been consummated within 24 months from November 29, 2013, the Company and the Promoter Group shall provide an alternative exit to Claymore Investments (Mauritius) Pte Ltd. However, if an IPO is consummated after the expiry of 24 months but before 30 months from November 29, 2013, Claymore Investments (Mauritius) Pte Ltd will be entitled to an exit only through the IPO and to the exclusion of all other exit rights under the agreement.

All the rights available to Claymore Investments (Mauritius) Pte Ltd under the agreement (excluding the right to board representation and indemnification rights to the extent that any claims have accrued prior to the IPO) shall lapse on the occurrence of an IPO.

#### **Summary of Share Purchase Agreements**

***Share Purchase Agreement dated February 21, 2014 entered into among Claymore Investments (Mauritius) Pte Ltd as the seller, GMR Renewable Energy Limited as the Purchaser and our Company.***

The seller had subscribed to 9,300,000 (Nine Million Three Hundred Thousand) compulsorily convertible preference shares (the “**Investor Securities**”) in the Company. The Investor Shares have been divided into Portion A Securities and Portion B Securities of 4,650,000 (Four Million Six Hundred and Fifty Thousand) compulsorily convertible preference shares each. The purchaser has purchased the Portion A Securities for an aggregate consideration from the seller in accordance with the terms of this agreement.

***Amended and Restated Share Subscription and Shareholders Agreement dated February 21 2014 entered into among the Company, GIL, IDFC Investment Advisors Limited, IDFC Private Equity Fund III (the “Lead Investor”), GMR Power Infra Limited, GMR Renewable Energy Limited, Dhruvi Securities Private Limited, GMR Infrastructure (Mauritius) Limited, GMR Infrastructure (Cyprus) Limited, GMR Infrastructure (Global) Limited, GMR Energy (Global) Limited and GMR Energy Projects (Mauritius) Limited.***

IDFC Investment Advisors Limited had, in July 2010, subscribed to 500,000 (Five Hundred Thousand) compulsorily convertible cumulative preference shares of the Company (the “**Investor Securities**” for the purpose of this agreement). The parties had, in February 2014, agreed to split the Investor Securities into Portion A Securities and Portion B Securities of 250,000 (Two Hundred and Fifty Thousand) Investor Securities each. This agreement has been entered into to amend and restate the shareholders agreement dated June 3, 2010 and the supplemental agreement dated March 31, 2011 between the parties, and governs the Portion B Securities held by IDFC Investment Advisors Limited.

This agreement provides that the portion of the Portion B Securities to be sold in the offer for sale (“**OFS**”) in the initial public offering (“**IPO**”) of the Company (“**OFS Portion B Securities**”) shall be converted into equity shares prior to the filing of the Draft Red Herring Prospectus. The remaining portion of the Portion B Securities (“**Remaining Portion B Securities**”) will be converted prior to the filing of the Red Herring Prospectus at a price which is specified in this agreement. Depending on the lower end of the price band (or a valuation of the Company at Rs. 60,100 million, which is applicable if lower than the lower end of the price band and if the IPO is occurring post 12 months from November 29, 2013), the number of equity shares issued to IDFC Investment Advisors Limited on conversion of the Remaining Portion B Securities may vary. In the event that the converted Portion B Securities provide IDFC Investment Advisors Limited with an overall value which is less than Rs. 438.87 million (such amount calculated as the aggregate value of the converted shares sold by IDFC Investment Advisors Limited as part of the OFS and the value of the balance converted shares, both arrived at using the actual price at which equity shares are issued to subscribers in the IPO), the shortfall shall be made good by the Promoter Group. Further, in the event of the IPO being completed within 12 months from November 29, 2013, if the converted Portion B Securities provide IDFC Investment Advisors Limited with an overall value which is in excess of Rs. 438.87 million (such amount calculated as the aggregate value of the converted shares sold by IDFC Investment Advisors Limited as part of the OFS and the value of the balance converted shares, both arrived at using the actual price at which equity shares are issued to subscribers in the IPO), the excess amount shall be transferred to the Promoter Group by IDFC Investment Advisors Limited.

50,012 (Fifty Thousand Twelve) Investor Securities held by IDFC Investment Advisors Limited have been converted into equity shares at a price per share of Rs. 12.16 (Rupees Twelve Sixteen Paise), into 4,112,828 (Four Million One Hundred Twelve Thousand Eight Hundred Twenty Eight) equity shares of the Company, on account of IDFC Investment Advisors Limited’s intended participation in the OFS of the Company. The

Remaining Portion B Securities held by IDFC Investment Advisors Limited have not been converted into equity shares as on the date of this Draft Red Herring Prospectus.

The agreement also provides that immediately after the bid/issue effective date of an IPO, but in any event prior to the date of allotment, IDFC Investment Advisors Limited shall initiate formalities as regards the transfer of all or part of its holding to the beneficiaries/investors who have entered into a portfolio management services agreement with IDFC Investment Advisors Limited. Adequate disclosures are required to be made in the RHP to be filed with SEBI and the RoC as IDFC Investment Advisors Limited holding and its proposal transfer such holding to the beneficiaries/investors.

In the event that the IPO does not take place within 24 months from November 29, 2013, or if the right to an accelerated exit (described below) is available to IDFC Investment Advisors Limited, then IDFC Investment Advisors Limited will have the right to convert such Remaining Portion B Securities into equity shares so as to enable the exercise of its corresponding exit rights under this agreement.

Further, IDFC Investment Advisors Limited may at anytime convert such Remaining Portion B Securities into equity shares so as to enable the exercise of its tag along rights and other exit rights under this agreement.

This agreement places restrictions on the transfer of promoter shares by the Promoter Group. The Promoter Group has agreed that it shall at all times hold at least 51% of the equity share capital of the Company on a fully diluted basis. The Promoter Group covenants to not pledge, hypothecate or create any encumbrance over more than 49% of its shares in the Company without the prior consent of IDFC Investment Advisors Limited.

This agreement also provides certain rights to IDFC Investment Advisors Limited. These rights, which are exercisable until the occurrence and consummation of the IPO, include the following rights:

11. Tag Along Rights: where the Promoter Group proposes to sell shares held in the Company to a third party purchaser, IDFC Investment Advisors Limited shall have the right to require the third party purchaser to purchase such number of shares held by IDFC Investment Advisors Limited in the Company, as is provided in the agreement.
12. Information Rights: IDFC Investment Advisors Limited shall have the right to be delivered audited and unaudited financial statements, management reports, material updates on the business of the Company and all other information as may be required by IDFC Investment Advisors Limited and permissible under applicable law.
13. Anti-Dilution Rights: IDFC Investment Advisors Limited has the right to subscribe to all further issuances of equity shares by the Company, pro-rata with all the other shareholders of the Company, so as to maintain its shareholding on a fully diluted basis.
14. Right to Dividend: IDFC Investment Advisors Limited is entitled to receive the same amount of dividend on the Portion B Securities at all times as would be payable to an equity shareholder of the Company.
15. Removal of Officers: Right to seek removal of the chief financial officer and chief executive officer of the Company.
16. Board Representation: The Lead Investor has the right to nominate 1 director to the Board of the Company, on behalf of the IDFC Co-Investors (which includes IDFC Private Equity Fund III, IDFC Investment Advisors Limited, IDFC Limited, Ascent Capital Advisors India Private Limited and GKFF Capital), as long as the IDFC Co-Investors continue to hold 5% of the issued and paid-up equity share capital in the Company.
17. Affirmative Voting Rights: affirmative voting rights are available on certain corporate matters including matters such as rights issues, changes in capital structure of the Company and its Subsidiaries and amendment of its charter documents.
18. Accelerated Exit: where there is a change in control of GIL, or a debt payment default by the Company as defined in the agreement, IDFC Investment Advisors Limited shall have certain exit rights, including the right to sell all the Portion A Securities and Portion B Securities to the Promoter Group.
19. Corporate Debt Restructuring: the Promoter Group and the Company shall require the consent of IDFC Investment Advisors Limited prior to entering into any corporate debt restructuring of the Company.

The Company and the Promoter Group have agreed to provide an exit to IDFC Investment Advisors Limited through an IPO within 24 months from November 29, 2013. If by January 31, 2016, the IPO has not been

consummated and the equity shares have not commenced listing and trading, the IDFC Investment Advisors Limited shall be granted certain exit options for the Investor Securities pursuant to the terms of this agreement.

All the rights available to the IDFC Investment Advisors Limited under the agreement (excluding the right to board representation and indemnification rights to the extent that any claims have accrued prior to the IPO) shall lapse on the occurrence of an IPO.

*Amended and Restated Share Subscription and Shareholders Agreement dated February 21 2014 entered into among the Company, GIL, IDFC Private Equity Fund III, IDFC Limited, Ascent Capital Advisors India Private Limited, GKFF Capital, GMR Power Infra Limited, GMR Renewable Energy Limited, Dhruvi Securities Private Limited, GMR Infrastructure (Mauritius) Limited, GMR Infrastructure (Cyprus) Limited, GMR Infrastructure (Global) Limited, GMR Energy (Global) Limited and GMR Energy Projects (Mauritius) Limited.*

IDFC Private Equity Fund III, IDFC Limited, Ascent Capital Advisors India Private Limited and GKFF Ventures had, in July 2010, subscribed to 2,500,000 (Two Million Five Hundred Thousand), 500,000 (Five Hundred Thousand), 500,000 (Five Hundred Thousand) and 650,000 (Six Hundred Fifty Thousand) compulsorily convertible cumulative preference shares in the Company respectively. IDFC Private Equity Fund III, IDFC Limited and Ascent Capital Advisors India Private Limited had, in February 2014, agreed to split the compulsorily convertible cumulative preference shares held by them in the Company (collectively, the “**Investor Securities**”) into Portion A Securities and Portion B Securities of 12,50,000 (One Million Two Hundred Fifty Thousand), 250,000 (Two Hundred Fifty Thousand) and 250,000 (Two Hundred Fifty Thousand) Investor Securities each. GMR Renewable Energy Limited has purchased Portion A Securities for an aggregate consideration of Rs 2.93 billion. This agreement has been entered into to amend and restate the shareholders agreement dated June 3, 2010 and the supplemental agreement dated March 31, 2011 between the parties, and governs the Portion B Securities held by the IDFC Investors.

GKFF Ventures has sold the compulsorily convertible cumulative preference shares held by it in the Company to GMR Energy Projects (Mauritius) Limited vide the share purchase agreement dated February 21, 2014 entered into between GKFF Ventures and GMR Energy Projects (Mauritius) Limited. GKFF Capital has subscribed to 325,000 (Three Hundred Twenty Five Thousand) compulsorily convertible cumulative preference shares of the Company (“**GC Securities**”) vide the share subscription agreement dated February 21, 2014 entered into between GKFF Capital, the Company, GIL, GMR Renewable Energy Limited and GMR Energy Projects (Mauritius) Limited. IDFC Private Equity Fund III (the “**Lead Investor**”), IDFC Limited, Ascent Capital Advisors India Private Limited and GKFF Capital are collectively referred to as the IDFC Investors, and the Investor Securities and the GC Securities collectively form the Portion B Securities.

This agreement provides that the portion of the Portion B Securities to be sold in the offer for sale (“**OFS**”) in the initial public offering (“**IPO**”) of the Company (“**OFS Portion B Securities**”) shall be converted into equity shares prior to the filing of the Draft Red Herring Prospectus. The remaining portion of the Portion B Securities (“**Remaining Portion B Securities**”) will be converted prior to the filing of the Red Herring Prospectus at a price which is specified in this agreement. Depending on the lower end of the price band (or a valuation of the Company at Rs. 60,100 million, which is applicable if lower than the lower end of the price band and if the IPO is occurring post 12 months from November 29, 2013), the number of equity shares to be issued to each of the IDFC Investors on conversion of the Remaining Portion B Securities may vary. In the event that the converted Portion B Securities provide the IDFC Investors with an amount less than Rs. 3.64 billion (such amount calculated as the aggregate value of the converted shares sold by the IDFC Investors as part of the OFS and the value of the balance converted shares, both arrived at using the actual price at which equity shares are issued to subscribers in the IPO), the shortfall shall be made good by the Promoter Group. Further, in the event of the IPO being completed within 12 months from November 29, 2013, if the converted Portion B Securities provide the IDFC Investors with an overall value which is in excess of Rs. 3.64 billion (such amount calculated as the aggregate value of the converted shares sold by the IDFC Investors as part of the OFS and the value of the balance converted shares, both arrived at using the actual price at which equity shares are issued to subscribers in the IPO), the excess amount shall be transferred to the Promoter Group by the IDFC Investors.

250,060 (Two Hundred Fifty Thousand Sixty) Portion B Securities held by IDFC Private Equity Fund III, 50,012 (Fifty Thousand Twelve) Portion B Securities held by IDFC Limited and 50,012 (Fifty Thousand Twelve) Portion B Securities held by Ascent Capital Advisors India Private Limited have been converted into equity shares at a price per share of Rs. 12.16 (Rupees Twelve Sixteen Paise) into 20,564,144 (Twenty Million Five Hundred Sixty Four Thousand One Hundred Forty Four) equity shares, 4,112,828 (Four Million One Hundred

Twelve Thousand Eight Hundred Twenty Eight) equity shares and 4,112,828 (Four Million One Hundred Twelve Thousand Eight Hundred Twenty Eight) equity shares respectively, on account of the IDFC Investors' intended participation in the OFS of the Company. The Remaining Portion B securities held by the IDFC Investors have not been converted into equity shares as on the date of this Draft Red Herring Prospectus.

In the event that the IPO does not take place within 24 months from November 29, 2013, or if the right to an accelerated exit (described below) is available to IDFC Investors, then the IDFC Investors will have the right to convert such Remaining Portion B Securities into equity shares so as to enable the exercise of its corresponding exit rights under this agreement.

Further, the IDFC Investors may at anytime convert such Remaining Portion B Securities into equity shares so as to enable the exercise of its tag along rights and other exit rights under this agreement.

This agreement places restrictions on the transfer of promoter shares by the Promoter Group. The Promoter Group has agreed that it shall at all times hold at least 51% of the equity share capital of the Company on a fully diluted basis. The Promoter Group covenants to not pledge, hypothecate or create any encumbrance over more than 49% of its shares in the Company without the prior consent of the IDFC Investors.

This agreement also provides certain rights to the IDFC Investors. These rights, which are exercisable until the occurrence and consummation of the IPO, include the following rights:

1. Tag Along Rights: where the Promoter Group proposes to sell shares held in the Company to a third party purchaser, the IDFC Investors shall have the right to require the third party purchaser to purchase such number of shares held by the IDFC Investors in the Company, as is provided in the agreement.
2. Information Rights: the IDFC Investors shall have the right to be delivered audited and unaudited financial statements, management reports, material updates on the business of the Company and all other information as may be required by the IDFC Investors and permissible under applicable law.
3. Anti-Dilution Rights: the IDFC Investors have the right to subscribe to all further issuances of equity shares by the Company, pro-rata with all the other shareholders of the Company, so as to maintain its shareholding on a fully diluted basis.
4. Right to Dividend: the IDFC Investors are entitled to receive the same amount of dividend on the Portion B Securities at all times as would be payable to an equity shareholder of the Company.
5. Removal of Officers: the IDFC Investors have the right to seek removal of the chief financial officer and chief executive officer of the Company.
6. Board Representation: the IDFC Investors have the right to nominate 1 director to the Board, which is conditional upon a minimum shareholding in the Company of 5%.
7. Affirmative Voting Rights: affirmative voting rights are available to the IDFC Investors on certain corporate matters including matters such as rights issues, changes in capital structure of the Company and its Subsidiaries and amendment of its charter documents.
8. Issue of GIL Shares: where the volume weighted average price of the equity shares of GIL exceeds Rs.40/- for the immediately preceding month, the IDFC Investors shall have the right to sell its Portion B Securities to GIL or its nominee, and be issued equity shares of GIL at the minimum price prescribed under the relevant SEBI regulations.
9. Accelerated Exit: where there is a change in control of GIL, or a debt payment default by the Company as defined in the agreement, the IDFC Investors shall have certain exit rights, including the right to sell all the Portion B Securities to GIL or its nominee, and be issued GIL shares at the minimum statutory price.
10. Corporate Debt Restructuring: the Promoter Group and the Company shall require the consent of the IDFC Investors prior to entering into any corporate debt restructuring of the Company.

The Company and the Promoter Group have agreed to provide an exit to the IDFC Investors through an IPO within 30 months from November 29, 2013. If the IPO has not been consummated within 24 months from November 29, 2013, the Company and the Promoter Group shall provide an alternative exit to the IDFC Investors. However, if an IPO is consummated after the expiry of 24 months but before 30 months from November 29, 2013, the IDFC Investors will be entitled to an exit only through the IPO and to the exclusion of all other exit rights under the agreement.

All the rights available to the IDFC Investors under the agreement (excluding the right to board representation and indemnification rights to the extent that any claims have accrued prior to the IPO) shall lapse on the occurrence of an IPO.

**Summary of Share Purchase Agreements and Share Subscription Agreements:**

***Share Subscription Agreement dated February 21, 2014 entered into among the Company, GIL, GKFF Capital as the Investor, GMR Renewable Energy and GMR Energy Projects (Mauritius) Limited.***

This agreement records the subscription to 325,000 (Three Hundred Twenty Five Thousand) compulsorily convertible cumulative preference shares of the Company of a face value of 1000 (Rupees One Thousand Only) by the investor on a preferential allotment basis.

***Share Purchase Agreement dated February 21, 2014 entered into among GMR Renewable Energy as the purchaser, IDFC Private Equity Fund III, IDFC Limited, Premier Edu- Infra Solutions (together as the sellers) and the Company.***

The purchaser has purchased the respective Portion A Securities held by IDFC Private Equity Fund III, IDFC Limited and Premier Edu-Infra Solutions for an aggregate consideration from the sellers in accordance with the terms of this agreement.

***Share Purchase Agreement dated February 21, 2014 entered into between GKFF Ventures as the seller and GMR Energy Projects (Mauritius) Limited as the Purchaser.***

The purchaser has purchased 650,000 (Six Hundred and Fifty Thousand) compulsorily convertible preference shares of the Company, of a face value of 1000 (Rupees One Thousand) each, from the seller for a consideration in accordance with the terms of this agreement.

**Details of our Subsidiaries**

**EMCO Energy Limited (“EMCO”)**

***Corporate Information***

EMCO was incorporated on August 4, 2005 as a public limited company and received the certificate of commencement of business on March 20, 2006. It has its registered office at No. 701/704, 7<sup>th</sup> floor, Bandra Kurla Complex(BKC), Bandra, Mumbai 400 051.

EMCO is engaged in the business of, *inter alia*, generation, transmission, distribution, purchase, sale, import, export or otherwise deal in all forms of electrical power and electrical energy, both conventional and non-conventional.

***Capital Structure***

The authorised share capital of EMCO is ₹ 5,600,000,000 divided into 560,000,000 equity shares of ₹ 10 each and the issued and paid up share capital of EMCO is ₹ 4,350,000,000 divided into 435,000,000 equity shares of ₹ 10 each.

***Shareholding***

Our Company (along with its nominees) holds 435,000,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of EMCO.

**GMR Chhattisgarh Energy Limited (“GMR Chhattisgarh”)**

***Corporate Information***

GMR Chhattisgarh was incorporated on October 8, 2008 as a private limited company. GMR Chhattisgarh was converted into a public limited company and a fresh certificate of incorporation was issued on September 29, 2010. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GMR Chhattisgarh is engaged in the business of, *inter alia*, generating, harnessing, developing, purchasing, accumulating, transmitting, distributing, selling and supplying electric power in all branches, at places, both



public and private by setting up power plants by use of liquid, gaseous or solid fuels for the purposes of light, motive power and for all other purposes for which electric energy can be employed.

### ***Capital Structure***

The authorized share capital of GMR Chhattisgarh is ₹ 16,600,000,000 divided into 1,660,000,000 equity shares of ₹ 10 each and the issued and paid up share capital of GMR Chhattisgarh is Rs 15,302,000,000 divided into 1,530,200,000 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company (along with its nominees) holds 1,530,200,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid-up capital of GMR Chhattisgarh.

## **GMR Rajahmundry Energy Limited (“GMR Rajahmundry”)**

### ***Corporate Information***

GMR Rajahmundry was incorporated on November 27, 2009 as a public limited company and received the certificate of commencement of business on December 1, 2009. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GMR Rajahmundry is engaged in the business of, *inter alia*, generating, harnessing, developing, purchasing, accumulating, transmitting, distributing, selling and supplying electric power in all branches, at places, both public and private by setting up power plants by use of liquid, gaseous or solid fuels for the purposes of light, motive power and for all other purposes for which electric energy can be employed.

### ***Capital Structure***

The authorized share capital of GMR Rajahmundry is ₹ 5,500,000,000 divided into 550,000,000 equity shares of ₹ 10 each and the issued and paid up share capital of GMR Rajahmundry is ₹ 5,200,000,000 divided into 520,000,000 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company (along with its nominees) holds 520,000,000 equity shares of ₹ 10 each aggregating to 100.00% the issued and paid up share capital of GMR Rajahmundry.

## **GMR Vemagiri Power Generation Limited (“GVPGL”)**

### ***Corporate Information***

GVPGL was incorporated on January 8, 1997 as Ispat Power Limited a public limited company, and received the certificate of commencement of business on May 15, 1997. Subsequently, the name was changed to Vemagiri Power Generation Limited and a fresh certificate of incorporation was issued on December 11, 1998. The registered office of GVPGL was shifted from Maharashtra to Karnataka on December 3, 2003. Further, the name was changed to GMR Vemagiri Power Generation Limited and a fresh certificate of incorporation was issued on March 17, 2010. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GVPGL is engaged in the business of, *inter alia*, procuring, supplying, distributing, converting, transmitting, manufacturing, processing, developing, storing, carrying, importing and exporting and dealing in liquefied natural gas/ liquefied petroleum gas and any petroleum products or by-products derived from any such business (including without limitation steam).

### ***Capital Structure***

The authorized share capital of GVPGL is ₹ 8,000,000,000, divided into 300,000,000 equity shares of ₹ 10 each and 50,000 cumulative redeemable preference shares of ₹ 100,000 each. The issued and paid up share capital of GVPGL is Rs7,745,001,400 divided into 274,500,140 equity shares of ₹ 10 each and 50,000 cumulative redeemable preference shares of ₹ 1,00,000 each .

### ***Shareholding***

Our Company (along with its nominees) holds 274,500,140 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of GVPGL. Our Subsidiary, GMR Power Corporation Limited holds 50,000 cumulative redeemable preference shares of ₹ 100,000 each in GVPGL.

### **GMR Bajoli Holi Hydropower Private Limited (“GMR Bajoli Holi”)**

#### ***Corporate Information***

GMR Bajoli Holi was incorporated on October 1, 2008 as a private limited company. It has its registered office at Rattan Chand Building, VPO–Kuleth, Sub Tehsil–Holi, Tehsil-Bharmour, District Chamba, Himachal Pradesh – 176 236.

GMR Bajoli Holi is engaged in the business of, *inter alia*, planning, promoting, organizing, undertaking, co-ordinating, establishing, developing, maintaining and engaging in the business of setting up of Bajoli Holi Hydro Electric Power Project (180 MW) on river Ravi and to carry on all activities connected with electric power projects.

#### ***Capital Structure***

The authorized share capital of GMR Bajoli Holi is ₹ 2,000,000,000 divided into 200,000,000 equity shares of ₹ 10 each and the issued and paid up share capital of GMR Bajoli Holi is ₹ 1,825,380,000 divided into 182,538,000 shares of ₹ 10 each.

### ***Shareholding***

Our Company (along with its nominee) holds 182,538,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and the paid up capital of GMR Bajoli Holi.

### **GMR Coastal Energy Private Limited (“GMR Coastal”)**

#### ***Corporate Information***

GMR Coastal was incorporated on July 24, 2008 as a private limited company. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GMR Coastal is engaged in the business of, *inter alia*, to generate, harness, develop, purchase, accumulate, transmit, distribute, sale and supply electric power in all branches in India.

#### ***Capital Structure***

The authorised share capital of GMR Coastal is ₹ 40,000,000 divided into 4,000,000 equity shares of ₹ 10 each and the issued and paid up share capital of GMR Coastal is ₹ 100,000 divided into 10,000 shares of ₹ 10 each.

### ***Shareholding***

Our Company (along with its nominee) holds 10,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of GMR Coastal.

### **GMR Londa Hydropower Private Limited (“GMR Londa”)**

#### ***Corporate Information***

GMR Londa was incorporated on November 5, 2008 as a private limited company. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GMR Londa is engaged in the business of *inter alia*, planning, promoting, organising, undertaking, co-ordinating, financing, establishing, developing, maintaining and engaging in the business of setting up of the

Talong Londa hydroelectric power project on Kameng river basin in the East Kameng District in the state of Arunachal Pradesh having a capacity of 225 MW.

#### ***Capital Structure***

The authorised share capital of GMR Londa is ₹ 10,000,000 divided into 1,000,000 equity shares of ₹ 10 each and the issued and paid up share capital of GMR Londa is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

#### ***Shareholding***

Our Company (along with its nominee) holds 10,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of GMR Londa.

#### **GMR Kakinada Energy Private Limited (“GMR Kakinada”)**

##### ***Corporate Information***

GMR Kakinada was originally incorporated on January 29, 2009 as Londa Hydro Power Private Limited a private limited company. Subsequently, its name was changed to GMR Kakinada Energy Private Limited and a fresh certificate of incorporation was issued on June 2, 2010. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GMR Kakinada is engaged in the business of, *inter alia*, generating, harnessing, developing, purchasing, accumulating, transmitting, distributing, selling and supplying electric power in all branches, at places, both public and private by setting up power plants by use of liquid, gaseous or solid fuels for the purposes of light, motive power and for all other purposes for which electric energy can be employed.

#### ***Capital Structure***

The authorized share capital of GMR Kakinada is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each and the issued and paid up share capital of GMR Kakinada is ₹ 100,000 divided into 10,000 shares of ₹ 10 each.

#### ***Shareholding***

Our Company (along with its nominee) holds 10,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of GMR Kakinada.

#### **GMR Gujarat Solar Power Private Limited (“GGSPPL”)**

##### ***Corporate Information***

GGSPPL was originally incorporated on March 26, 2008 as GMR Campus Private Limited as a private limited company. Subsequently, its name was changed to GMR Gujarat Solar Power Private Limited and a fresh certificate of incorporation was issued on August 11, 2010. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GSSPPL is engaged in the business of, *inter alia*, to carry on the business of generating electrical power by using solar energy and to transmit, harness, develop, purchase, accumulate, sale and supply and distribute energy by establishments of solar power plants.

#### ***Capital Structure***

The authorized share capital of GGSPPL is ₹ 736,000,000 divided into 73,600,000 equity shares of ₹ 10 each and the issued and paid up share capital of GGSPPL is ₹ 736,000,000 divided into 73,600,000 shares of ₹ 10 each.

#### ***Shareholding***

Our Company (along with its nominee) holds 73,600,000 equity shares of ₹ 10 each aggregating to 100.00% of

the issued and paid up share capital of GGSPPL.

#### ***GMR Bundelkhand Energy Private Limited (“GBEPL”)***

##### ***Corporate Information***

GBEPL was incorporated on June 18, 2010 as a private limited company. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GBEPL is engaged in the business of, *inter alia*, generating, harnessing, developing, purchasing, accumulating, transmitting, distributing, selling and supplying electric power in all branches, at places, both public and private by setting up power plants by use of liquid, gaseous or solid fuels for the purposes of light, motive power and for all other purposes for which electric energy can be employed.

##### ***Capital Structure***

The authorized share capital of GBEPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each and the issued and paid up share capital of GBEPL is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

##### ***Shareholding***

Our Company (alongwith its nominees) holds 10,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of GBEPL.

#### ***GMR Hosur Energy Limited (“GHEL”)***

##### ***Corporate Information***

GHEL was incorporated on July 22, 2010 as a public limited company and received certificate of commencement of business on August 26, 2010. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GHEL is engaged in the business of, *inter alia*, generating, harnessing, developing, purchasing, accumulating, transmitting, distributing, selling and supplying electric power in all branches, at places, both public and private by setting up power plants by use of liquid, gaseous or solid fuels for the purposes of light, motive power and for all other purposes for which electric energy can be employed.

##### ***Capital Structure***

The authorised share capital of GMR Hosur is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each and the issued and paid up share capital of GMR Hosur is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each.

##### ***Shareholding***

Our Company (along with its nominees) holds 50,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of GMR Hosur.

#### ***GMR Maharashtra Energy Limited (“GMEL”)***

##### ***Corporate Information***

GMEL was incorporated on May 26, 2010 as a public limited company and received the certificate of commencement of business on June 18, 2010. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GMEL is engaged in the business of, *inter alia*, generating, harnessing, developing, purchasing, accumulating, transmitting, distributing, selling and supplying electric power in all branches, at places, both public and private by setting up power plants by use of liquid, gaseous or solid fuels for the purposes of light, motive power and for all other purposes for which electric energy can be employed.

### ***Capital Structure***

The authorized share capital of GMEL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each and the issued and paid up share capital of GMEL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company (alongwith its nominees) holds 50,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of GMEL.

### ***GMR Uttar Pradesh Energy Private Limited (“GUPEPL”)***

#### ***Corporate Information***

GUPEPL was incorporated on June 18, 2010 as a private limited company. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GUPEPL is engaged in the business of, *inter alia*, generating, harnessing, developing, purchasing, accumulating, transmitting, distributing, selling and supplying electric power in all branches, at places, both public and private by setting up power plants by use of liquid, gaseous or solid fuels for the purposes of light, motive power and for all other purposes for which electric energy can be employed.

### ***Capital Structure***

The authorized share capital of GUPEPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each and the issued and paid up share capital of GUPEPL is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company (alongwith a nominee) holds 10,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of GUPEPL.

### ***GMR Indo-Nepal Energy Links Limited (“Energy Links”)***

#### ***Corporate Information***

GMR Energy Links was incorporated on November 11, 2010 as a public limited company and received the certificate of commencement of business on January 7, 2011. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560025.

GMR Energy Links is engaged in the business of, *inter alia* to plan, promote and develop an integrated and efficient power transmission system network in all its aspects including design and engineer, prepare preliminary feasibility, definite project and appraisal reports, establish, own, construct, operate and maintain transmission systems and power systems for generation, evacuation, transmission and distribution of power into India, from power plants being set up in Nepal.

### ***Capital Structure***

The authorised share capital of GMR Energy Links is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 and its issued and paid up share capital is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company, (along with its nominees), holds 50,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of Energy Links.

### ***GMR Indo-Nepal Power Corridors Limited (“Power Corridors”)***

Power Corridors was incorporated on November 12, 2010 as a public limited company and received the certificate of commencement of business on January 06, 2011. It has its registered office at Skip House, 25/1,

Museum Road, Bangalore 560 025.

Power Corridors is engaged in the business of, *inter alia* to plan, promote and develop an integrated and efficient power transmission system network in all its aspects including design and engineer, prepare preliminary feasibility, definite project and appraisal reports, establish, own, construct, operate and maintain transmission systems and power systems for generation, evacuation, transmission and distribution of power into India, from power plants being set up in Nepal.

### ***Capital Structure***

The authorised share capital of Power Corridors is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 and its issued and paid up share capital is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company (along with its nominees) holds 50,000 equity shares of ₹ 10 each aggregating to 100.00%, of the issued and paid up share capital of Power Corridors.

### ***Aravali Transmission Service Company Limited (“ATSCCL”)***

#### ***Corporate Information***

ATSCCL was incorporated on June 17, 2009 as a public limited company and received the certificate of commencement of business on November 13, 2009. The registered office of ATSCCL was shifted from Rajasthan to Karnataka on September 28, 2011. The registered office of ATSCCL is presently located at Skip House, 25/1, Museum Road, Bangalore 560 025.

ATSCCL is engaged in the business of, *inter alia*, dealing in generation, transmission, distribution, ancillary services, supply of electrical energy, telecommunication and telemetering equipment.

### ***Capital Structure***

The authorized share capital of ATSCCL is ₹ 52,300,000 divided into 5,230,000 equity shares of ₹ 10 each and the issued and paid up share capital of ATSCCL is ₹ 52,300,000 divided into 5,230,000 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company (along with a nominee) holds 5,230,000 equity shares of ₹ 10 each aggregating to 100.00% of the issued and paid up share capital of ATSCCL.

### ***Maru Transmission Service Company Limited (“MTSCCL”)***

#### ***Corporate Information***

MTSCCL was incorporated on June 17, 2009 as a public limited company and received the certificate of commencement of business on November 13, 2009. The registered office of MTSCCL was shifted from Rajasthan to Karnataka on July 25, 2011 and is presently located at Skip House, 25/1, Museum Road, Bangalore 560 025.

MTSCCL is engaged in the business of, *inter alia*, dealing in generation, transmission, distribution, ancillary services, supply of electrical energy, telecommunication and telemetering equipment.

### ***Capital Structure***

The authorized share capital of MTSCCL is ₹ 89,400,000 divided into 8,940,000 equity shares of ₹ 10 each and the issued and paid up share capital of MTSCCL is ₹ 89,400,000 divided into 8,940,000 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company (along with its nominees) holds 8,940,000 equity shares of ₹ 10 each aggregating to 100.00% of

the issued and paid up share capital of MTSCL.

***GMR (Badrinath) Hydro Power Generation Private Limited (“GMR (Badrinath) Hydro”)***

***Corporate Information***

GMR (Badrinath) Hydro was incorporated on February 17, 2006 as a private limited company. It has its registered office at No. 145, Vasanth Vihar, Phase - 1, Dehradun, Uttarakhand.

GMR (Badrinath) Hydro is engaged in the business of, *inter alia*, planning, promoting, organizing, undertaking, co-ordinating, finance establishing, developing, maintaining and engaging in setting up of electric power projects including hydro-electric power and to carry on all activities connected with electric power projects.

***Capital Structure***

The authorised share capital of GMR (Badrinath) Hydro is ₹ 3,200,000,000 divided into 320,000,000 equity shares of ₹ 10 each and the issued and paid up share capital of GMR (Badrinath) Hydro is ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each.

***Shareholding***

Our Company holds 4,995,100 equity shares of ₹ 10 each aggregating to 99.90% of its issued and paid up share capital and the remaining 4,900 shares of GMR (Badrinath) Hydro are held by one of our Promoters, GIL.

***GMR Consulting Services Private Limited (“GMR Consulting”)***

***Corporate Information***

GMR Consulting was originally incorporated on February 28, 2008 as GMR Consulting Engineers Private Limited a private limited company. Subsequently, its name was changed to GMR Consulting Services Private Limited and a fresh certificate of incorporation was issued on July 14, 2009. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GMR Consulting is engaged in the business of, *inter alia*, undertaking projects and/or providing consulting services including studies, design engineering, procurement assistance, project management, construction supervision services commissioning assistance, operation and maintenance and software intensive engineering projects/services in the fields of power generation, transmission and distribution.

***Capital Structure***

The authorized share capital of GMR Consulting is ₹ 2,500,000 divided into 250,000 equity shares of ₹ 10 each and the issued and paid up share capital of GMR Consulting is ₹ 100,000 consisting of 10,000 equity shares of ₹ 10 each.

***Shareholding***

Our Company holds 9,900 equity shares of ₹ 10 each aggregating to 99.00% of the issued and paid up capital of GMR Consulting and the remaining 100 equity shares of GMR Consulting is held by B. V. N. Rao.

***GMR Mining & Energy Private Limited (“GMR Mining”)***

***Corporate Information***

GMR Mining was incorporated on September 23, 2005 as a private limited company. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GMR Mining is engaged in the business of, *inter alia*, to carry on business of miners, buyers, sellers and to deal in all modes of all or any minerals, metals, charcoal, coal, machinery implements, appliances, conveniences, and to take on lease or license, concessions or otherwise in India or elsewhere, mines, mining rights and land to explore, work, export, develop, turn to account the same and to crush, win get, carry, smite, refine, dress,

amalgamate, manipulate or prepare for market ore, metal and mineral substances of all kinds and to carry on any other metallurgical operations either on its own or in collaboration with others.

### ***Capital Structure***

The authorised share capital of GMR Mining is ₹ 1,000,000 divided into 100,000 equity shares of ₹ 10 and its issued and paid up share capital is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company holds 49,800 equity shares of ₹ 10 each aggregating to 99.60% of the issued and paid up capital of GMR Mining and G. M. Rao and Srinivas Bommidala hold 100 equity shares each of GMR Mining.

### ***GMR Kamalanga Energy Limited (“GMR Kamalanga”)***

#### ***Corporate Information***

GMR Kamalanga was incorporated on December 28, 2007 as a public limited company and received the certificate of commencement of business on January 28, 2008. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GMR Kamalanga is engaged in the business of, *inter alia*, generating, harnessing, developing, purchasing, accumulating, transmitting, distributing, selling and supplying electric power in all branches, at places, both public and private by setting up power plants by use of liquid, gaseous or solid fuels for the purposes of light, motive power and for all other purposes for which electric energy can be employed.

### ***Capital Structure***

The authorised share capital of GMR Kamalanga is ₹ 22,000,000,000 divided into 2,200,000,000 equity shares of ₹ 10 and the issued and paid up share capital is ₹ 15,932,563,200 divided into 1,593,256,320 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company holds 1,297,517,372 equity shares of ₹ 10 each aggregating to 81.44% of the issued and paid up capital of GMR Kamalanga, IIF holds 238,988,448 equity shares of ₹ 10 each aggregating to 15.00% and IDFC holds 56,750,000 equity shares of ₹ 10 each aggregating to 3.56% of the issued and paid up capital of GMR Kamalanga. The remaining 500 equity shares are held by other individuals.

### ***Shareholders Agreement***

***Share Subscription and Shareholders’ Agreement dated September 29, 2009, the Amendment Agreement dated July 14, 2011 and the Supplemental Agreement dated November 15, 2012 entered into between GMR Kamalanga Energy Limited, our Company, Infrastructure Development Finance Company Limited and India Infrastructure Fund***

Our Company is the promoter of GMR Kamalanga Energy Limited. Under the terms of the agreement, GMR Kamalanga Energy Limited has issued 20% of its equity share capital to IDFC and the Fund (collectively the “Investors”) for a consideration as per the terms of the agreement. In the event that (i) GMR Kamalanga Energy Limited incurs any overruns in the cost of the project over and above the contemplated project cost; or (ii) the equity investment and cost requirements of Rampia Coal Mine and Energy Private Limited that are required by to be funded by GMR Kamalanga Energy Limited in order to maintain its percentage shareholding of 17.39%, GMR Kamalanga Energy Limited shall first seek debt funding. In the event that GMR Kamalanga Energy Limited is unable to fund such cost by raising debt, our Company shall, at all times, be under an obligation to ensure the financing of such cost and the Investors shall in their sole discretion determine if they wish to participate in such financing or not.

In the event that the Board approves the issuance of additional equity shares for the purposes of funding the project expansion and the Investors do not wish to participate in such funding, the Investors shall have the right



to put all or part of their equity shareholding in GMR Kamalanga Energy Limited to our Company and our Company shall be under an obligation to purchase the shares of the Investors at the fair market value.

GMR Kamalanga Energy Limited shall not issue any shares which could result in reducing the shareholding percentage of the Investors to below 20% and if the circumstances so require, any issuance of shares, to a person other than the Investors, shall always be simultaneous with an issuance of shares to the Investors. Our Company, itself or together with its group shall, at all times, directly hold atleast 51% of the paid up equity share capital of GMR Kamalanga Energy Limited. The Investors shall not be deemed to a promoter under any circumstances and Investor shares shall not be subject to any lock-in.

In the event any shareholder (other than the Investors) desires to transfer any right or interest in all, or any part, of the shares held by it to a third party, the same shall first be offered to the Investors and the Investors shall have a right of first refusal. In case the Investors refuse to purchase such shares, the Investors shall have a pro-rata tag along right and shall be entitled to sell proportionate number of shares to the third party purchaser.

The Investors shall, at all times, have the right to sell all or part of their shareholding to a third party, however, the Investors shall first offer the shares to our Company at a price based on the valuation of the valuer, in the manner specified in the agreement.

In the event of a merger of GMR Kamalanga Energy Limited with our Company or any of its group companies, the Investors shall have the right, prior to such merger, to sell to our Company all or part of the shares held by the Investors for an all cash consideration based on the valuation of the valuer mutually appointed by both parties, in a manner specified in the agreement.

In the event the India Infrastructure Fund ceases to be represented by an affiliate of Infrastructure Development Finance Company Limited, then our Company shall have the obligation to purchase all the shares of GMR Kamalanga Energy Limited that are held by the Fund within 30 days at fair market value determined by the valuer appointed by the Fund.

No further shares shall be issued by GMR Kamalanga Energy Limited without the prior approval of the Investors. In the event of any issuance of further shares, GMR Kamalanga Energy Limited shall issue shares to the investors on a pro-rata basis for maintaining the shareholding percentage of the Investors.

The Investors have a right to exit GMR Kamalanga Energy Limited by way of an Initial Public Offer or an Offer for Sale.

The Investors shall have the right to appoint such number of non-retiring directors on the board of directors of GMR Kamalanga as is pro-rata to the aggregate equity stake of each of the Investor, subject to the Investors having, at all times, a minimum of 2 (two) Investor nominee directors on the board (one each from Infrastructure Development Finance Company Limited and the India Infrastructure Fund) and atleast 1 (one) Investor nominee director on each board committee.

In the event of a material breach by GMR Kamalanga Energy Limited or occurrence of an event of default the Investors shall have a right (i) to require GMR Kamalanga Energy Limited to buy-back the shares; and (ii) to exercise a put option on our Company.

#### ***GMR Power Corporation Limited (“GMR Power”)***

##### ***Corporate Information***

GMR Power was originally incorporated on January 11, 1995 as GMR Vasavi Corporation Limited a public limited company and received certificate of commencement of business on January 20, 1995. It was subsequently converted into a private limited company on November 21, 1997 and its name was changed to GMR Vasavi Corporation Private Limited. Its name was further changed to GMR Power Corporation Private Limited on November 7, 2000. Subsequently, it was again converted into a public company on February 11, 2010 and its name was changed to GMR Power Corporation Limited. It has its registered office at Skip House, 25/1, Museum Road, Bangalore 560 025.

GMR Power is engaged in the business of, *inter alia*, generating, harnessing, developing, purchasing, accumulating, transmitting, distributing, selling and supplying electric power in all branches, at places, both

public and private by setting up power plants by use of liquid, gaseous or solid fuels for the purposes of light, motive power and for all other purposes for which electric energy can be employed.

### ***Capital Structure***

The authorised share capital of GMR Power is ₹ 2,500,000,000 divided into 250,000,000 equity shares of ₹ 10 each and it's issued and paid up share capital is ₹ 2,475,000,000 divided into 247,500,000 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company holds 126,225,000 equity shares of ₹ 10 each aggregating to 51.00% of the issued and paid up equity share capital of GMR Power and Odeon Limited, Mauritius holds 121,274,300 equity shares aggregating 49.00 % of the issued and paid up share capital of GMR Power, G. M. Rao holds 300 equity shares of GMR Power, Srinivas Bommidala, B. V. N. Rao, G. B. S. Raju and G. Varalakshmi each hold 100 equity shares of GMR Power.

### ***Shareholders Agreement***

***Share Purchase Agreement and Shareholders' Agreement dated December 22, 2003 entered into between Odeon Limited (the "Investor"), GMR Infrastructure Limited and GMR Power Corporation Private Limited.***

The Investor has purchased 23,512,500 equity shares representing 9.5% of the total issued shares of GMR Power from the GIL under the terms prescribed in the agreement.

The Investor shall be entitled to nominate 2 (two) directors to the board of directors of GMR Power. The shares of GMR Power shall not be sold, transferred or encumbered in any manner without the prior approval of all the shareholders of GMR Power. In case the Investor wishes to transfer all or any part of its shareholding, it shall first offer the shares to GIL and GIL shall have the right of first refusal. In addition, if any shareholder desires to sell equity shares of GMR Power, which aggregate to 10% or more of all issued and outstanding equity securities of that class, to a third party, such sale, shall only be permitted if such third party makes an offer to all other GIL and Investor shareholders with respect to all of their shares that are of the same class as those shares that are subject of the offer by the third party, to purchase pro rata shares held by such shareholders at the same price and upon same terms and conditions.

In the event any shareholder disposes of more than 26% of the shareholding of GMR Power, in accordance with the terms of the agreement, such shareholder shall have no rights under the agreement, unless agreed otherwise by the parties.

### ***SJK Powergen Limited ("SJK")***

#### ***Corporate Information***

SJK was originally incorporated on March 25, 1998 as SJK Power (India) Limited, a public limited company and received certificate of commencement of business on April 02, 1998 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. Subsequently, its name was changed to SJK Powergen Limited and a fresh certificate of incorporation was issued on December 9, 2003. The registered office of SJK was changed from Andhra Pradesh to Karnataka and is presently located at No. 25/1, Skip House, Museum Road, Bangalore 560 025 with effect from June 1, 2013.

SJK is engaged in the business of, *inter alia*, dealing with electric power by establishment of thermal power plants, hydro power plants, atomic plants, wind power plants, solar power plants, tidal waves power plants and other power plants based on any source of energy as may be existing or developed or invented in future.

### ***Capital Structure***

The authorised share capital of SJK is ₹ 5,000,000 divided into 500,000 equity shares of ₹ 10 each and its issued and paid up share capital is ₹ 4,999,840 divided into 499,984 equity shares of ₹ 10 each.

### ***Shareholding***

Our Company (along with its nominees) holds 349,984 equity shares of ₹ 10 each aggregating 70% of the issued and paid up equity share capital of SJK and Tottenham Finance Limited, Mauritius holds 150,000 equity shares aggregating 30% of the issued and paid up share capital of SJK.

## **Indian Joint Venture Companies**

### ***Rampia Coal Mine and Energy Private Limited (“Rampia”)***

#### ***Corporate Information***

Rampia was incorporated on February 19, 2008 as a private limited company. The company is a joint venture company incorporated by our Company, Lanco Group Limited, ArcelorMittal India Limited, Reliance Infrastructure Limited, Navabharat Power Private Limited and Sterlite Energy Limited, being the equity partners. As per ministry of coal allocation letter dated January 17, 2008, Ministry of Coal, Government of India has jointly allocated Rampia and dip side of Rampia coal blocks to the joint venture partners. The production from the mine shall be used as captive coal mines by the joint venture partners.

Our Company received a notice of de-allocation of the Rampia Coal Mine from the Ministry of Coal on January 15, 2014. We are challenging the de-allocation of the Rampia Coal Mine and on February 12, 2014, the High Court of Delhi granted a stay preventing de-allocation of the coal block until resolution of the dispute. Pursuant to a letter dated February 17, 2014 the suggestion for the de-allocation of the block made by the inter ministerial group was accepted however further action was put on hold in view of the interim order of the High Court. For further detail on the dispute regarding the Rampia Coal Mine, see “Outstanding Litigation and Defaults” on page 360.

Rampia is engaged in the business of, *inter alia*, to acquire mining rights and interest in the coal blocks named as “Rampia” and “Dip side of Rampia” in the State of Odisha and to carry on the business of mining coal from the aforesaid coal blocks for distribution to its shareholders to enable the said shareholders to meet their requirement of coal for running and operating their respective power plant(s).

#### ***Capital Structure***

The authorised share capital of Rampia is ₹ 500,000,000 divided into 500,000,000 equity shares of Re.1 and its issued and paid up share capital is ₹ 140,000,000 divided into 140,000,000 equity shares of Re.1 each.

#### ***Shareholding***

Our Company holds 24,348,016 equity shares of ₹ 10 each aggregating to 17.39% of the issued and paid up share capital of Rampia. The remaining 115,651,984 shares of ₹ 10 each are held by other joint venture partners.

## **Foreign companies**

### **Companies incorporated under the laws of Nepal**

#### ***GMR Upper Karnali Hydropower Public Limited (“GMR Upper Karnali”)***

#### ***Corporate Information***

GMR Upper Karnali was incorporated in Nepal on May 2, 2008. It has its registered office at Lalitpur District, Lalitpur, Sub-Metropolitan City, Ward No. 10, Chakupat, Nepal.

GMR Upper Karnali was established jointly by GMR ITD Consortium and Nepal Electricity Authority as a special purpose vehicle to develop a hydropower Project in Upper Karnali on the Karnali River in Achham, Surkhet and Dailekh Districts Nepal having a capacity of 900 MW, on a build-own-operate-transfer basis.

#### ***Capital Structure***

The authorized and issued share capital of GMR Upper Karnali is NRs. 1,900,000,000 divided into 19,000,000 equity shares of NRs. 100 each and the paid up share capital of GMR Upper Karnali is NRs. 1,900,000,000 divided into 19,000,000 equity shares of NRs. 100 each partly paid up.

### ***Shareholding***

Our Subsidiary, GMR Lion Energy, holds 1,095,000 equity shares of ₹ 10 each aggregating to 73.00% of the issued and paid up capital of GMR Upper Karnali and Nepal Electricity Authority holds the remaining 27.00% of the issued and paid up share capital of GMR Upper Karnali.

### ***Himtal Hydro Power Company Private Limited (“Himtal Hydro”)***

#### ***Corporate Information***

Himtal Hydro was incorporated on April 12, 2001 in Nepal as a private limited company. It has its registered office at Lalitpur District, Lalitpur Sub-metropolitan City, Ward No. 10, Chakupat, Nepal.

Himtal Hydro was incorporated as a special purpose vehicle for setting up of the Upper Marsyangdi Hydroelectric Project – 2 and 3 in Nepal having a capacity of 600 MW.

#### ***Capital Structure***

The authorized equity share capital of Himtal Hydro is Nr. 190,00,00,000 divided into 25,00,000 preference Shares of Nr.100 each and 165,00,000 equity shares of NRs. 100 each. The issued, subscribed and paid-up share capital of Himtal Hydro is 2,000,000 equity shares of NRs. 100 each.

### ***Shareholding***

Our Company holds 1,640,000 fully paid up equity shares of NRs. 100 each aggregating to 82.00% of its issued and paid up share capital. The remaining equity shares are held by two Nepalese nationals, namely Brindaban Man Pradhanang and Madhusudan Pradhanang who together hold 360,000 fully paid up equity shares constituting 18.00%.

### ***Marsyangdi Transmission Company Private Limited***

#### ***Corporate Information***

Marsyangdi Transmission Company Private Limited was incorporated on April 27, 2010 in Nepal as a private limited company. It has its registered office at Lalitpur District, Lalitpur Sub Metropolitan City, Ward No. 10, Chukupat, P. Box 148, Lalitpur, Nepal.

The company was incorporated for the purpose of establishing and operating transmission lines within the territory of Nepal, for evacuation of power from Himtal Hydro Power Project to the Nepal border with India.

#### ***Capital Structure and Shareholding***

The company is a one shareholder company and entire shareholding consisting of 33,024 Equity shares of Nr.100 each is held by one of our Promoters, GMR Energy (Mauritius) Limited.

### ***Karnali Transmission Company Private Limited***

#### ***Corporate Information***

Karnali Transmission Company Private Limited was incorporated on April 27, 2010 in Nepal as a private limited company. The registered office of the company is situated at Lalitpur District, Lalitpur Sub Metropolitan City, Ward No. 10, Chukupat, P.Box 148, Lalitpur, Nepal.

The company was incorporated for the purpose of establishing and operating transmission lines within the territory of Nepal, for evacuation of power from Upper Karnali Hydro Power Project to the Nepal border with India.

#### ***Capital Structure and Shareholding***

The company is a one shareholder company and the entire shareholding consisting of 33,024 equity shares of Nr.100 each is held by GMR Energy (Mauritius) Limited.

#### **Company incorporated under the laws of Cyprus**

##### ***GMR Energy (Cyprus) Limited (“GECL”)***

##### ***Corporate Information***

GECL was incorporated on November 08, 2007 in Cyprus and it became our Subsidiary with effect from August 26, 2008. GECL is a holding and investment company.

##### ***Capital Structure***

The authorised share capital of GECL is 10,000 Euro divided into 10,000 shares of 1 Euro each. The issued and paid up share capital of GECL is 3,000 Euro divided into 3,000 shares of 1 Euro each.

##### ***Shareholding***

GMR Energy Mauritius, a Subsidiary of our Company holds 3,000 shares of 1 Euro each aggregating to 100.00% of the issued and paid up share capital of GECL.

#### **Companies incorporated under the laws of Indonesia**

##### ***PT Golden Energy Mines Tbk (“PT GEMS”)***

##### ***Corporate Information***

PT GEMS was incorporated on March 13, 1997 in Indonesia, the company's shares were listed on the Indonesian Stock Exchange on November 17, 2011. PT GEMS is the holding company engaged in coal mining and trading through its subsidiaries in Indonesia and Singapore. The company's subsidiaries are holding coal mining concessions in South Kalimantan, Central Kalimantan and Jambi province in Indonesia.

##### ***Capital Structure***

The authorised share capital of PT GEMS is Rp. 2,000,000,000,000 divided into 20,000,000,000 shares having a nominal value of Rp. 100 each and the paid up share capital is Rp. 588,235,300,000 divided into 5,882,353,000 shares having a nominal value of Rp. 100 each.

##### ***Shareholding***

Our Subsidiary, GMR Coal Resources Pte Limited, Singapore holds 1,764,706,000 equity shares of Rp. 100 each aggregating to 30% of the paid up share capital of PT GEMS.

##### ***PT Barasentosa Lestari (“PT BSL”)***

##### ***Corporate Information***

PT BSL was incorporated on February 14, 1990 in Indonesia and became a subsidiary of PT BSL(one of the Subsidiaries of our Company) with effect from February 24, 2009 and it holds a legal coal mining license under the Coal Contract of Work issued by the Government of Indonesia to undertake mining for a period of 30 years over specified coal mines situated in Indonesia.

##### ***Capital Structure***

The authorised share capital of PT BSL is Rp. 3,500,000,000 divided into 3,500 shares having a nominal value of Rp. 1,000,000 each and the paid up share capital is Rp. 3,500,000,000 divided into 3,500 shares having a nominal value of Rp. 1,000,000 each.

##### ***Shareholding***

Our Subsidiary, PT DSI holds 3,324 equity shares of Rp. 1,000,000 each aggregating to 94.97% and GMR Energy (Mauritius) Limited holds 175 shares of Rp. 1,000,000 each aggregating 5.00% of the paid up share capital of PT BSL and the remaining one share (0.03%) is held by our Subsidiary, PT Unsoco.

#### ***PT Duta Sarana Internusa (“PT DSI”)***

##### ***Corporate Information***

PT DSI was incorporated on December 5, 2006 in Indonesia and it became a Subsidiary of PT DSU (one of the Subsidiaries of our Company) with effect from February 24, 2009. PT DSI is a holding and investment company.

##### ***Capital Structure***

The authorised share capital of PT DSI is Rp. 4,000,000,000 divided into 4,000 shares having a nominal value of Rp. 1,000,000 each and the paid up share capital is Rp. 1,000,000,000 divided into 1,000 equity shares having a nominal value of Rp. 1,000,000 each.

##### ***Shareholding***

Our Subsidiary, PT DSU holds 990 equity shares of Rp. 1,000,000 each aggregating to 99.00% of the paid up share capital of PT DSI and the remaining ten shares of PT DSI are held by our Subsidiary, GMR Energy (Netherlands) BV.

#### ***PT Dwikarya Sejati Utama (“PT DSU”)***

##### ***Corporate Information***

PT DSU was incorporated on March 9, 2007 in Indonesia and it became a subsidiary of GMR Energy (Netherlands) BV with effect from February 24, 2009. PT DSU is a holding and investment company.

##### ***Capital Structure***

The authorised share capital of PT is Rp. 4,000,000,000 divided into 4,000 shares having a nominal value of Rp. 1,000,000 each and the paid-up share capital is Rp. 1,000,000,000 divided into 1,000 shares having a nominal value of Rp. 1,000,000 each.

##### ***Shareholding***

Our Subsidiary, GMR Energy (Netherlands) BV., holds 999 equity shares of Rp. 1,000,000 each aggregating to 99.90% of the paid up share capital of PT DSU and the remaining one share of PT DSU is held by our Subsidiary, GMR Energy Mauritius.

#### ***PT Unsoco (“PTU”)***

##### ***Corporate Information***

PT Unsoco was incorporated on March 19, 2008 in Indonesia for management consultation services.

##### ***Capital Structure***

The authorised share capital of PTU is Rp. 4,000,000,000 divided into 400,000 equity shares of Rp. 10,000 each and the issued and paid up share capital of PT Unsoco is Rp. 1,000,000,000 divided into 100,000 equity shares of Rp. 10,000 each.

##### ***Shareholding***

Our Subsidiary, GMR Energy (Netherlands) B.V. holds 99,000 equity shares of Rp. 10,000 each aggregating to 99.00% of the paid up share capital of PTU and the remaining 1000 shares of PTU is held by our Subsidiary, GMR Energy Mauritius.

## **Companies incorporated under the laws of Mauritius**

### ***GMR Energy (Mauritius) Limited (“GMR Energy Mauritius”)***

#### ***Corporate Information***

GMR Energy Mauritius was incorporated on February 27, 2008 in the Republic of Mauritius for investing in the energy sector by setting up or acquiring power projects and coal mines abroad and it holds a Category 1 Global Business License issued by the Financial Services Commission, Government of Mauritius. The registered office of GMR Energy Mauritius is presently located at Abax Corporate Services Limited, 6<sup>th</sup> floor, Tower A, 1 Cyber City, Ebene, Republic of Mauritius.

#### ***Capital Structure***

The stated capital of GMR Energy Mauritius is 74,559,203 USD divided into 100 equity shares of no par value and 74,559,100 Redeemable Class A preference share of par value of 1 USD and its issued and paid up share capital 74,559,203 USD divided into 100 equity shares with no par value and 74,559,100 Redeemable Class A preference shares of par value of 1 USD.

#### ***Shareholding***

Our Company holds 95 equity shares in GMR Energy Mauritius aggregating 95.00% while our Promoter, GIL holds the remaining 5.00% of the total issued and paid up share capital of GMR Energy Mauritius. The Class A preference share capital of GMR Energy Mauritius is 74,559,100 USD divided into 74,559,100 Class A preference shares with a par value of 1 USD, all of which are held by our Company.

### ***GMR Lion Energy Limited (“GMR Lion Energy”)***

#### ***Corporate Information***

GMR Lion Energy was incorporated on February 29, 2008 in the Republic of Mauritius as a joint venture company between GMR Energy (Mauritius) Limited and Italian-Thai Development Public Company Limited, Thailand, for investing in a power project in Upper Karnali on the Karnali River in Achham, Surkhet and Dailekh Districts Nepal and having a capacity of 900 MW, developed on a build-own-operate-transfer basis by GMR Upper Karnali Hydropower Public Limited. GMR Lion Energy holds a Category 1 Global Business License issued by the Government of Mauritius.

#### ***Capital Structure and Shareholding***

The stated capital of GMR Lion energy is 2,942,117 USD divided into 2,942,117 shares with a face value of 1 USD, all of which are held by our Subsidiary, GMR Energy Mauritius aggregating 100.00% of the share capital.

## **Company incorporated under the laws of Netherlands**

### ***GMR Energy (Netherlands) B. V. (“GEN B.V.”)***

#### ***Corporate Information***

GEN B.V. was incorporated on January 5, 2005 in Netherlands and it became our Subsidiary with effect from August 26, 2008. The main objective of the company is to act as an international holding and investment vehicle.

#### ***Capital Structure***

The authorised share capital of GEN B.V. is 90,000 Euro divided into 90,000 shares of 1 Euro each. The issued and paid up share capital of GEN B.V. is 18,000 Euro divided into 18,000 shares of 1 Euro each.

#### ***Shareholding***

Our Subsidiary, GMR Energy (Cyprus) Limited, holds 18,000 shares of 1 Euro each aggregating 100.00% of the

issued and paid up share capital of GEN B.V.

#### **Companies incorporated under the laws of Canada**

##### ***Homeland Energy Group Limited (“HEGL”)***

###### ***Corporate Information***

HEGL was incorporated under the Canada Business Corporations Act on October 12, 2006 in Toronto with the objective of exploration and mining of coal by the name “Chrysalis Capital IV Corporation”. Subsequently the name of the company was changed to Homeland Energy Group Limited on February 29, 2008. The share price of HEGL on Toronto Stock Exchange as of May 10, 2013 was CAD 0.005.

###### ***Capital Structure***

The authorized capital of HEG is unlimited common and first preference shares and there is no par value for the shares. The paid-up share capital of the company consists of 472,204,149 Common Shares. No series of first preferred shares are created and issued as on date.

###### ***Shareholding***

Our Company along with its affiliates hold 62.23% of Common Shares in HEGL consisting of 293,215,907 Common Shares. The balance shares are held by Homeland Energy Management, Public and others.

##### ***Homeland Energy Corporation***

Homeland Energy Corporation was incorporated on December 7, 2004 in Canada and redomiciled in Mauritius on March 31, 2008 as a private company with liability limited by shares. The principal activity of the company is to act as an investment holding company. It is a wholly owned subsidiary of Homeland Energy Group Limited.

###### ***Capital Structure***

The authorized capital of Homeland Energy Corporation is unlimited number of common shares without par value. The issued shares capital of the company consists of 142,368,304 shares. It is a wholly owned subsidiary of HEG

###### ***Shareholding***

It is a wholly owned subsidiary of Homeland Energy Group Limited.

#### **Companies incorporated under the laws of Singapore**

##### ***GMR Coal Resources Pte Ltd (“GCRPL”)***

###### ***Corporate Information***

GCRPL was incorporated on June 4, 2010 as a private limited company in Singapore and became a subsidiary of our Company with effect from August 3, 2011. GCRPL is engaged in trading of coal, providing technical and management advisory services and making investments in coal mining assets.

###### ***Capital Structure***

There is no authorised share capital and the paid up share capital is S\$ 600,000 divided into 600,000 ordinary shares having a nominal value of S\$1 each and US\$ 5,750,000 divided into 5,750,000 redeemable preference shares of US\$ 1 each.

###### ***Shareholding***



Our Company holds 570,000 ordinary shares of GCRPL aggregating to 95% and GMR Infrastructure Limited holds 30,000 ordinary shares of GCRPL aggregating 5.00% of the paid up share capital of GCRPL. Our Company holds 5,750,000 redeemable preference shares of GCRPL.

## **Companies incorporated under the laws of the Republic of South Africa**

### ***Homeland Mining and Energy SA (Pty) Limited (“HMESPL”)***

#### ***Corporate Information***

HMESPL was incorporated on January 20, 2006 as Nungu Trading 578 (Pty) Limited, a private limited company in the Republic of South Africa and became a subsidiary of Homeland Energy Corporation from the date of its incorporation. Subsequently, its name was changed to HMESPL on August 2, 2006.

HMESPL is engaged in the business of mining in all aspects.

#### ***Capital Structure***

The authorised share capital of HMESPL, is ZAR 1,000 divided into 1,000 shares having a nominal value of ZAR. 1 each and the paid up share capital is ZAR. 100 divided into 100 shares having a nominal value of ZAR 1 each. Homeland Energy Group became a subsidiary of our Company in 2008 which along with its affiliates hold 62.23% of Common Shares in HEGL.

#### ***Shareholding***

HMESPL is a 100.00% subsidiary of Homeland Energy Corporation, which is wholly owned subsidiary of Homeland Energy Group.

### ***Homeland Coal Mining SA (Pty) Limited (“HCMAL”)***

#### ***Corporate Information***

HCMAL was incorporated on September 16, 2008 as a private company Lovelute Investments (Pty) Limited in the Republic of South Africa and became a subsidiary of Homeland Energy Corporation from the date of its incorporation. Subsequently, its name was changed to Homeland Coal Mining SA (Pty) Limited on October 6, 2008.

HCMAL is engaged in the business of general trading in mining and energy and all allied activities.

#### ***Capital Structure***

The authorised share capital of HCMAL is ZAR 1,000 divided into 1,000 shares having a nominal value of ZAR 1 each and the paid up share capital is ZAR 100 divided into 100 shares having a nominal value of ZAR 1 each.

#### ***Shareholding***

HCMAL is a wholly owned subsidiary of Homeland Energy Corporation, an entity incorporated in Mauritius, which is 100.00% subsidiary of Homeland Energy Group.

### ***Corpclo 331 (Pty) Limited***

#### ***Corporate Information***

Corpclo 331 (Pty) Limited, was incorporated on December 13, 2007 in Republic of South Africa and became a 100.00% subsidiary of Homeland Mining and Energy SA (Pty) Limited, from the date of its incorporation. The objective of Corpclo 331 (Pty) Limited is “to invest in movable and immovable property of all kind as principal”.

#### ***Capital Structure***

The authorised share capital of Corpco 331 (Pty) Limited is ZAR 1,000 divided into 1,000 shares having a nominal value of ZAR 1 each and the paid up share capital is ZAR 100 divided into 100 shares having a nominal value of ZAR 1 each.

#### ***Shareholding***

Corpco 331 (Pty) Limited is a wholly owned subsidiary of Homeland Mining and Energy SA (Pty) Limited.

#### ***Ferret Coal (Kendal) (Pty) Limited (“FCKPL”)***

##### ***Corporate Information***

FCKPL, originally known as Zamori 272 (Pty) Limited was incorporated on October 5, 2005 in Republic of South Africa and became a 74% subsidiary of Ferret Coal Holdings (Pty) Limited on November, 2007. Its objective is “General Trading in All Aspects”.

##### ***Capital Structure***

The authorised share capital of FCKPL is ZAR 1,000 divided into 1,000 shares having a nominal value of ZAR 1 each and the paid up share capital is ZAR 100 divided into 100 shares having a nominal value of ZAR 1 each.

#### ***Shareholding***

FCKPL is a wholly owned subsidiary of Homeland Mining and Energy SA (Pty) Limited.

#### **Companies incorporated under the laws of Swaziland**

#### ***Homeland Energy (Swaziland) (Pty) Limited (“HESPL”)***

##### ***Corporate Information***

HESPL was incorporated under Swaziland Companies Act on October 25, 2006. The company was incorporated with the objective of carrying on the business of purchasing or otherwise acquire mining working and mining grounds, lands and properties. Homeland Energy Corporation Limited (Mauritius), a Subsidiary of our Company, holds 75% of shares in HESPL.

The company is a dormant and inoperative company from the date of our acquisition of HEG and the turnover of the company is NIL.

#### ***Shareholding***

Homeland Energy Corporation Limited (Mauritius) holds 75% of shares in HESPL.

#### **Companies incorporated under the laws of Republic of Botswana**

#### ***Homeland Mining & Energy (Botswana) (Pty) Limited (“HMEBP”)***

HMEBP was incorporated under Botswana Companies Act on November 15, 2006. The company was incorporated with the objective of carrying on the business of purchasing or otherwise acquire mining working and mining grounds, lands and properties. Homeland Energy Corporation Limited (Mauritius), a subsidiary of our Company, holds 100.00% of shares in HMEBP.

The company is a dormant and inoperative company from the date of our acquisition of HEG and the turnover of the company is NIL.

#### ***Shareholding***

Homeland Energy Corporation Limited (Mauritius) holds 100.00% of shares in HMEBP.

#### ***Wizard Investments (Pty) Limited (“WIPL”)***

WIPL has incorporated under Botswana Companies Act. Homeland Mining & Energy (Botswana) (Pty) Limited, a Subsidiary of our Company, holds 75% shares in WIPL. The company is a dormant and inoperative company from the date of our acquisition of HEG and the turnover of the company is NIL.

### ***Shareholding***

Homeland Mining & Energy (Botswana) (Pty) Limited holds 75% shares in WIPL.

### **Accumulated Profits or Losses**

Except as stated in “Risk Factors” and “Financial Statements” on page 17 and F-1 respectively, there are no accumulated losses of any of our Subsidiaries that are not accounted for by our Company in the consolidated Financial Statements.

### **Public issue and rights issue**

None of the Subsidiaries have made any public or rights issue in the last three years and have not become a sick company as specified under SICA and is not under winding up proceedings.

### **Partnership Firms**

Our Company is not a partner in any partnership firm.

### **Interest in our Company**

None of our Subsidiaries have any interest in our Company’s business other than as stated in “Our Business” and the “Financial Statements” on page 147 and F-1 respectively.

## OUR MANAGEMENT

### Board of Directors

Under our Articles of Association, we are required to have not less than three directors and not more than 12 directors. We currently have 10 directors on our Board.

The following table sets forth details regarding our Board as on the date of this DRHP:

S. No.	Name, Designation, Father's Name, Residential Address, DIN, Occupation and Term	Nationality	Age	Other Directorships/ Proprietorships/ Partnerships/ Trusts
1.	<b>G. B. S. Raju</b>  Chairman and Managing Director  (S/o G. M. Rao)  Varalakshmi Nilayam 486/76, 38 <sup>th</sup> Cross, 1 <sup>st</sup> Main Road, 8 <sup>th</sup> Block, Jayanagar Bangalore 560 082 Karnataka, India  DIN: 00061686  Occupation: Business  Term: Liable to retire after three years from April 18, 2013	Indian	40	<b>Indian Companies</b> <ol style="list-style-type: none"> <li>Delhi Aerotropolis Private Limited</li> <li>Delhi International Airport Private Limited</li> <li>GBS Holdings Private Limited</li> <li>GMR Aviation Private Limited</li> <li>GMR Holdings Private Limited</li> <li>GMR Infrastructure Limited</li> <li>GMR Kamalanga Energy Limited</li> <li>GMR Power Corporation Limited</li> <li>GMR Varalakshmi Foundation</li> <li>Kakinada Refinery and Petrochemicals Private Limited</li> </ol> <b>Foreign Companies</b> <ol style="list-style-type: none"> <li>GADL (Mauritius) Limited</li> <li>GADL International Limited</li> <li>GMR Infrastructure (Singapore) PTE Limited</li> <li>GMR Infrastructure (UK) Limited</li> <li>Limak-GMR Adi-Oratakli (Limak-GMR Joint Venture)</li> </ol> <b>Partnerships</b> <ol style="list-style-type: none"> <li>Varalakshmi Enterprises LLP</li> </ol>
2.	<b>B. V. N. Rao</b>  Non-Executive Director  (S/o (Late) B. Venkateswara Rao)  98, Next to NAL Layout behind FCI Building East End Main Road 4 <sup>th</sup> T. Block, Jayanagar Bangalore 560 041 Karnataka, India  DIN: 00051167  Occupation: Business  Term: Liable to retire by rotation	Indian	60	<b>Indian Companies</b> <ol style="list-style-type: none"> <li>GMR Highways Limited</li> <li>GMR Holdings Private Limited</li> <li>GMR Hosur EMC Private Limited</li> <li>GMR Infrastructure Limited</li> <li>GMR Kamalanga Energy Limited</li> <li>GMR Kishangarh Udaipur Ahmedabad Expressways Limited</li> <li>GMR Power Corporation Limited</li> <li>GMR Tuni Anakapalli Expressways Private Limited</li> <li>GMR Varalakshmi Foundation</li> <li>Kakinada Refinery and Petrochemicals Private Limited</li> <li>Kakinada SEZ Private Limited</li> </ol> <b>Trusts</b> <ol style="list-style-type: none"> <li>Srivatsa Charitable Trust</li> </ol>
3.	<b>Madhva B. Terdal</b>	Indian	59	<b>Indian Companies</b>

S. No.	Name, Designation, Father's Name, Residential Address, DIN, Occupation and Term	Nationality	Age	Other Directorships/ Proprietorships/ Partnerships/ Trusts
	Non-Executive Director  (S/o K. Bhanumurthi)  B-7-4 Oakyard Apartments East End, 'C' Main Road Jayanagar, 9 <sup>th</sup> Block Bangalore 560 069 Karnataka, India  DIN: 05343139  Occupation: Service  Term: Liable to retire by rotation			1. GMR Aviation Private Limited 2. GMR SEZ and Port Holdings Private Limited 3. Kakinada Agro and Food Park Developers Private Limited <b>Foreign Companies</b> 1. GMR Infrastructure (Singapore) PTE Limited
4.	<b>Satish Kumar Mandhana</b>  Nominee Director of IDFC Private Equity Fund III  (S/o Late Gulab Chand Mandhana)  Flat No. 901, 9 <sup>th</sup> floor, Virgo Heights, Plot No. 388, 16 <sup>th</sup> Road Bandra West Mumbai 400 050 Maharashtra, India  DIN: 00448619  Occupation: Service  Term: Not liable to retire by rotation	Indian	53	<b>Indian Companies</b> 1. Green Infra Corporate Wind Limited 2. Green Infra Limited 3. Green Infra Solar Projects Limited 4. Green Infra Wind Energy Limited 5. Green Infra Wind Farm Limited 6. Green Infra Wind Power Limited 7. Green Infra Wind Power Projects Limited 8. Green Infra Wind Power Solutions Limited 9. Green Infra Wind Solutions Limited 10. Green Infra Wind Technology Limited 11. Viom Networks Limited 12. Darcl Logistics Limited  <b>Trusts</b> 1. IDFC Alternatives Limited Group Superannuation Scheme
5.	<b>N. C. Sarabeswaran</b>  Independent Director  (S/o N. D. Chandramouli)  No. 27, Papanasam Sivan Salai Palace Road Chennai 600 004 Tamil Nadu India  DIN: 00167868  Occupation: Professional  Term: Liable to retire by rotation	Indian	69	<b>Indian Companies</b> 2. GMR Ambala-Chandigarh Expressways Private Limited 3. GMR Chhattisgarh Energy Limited 4. GMR Highways Limited 5. GMR Infrastructure Limited 6. GMR Kamalanga Energy Limited 7. GMR Kishangarh Udaipur Ahmedabad Expressways Limited 8. GMR Krishnagiri SEZ Limited 9. GMR Pochanpalli Expressways Limited 10. GMR Power Corporation Limited 11. Kakinada SEZ Private Limited 12. Madura Micro Finance Limited 13. R. Subbaraman and Company Private Limited <b>Partnerships</b> 1. Jagannathan and Sarabeswaran, Chartered

S. No.	Name, Designation, Father's Name, Residential Address, DIN, Occupation and Term	Nationality	Age	Other Directorships/ Proprietorships/ Partnerships/ Trusts
				Accountants
				<b>Trusts</b>
				1. Veda Pata Nidhi Trust
				2. Mylapore Sports Trust
6.	<b>S. Rajagopal</b>  Independent Director  (S/o P. M. Srinivasachari)  "VARENYA", 1043 10 <sup>th</sup> Main Road Judicial Officers Layout GKVK Post Bangalore 560 065 Karnataka India  DIN: 00022609  Occupation: Professional  Term: Liable to retire by rotation	Indian	74	<b>Indian Companies</b> 1. Careercubicle Technologies Private Limited 2. GMR Chhattisgarh Energy Limited 3. GMR Hyderabad Vijayawada Expressways Private Limited 4. GMR Infrastructure Limited 5. GMR Kamalanga Energy Limited 6. GMR Kishangarh Udaipur Ahmedabad Expressways Limited 7. GMR Tamabaram Tindivanam Expressways Private Limited 8. GMR Tuni Anakapalli Expressways Private Limited 9. National Trust Housing Finance Limited 10. SREI Alternative Investment Managers Limited 11. SREI Infrastructure Finance Limited 12. Vivek Limited 13. Wisdomleaf Technologies Private Limited
				<b>Trusts</b>
				1. SREI Growth Fund
7.	<b>S. Tatwamasi Dixit</b>  Independent Director  (S/o Sheshadri Srinivasa Dikshitar)  A – 5, Kumara Vijayam 99/187, Royapettah High Road, Mylapore Chennai 600 004 Tamil Nadu, India  DIN: 00705666  Occupation: Professional  Term: Liable to retire by rotation	Indian	41	<b>Indian Companies</b> 1. A. K. R. Finance Limited 2. ICA (Madras) Private Limited 3. Ojas Holistic Healthcare Private Limited 4. Ojas Vedic Village Private Limited
8.	<b>Ramakrishna Rajasekharan Nair</b>  Independent Director  (S/o Late N. R. Pillai)  Aavishkar, 785 4 <sup>th</sup> Block, 5 <sup>th</sup> Cross Koramangala Bangalore 560 034	Indian	73	<b>Indian Companies</b> 1. BASF India Limited 2. Headjam Consulting Private Limited 3. PRS Permacel Private Limited

S. No.	Name, Designation, Father's Name, Residential Address, DIN, Occupation and Term	Nationality	Age	Other Directorships/ Proprietorships/ Partnerships/ Trusts
	Karnataka, India  DIN: 00202551  Occupation: Professional  Term: Liable to retire by rotation			
9.	<b>K. Parameswara Rao</b>  Independent Director  (S/o K. Seetharamayya)  Flat-411, Shiva Prakaruthi Apartments Tala Cauveri Layout Amruthahalli Bytarayanapura Bangalore 560 092 Karnataka, India  DIN: 02780484  Occupation: Professional  Term: Liable to retire by rotation	Indian	63	<b>Indian Companies</b>  1. EMCO Energy Limited 2. GMR Chennai Outer Ring Road Private Limited 3. GMR Rajahmundry Energy Limited 4. GMR Vemagiri Power Generation Limited
10.	<b>V. Santhana Raman</b>  Independent Director  (S/o K. Vaidyanathan)  New No. 06 (Old No. 14) 1 <sup>st</sup> floor, Sri Devi Colony Near 7 <sup>th</sup> Avenue – Titan Showroom (End of 1 <sup>st</sup> Postal Colony Street) West Mambalam Ashok Nagar Chennai 600 083 Tamil Nadu, India  DIN: 00212334  Occupation: Professional  Term: Liable to retire by rotation	Indian	64	<b>Indian Companies</b>  1. DQ Entertainment (International) Limited 2. GMR Infrastructure Limited 3. Rajapalayam Mills Limited  <b>Foreign Companies</b>  1. DQ Entertainment PLC

No proceedings/investigations have been initiated by SEBI against any company, the board of directors of which also comprise any of the Directors of our Company.

#### Details of current and past directorships

None of our Directors are currently or have been, in the past five years, on the board of directors of a public listed company whose shares have been or were suspended from being traded on the NSE or BSE.

Further, none of our Directors are currently or have been on the board of directors of a public listed company whose shares have been or were delisted from any stock exchange.

#### Relationship between our Directors

None of our Directors are related to each other.

### **Brief Biographies of our Directors**

**G. B. S. Raju**, 40, is the Chairman and Managing Director of our Company. He holds a bachelors' degree in Commerce from Vivekananda College, University of Madras. He joined the GMR group of companies in the year 1996. He was appointed on our Board for the period June 20, 1998 to October 17, 2007 and was reappointed on our Board on February 15, 2008. Over the years, he has held various key positions for different companies and businesses of the GMR group of companies. Initially he played a crucial role in shaping the overall strategy and positioning of the GMR group of companies in the industries that it is engaged in; and then was subsequently instrumental in developing and implementing various projects. Subsequently, he successfully steered the foray into the roads business. He also led the finance function for the GMR group of companies and steered IPO of GMR Infrastructure Limited in India in 2006. He has also been the chairman (corporate and international business) until his appointment as our Chairman.

**B. V. N. Rao**, 60, is a non-executive Director of our Company. He holds a bachelors' degree in Engineering from Andhra University. He was appointed on our Board on December 20, 2001. He is associated with various businesses promoted by the GMR group of companies since 1990 including, ferro alloys, sugar, brewery, power, highways, and is responsible for corporate affairs, legal and procurement division, EPC division, SEZ business, and airport business. He is the Group Director on the board of GIL and is heading the GMR group companies' urban infra and highways sector business since July 2013. He has held the position of chairman of our energy vertical for a period of 4 years and has worked as the chairman of our group corporate services for a period of approximately 2 years. Previously, he was appointed on the board of directors of Vysya Bank Limited (now ING Vysya Bank Limited), for a period of 8 years.

**Madhva B. Terdal**, 59, is a non-executive Director of our Company. He holds a masters' degree in Economics from Karnataka University, Dharwad, a diploma in Bank Management from Indian Institute of Bankers and is also a certificated associate of the Indian Institute of Bankers. He joined the GMR group of companies in the year 1999 and has held various key positions across the group. He is currently holding the position of chief financial officer of GIL. He was involved in introducing GIL to primary markets through its public listing in the year 2006 and qualified institutional placement of US\$ 1billion in India in the year 2007. He was also involved in successful bidding for the Istanbul Sabiha Gocken International Airport in the year 2007 and acquisition of a stake in Inter Gen NV in the year 2008 and subsequent sale of Inter Gen N.V. in the year 2011. He has also been associated with the sale of Island Power Company in the year 2013. Prior to joining the GMR group of companies, he had also worked with Canara Bank Limited, Canara Bank Financial Services Limited and Vysya Bank Limited, Bangalore.

**Satish Kumar Mandhana**, 53, is a nominee Director of IDFC Private Equity Fund III, on our Board. He holds a bachelors' degree in Industrial Engineering from the Indian Institute of Technology, Roorkee and a masters' degree in Business Administration from the Faculty of Management Studies, Delhi University. He joined our Company on July 07, 2010. He started his career as an Industrial Engineer with Eicher Goodearth Limited in the year 1982. He was associated with J. K. Paper Limited in the capacity of chief finance officer and head of business strategy. Prior to joining the financial sector in the year 1992, he worked with Sri Ram Fibres Limited. He has also been a member of CII Committee on climate change and an executive committee member of Indian Venture Capital Association.

**N. C. Sarabeswaran**, 69, is an Independent Director of our Company. He is a fellow of the Institute of Chartered Accountants of India. He is the founding partner of Jagannathan and Sarabeswaran, Chartered Accountants, established in the year 1969. He has been on our Board since March 8, 2004. He was a nominee director of the RBI and an independent director on the board of Vysya Bank Limited, the predecessor of ING Vysya Bank Limited. Previously, he was also associated with the Indo Australian Chamber of Commerce from the year 2003 till 2005 in the capacity of president.

**S. Rajagopal**, 74, is an Independent Director of our Company. He holds a bachelors' degree in Law and a masters' degree in Economics from the Gujarat University. Additionally, he holds a degree in Commerce from Gujarat University and professional qualification from the Indian Institute of Banking and Finance (IIBF). He is a registered advocate with the Karnataka State Bar Council, Bangalore. He joined our Company on July 31, 2002. He has been the Chairman and Managing Director of Indian Bank, Chairman and Managing Director of Bank of India and Chairman of the Banking Service Recruitment Board. He is also an Advocate with specialization in company matters and was the Chairman of Committee of Economists of Indian Banks' Association (IBA).



**S. Tatwamasi Dixit**, 41, is an Independent Director of our Company. He holds a bachelors' degree in Commerce (Honours), from Banaras Hindu University. He joined our Company on November 14, 2012. He is the founder of FABRIC (Family Business Research International Centre), a boutique consulting firm working with family businesses and entrepreneurs which is also a unit of Ojas Holistic Healthcare Private Limited. He has been awarded with the "Maharishi Badrayan Vyas Samman" award by the President of India for his work on the 'synergy between modernity and tradition'. He is co-authoring a book on Indian family business with Mr. Peter Leach, a leading family business advisor in the UK.

**Ramakrishna Rajasekharan Nair**, 73, is an Independent Director of our Company. He holds a masters degree in Psychology from the University of Kerala and a diploma in Industrial Psychology and Industrial Relations from the Indian Institute of Technology, Kharagpur. He also completed a global program for Management Development from the University of Michigan. He joined our Company on November 14, 2012. He is a consultant to businesses on 'HR Strategy' and 'Leadership and Organisational Development'. He was previously associated with Hindustan Lever Limited. He has had a long association with Hindustan Lever from 1973 having worked in a variety of key positions covering HR, including the industrial relations. He also played a larger role for Unilever, covering Latin America, Asia and Middle East regions. He has now been serving as a CEO Coach and HR strategic consultant. He was chosen by NHRD for the national award for outstanding contribution to the human resources profession. He was conferred the Life-time achievement award by CNBC-KPMG in the year April 2009.

**K. Parameswara Rao**, 63, is an Independent Director of our Company. He holds a masters' degree in Commerce from Andhra University. He joined our Company on April 18, 2013. He started his banking career with Corporation Bank Limited and rose to the position of general manager and retired in the year 2009. During his tenure in the Corporation Bank, he was the managing director of Corpbank Homes Limited (subsidiary of Corporation Bank) and as general manager he headed zones like Mumbai and Bangalore. After retirement from Corporation Bank, he was on the board of Karur Vysya Bank as independent director from 2009 to 2012 and also a member of the leadership team for the 'Golden Vision' initiative of the bank.

**V. Santhana Raman**, 64, is an Independent Director of our Company. He holds a bachelors' degree in Commerce from the University of Madras. He joined our Company on August 21, 2013. He has experience as a banker for more than 39 years. He has served Indian Bank Limited and Bank of Baroda in various capacities and he was an Executive Director (ED) in Bank of Baroda from October 2006 till his retirement in August 2009. He has been on the board of directors for the Bank of Baroda's international subsidiaries in Kenya, Tanzania and Uganda. He was also an independent director on the board of Karur Vysya Bank Limited from March 13, 2010 to June 23, 2012. He was a member of 'Advisory Board on Bank, Commercial and Financial frauds' constituted by Central Vigilance Commission for a period of two years from February 2010 to January 2012.

### **Payment or benefit to directors/ officers of our Company**

The remuneration paid to our Directors for Fiscal 2013 is as follows:

#### **1. Remuneration of our Executive Director**

G. B. S. Raju was appointed as Chairman and Managing Director by the Board resolution dated April 18, 2013 for a period of three years with effect from April 18, 2013, without any remuneration.

#### **2. Remuneration of our Non-Executive Directors**

As per the resolution of the Board dated March 8, 2004 and March 27, 2006, each non-executive Director is eligible for sitting fees of Rs. 20,000 for attending each Board meeting and Rs. 10,000 for each meeting of a committee of the Board, respectively.

Except as stated in this Chapter, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees. Except as disclosed in the Draft Red Herring Prospectus, none of the beneficiaries of loans, advances and sundry debtors are related to our Directors.

Apart from the remuneration of certain of our Directors as stipulated in "Our Management – Remuneration of Our Executive Director" on page 235 above, our Directors are entitled to be paid a sitting fee up to the limits prescribed by the Companies Act and the rules made thereunder and actual travel, boarding and lodging expenses for attending the Board or committee meetings. They may also be paid commissions and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act

and any other applicable Indian laws and regulations.

Further, no benefits are payable upon the termination of the services of a Director.

None of our Directors are or were a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company:

#### **Arrangement or understanding with major shareholders, customers, suppliers or others**

Anuj Maheshwari and Satish Kumar Mandhana were appointed as nominee Directors of Claymore and IDFC Private Equity Fund III, respectively, pursuant to the resolutions passed by the Board on June 4, 2010 and July 07, 2010 and as per the terms of the share subscription agreement and shareholders agreement dated April 9, 2010 entered into *inter alia* amongst our Company and Claymore Investments (Mauritius) Pte Limited and shareholders and share subscription agreement dated and June 03, 2010 entered into *inter alia* amongst our Company, and IDFC and its co-investors, as modified by the amended and restated share subscription and shareholders amendment agreement dated and February 21, 2014 whereby Claymore and IDFC Private Equity Fund III will continue to have the right to appoint a nominee Director on our Board as long as their ownership is not less than 5 per cent of the paid-up equity share capital of our Company on a fully diluted basis. For further details of the shareholders and share subscription agreements, see “History and Corporate Structure–Shareholders Agreements” on page 203.

Except as stated above, there has been/is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which the Directors were selected as a Director of our Company or otherwise for services rendered by any of the Directors or by any firm or company in which the Director is interested.

#### **Details of Borrowing Powers of our Board**

Our Articles, subject to the provisions of Section 293 (1) (d) of the Companies Act authorize our Board, to borrow or raise money or secure the payment of any sum or sums of money for the purposes of our Company. The shareholders of our Company, through a resolution passed at the EGM dated February 16, 2008, authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of our Company and its free reserves, not exceeding Rs. 200,000 million at any time.

#### **Interest of Directors**

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to the Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors, G.B.S. Raju, B.V.N. Rao, N.C. Sarabeswaran, S. Rajagopal and V. Santhana Raman are also directors in GIL, one of our Promoters and some of our Directors may hold positions as directors on boards of various entities in the GMR group of companies and as heads of certain business verticals. In consideration for their services, they are paid managerial remuneration in accordance with the provisions of the Companies Act and in accordance with the approvals of the Central Government, wherever necessary.

Except as stated in “Related Party Transactions” on page F-111, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company two years prior to the date of this Draft Red Herring Prospectus.

#### **Shareholding of our Directors in our Company**

Except as provided hereunder, no other Directors hold any equity shares in the equity share capital of our Company.

In terms of our Articles of Association, the Directors are not required to hold any qualification shares.

Name of Director	Number of shares	Pre-Issue Percentage Shareholding (%)	Post Issue Percentage Shareholding (%)
G. B. S. Raju	180	0.00	[●]

There are no outstanding vested options granted to our Directors.

### **Corporate Governance**

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges.

Our Company has complied with the requirements of Corporate Governance contained in the Listing Agreement, particularly those relating to composition of the Board, constitution of committees such as Audit Committee, Shareholders Transfer and Investor Grievance Committee.

The Board consists of a total of 10, directors, of which 6 are independent directors (as defined under Clause 49 of the listing agreement), which constitutes more than 50% of our Board of Directors. This is in compliance with the requirements of Clause 49 of the listing agreement.

Further in terms of the Clause 49 of the listing agreement, our Company has constituted the following committees:

#### ***Audit Committee***

The Audit Committee was originally constituted as a sub-committee of our Directors at the Board meeting held on October 31, 2000. Subsequently, the committee was reconstituted on March 8, 2004 and on February 15, 2008 where the new terms of reference for the committee were adopted, again reconstituted on June 04, 2010, July 07, 2010 and August 5, 2013. The current members of the Audit Committee consist of N. C. Sarabeswaran (Chairman), S. Rajagopal, Satish Kumar Mandhana, Ramakrishna Rajasekharan Nair and K. Parameswara Rao.

The terms of reference of the Audit Committee include:

1. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management
  - (iv) Significant adjustments made in the financial statements arising out of audit findings
  - (v) Compliance with listing and other legal requirements relating to financial statements
  - (vi) Disclosure of any related party transactions
  - (vii) Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly, half yearly financial statements before submission to

the board for approval.

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, the quarterly, annual financial statements of subsidiary companies of the company.
8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
10. Discussion with internal auditors of any significant findings and follow up there on.
11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
12. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
13. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
14. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
15. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee at the request of the Board/Management.

#### ***Shareholder's Transfer and Grievance Committee***

The Shareholder's Transfer and Grievance Committee of our Board was constituted by our Board in terms of their resolution dated November 21, 2009. Subsequently, the committee was reconstituted on April 18, 2013 and again on January 23, 2014. The members of the Shareholder's Transfer and Grievance Committee consists of N.C. Sarabeswaran (Chairman), G. B. S. Raju, B. V. N. Rao and Madhva B Terdal:

The terms of reference of the Shareholders' Transfer and Grievance Committee include:

1. Transfer, transposition and transmission of securities.
2. Issuance of duplicate shares or other securities.
3. Dealing with complaints like non-receipt of declared dividend, non-receipt of Annual Reports etc.
4. Investigate into other investors' complaints and take necessary steps for redressal thereof.
5. To perform all functions relating to the interests of Shareholders/ Investors of the company as may be required by the provisions of the Companies Act, 1956, Listing Agreements with Stock Exchanges and Guidelines issued by SEBI or any other Regulatory Authority.
6. Authorize Company Secretary or other persons to take necessary action on the above matters.
7. Appointment and fixation of remuneration to Registrar and Share Transfer Agent and to review their performance.

Our Company has also constituted the following additional committees:

### ***Remuneration Committee***

The Remuneration Committee was constituted by our Directors at their Board meeting held on October 17, 2007. Subsequently, the committee was reconstituted on June 04, 2010, July 07, 2010 and April 18, 2013. The committee members of the Remuneration Committee consists of S. Rajagopal (Chairman), N. C. Sarabeswaran, Satish Kumar Mandhana and Ramakrishna Rajasekharan Nair.

The terms of reference of the Remuneration Committee include:

1. Meetings of the Committee shall be held whenever matters pertaining to the remuneration payable including any revision in remuneration payable to Executive Directors are to be decided.
2. All information about the Managing Directors/ Whole-time Directors, i.e., background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders.
3. The Committee shall take into consideration and ensure compliance of provisions under Schedule XIII of the Companies Act, 1956, for appointing and fixing remuneration of Managing Directors/ Whole-time Directors.
4. While approving the remuneration, the Committee shall take into account financial position of the company, trend in the industry, qualification, experience and past performance of the appointee.
5. The Committee shall bring about objectivity in determining the remuneration package while striking the balance between the interest of the company and the shareholders.

### ***IPO Committee***

The IPO Committee was constituted by our Directors at their Board meeting held on November 21, 2009. Subsequently, the committee was reconstituted on June 04, 2010, July 07, 2010, April 18, 2013 and January 23, 2014. The members of the current IPO Committee consists of G. B. S. Raju (Chairman), B. V. N. Rao, Madhva B. Terdal, N. C. Sarabeswaran and Satish Kumar Mandhana.

The terms of reference of the IPO Committee include:

1. To appoint and enter into arrangements with the book running lead managers, underwriters to the Issue, syndicate members to the Issue, brokers to the Issue, escrow collection bankers to the Issue, registrars, legal advisors, solicitors, merchant bankers, auditors, valuer, consultants, Registrar and Transfer agents, accountants, printers, Depository Participants and other expert advisors / agencies or persons or intermediaries to the Issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the book running lead managers's mandate letter, negotiation, finalisation and execution of the memorandum of understanding with the book running lead managers, escrow, syndicate and underwriting agreements, etc.
2. To prepare and finalise the Draft Red Herring Prospectus.
3. To sign, initial, authenticate, undertake, execute any forms, documents, letters, agreements in this regard and liaise on behalf of the Company with the book running lead managers, SEBI, RBI, FIPB, Stock Exchanges and with any other governmental or non-governmental authorities and to undertake any other necessary steps in connection with the public issue.
4. To make applications to the Foreign Investment Promotion Board, Reserve Bank of India and such authorities, as may be required, for the purpose of allotment /transfer of shares by the Company to eligible non-resident investors, including non-resident Indians and foreign institutional investors.
5. To deal with and represent before all statutory bodies, governing agencies such as Securities and Exchange Board of India, Stock Exchanges, Depositories, Registrar of Companies etc.
6. To authorise and approve the incurring of expenditure and payment of fees in connection with the initial public offer.
7. To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.

8. To decide on the quantum, timing, pricing and all the terms and conditions of the issue of the shares or convertible securities for the Issue, including the utilization of the Green Shoe Option / determining Anchor Investor if any and reservation for employees of the Company and its Subsidiaries or Group companies and associates, if any, and to accept any amendments, modifications, variations or alterations thereto.
9. To make necessary changes in and to finalize, settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the final prospectus, syndicate agreement, underwriting agreement, escrow agreement, agency agreements, stabilizing agency agreement, if any and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Issue, including changes suggested by SEBI, the stock exchanges or other statutory authorities.
10. To open with the bankers to the public issue such accounts as are required by the regulations issued by SEBI.
11. To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, determine the Anchor Investor portion, allocation to Anchor Investor, Issue opening and closing dates, finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules.
12. To do all such acts, deeds and things as may be required to dematerialise the equity shares of the Company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited and such other agencies, authorities or bodies as may be required in this connection.
13. To make applications for listing of the shares in one or more stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s).

#### Changes in our Board during the last three years

Name	Date of Appointment	Date of Change/ Cessation	Reason
S. Rajagopal	October 17, 2007	June 7, 2008	Change in designation from Additional Director to Director
B.V. N. Rao	December 20, 2001	October 01, 2011	Change in designation from Chairman and Managing Director to Non- Executive Director
Arun K. Thiagarajan	March 08, 2004	October 24, 2012	Resignation
Dr. J. S. Rao	October 31, 2000	October 24, 2012	Resignation
S. Tatwamasi Dixit	November 14, 2012	September 30, 2013	Change in designation from Additional Director to Director
Ramakrishna Rajasekharan Nair	November 14, 2012	September 30, 2013	Change in designation from Additional Director to Director
Ratanlal Raaj Kumar	October 17, 2007	March 31, 2013	Resignation
G. B. S. Raju	February 15, 2008	April 18, 2013	Appointment as Chairman and Managing Director
K. V. V. Rao	January 11, 2007	April 18, 2013	Change in designation from Executive Director to Non- Executive Director
K. Parameswara Rao	April 18, 2013	September 30, 2013	Appointment as Director
V. Santhana Raman	August 21, 2013	September 30, 2013	Appointment as Director
K. V. V. Rao	January 11, 2007	September 30, 2013	Not offered for reappointment on retirement by rotation
Madhva B. Terdal	January 23, 2014	-	Appointment as Additional Director
Bhaskar Anand Rao	April 18, 2013	January 24, 2014	Resignation
Anuj Maheshwari	June 4, 2010	March 26, 2014	Resignation

#### Management Organization Structure



### Key Management Personnel

The Key Management Personnel of our Company and Subsidiaries are:

**S. N. Barde, 56, President (Thermal Coal, SBU)**, joined our Company in July, 2004 as Vice President, operation and maintenance. He holds a bachelors' degree in Mechanical Engineering from B. M. S. College of Engineering, Bangalore in 1978. He has work experience in power sector, construction, commissioning and management of large power projects and plants. Previously, he has worked with Reliance Energy Limited. He is currently holding the position of President for strategic business unit (thermal coal) and is responsible for all the coal based assets of our Company. The remuneration paid to him for Fiscal 2013 was Rs. 11.60 million.

**Mohan S., 49, Chief Human Resource Officer (CHRO)**, joined our Company in August, 2010. He holds a masters' degree in Personal Management and Industrial Relations from Rajagiri Institute of Management. He has work experience in human resources functions, manpower planning, talent acquisition, talent management, compensation planning, employee relations and human resource operations. Previously, he had worked with J. S W Energy Limited for a period of 10 (ten) years. He is currently responsible for leading the human resources function of our Company. The remuneration paid to him for Fiscal 2013 was Rs. 5.70 million.

**Ashish Basu, 51, President (Corporate Functions)**, joined GMR Vemagiri Power Generation Limited in December, 2001. He holds a bachelors' degree in Commerce from St. Xavier's College, Kolkata and is also a qualified Chartered Accountant. He has work experience in power and infrastructure sector in the areas of business development, mergers and acquisitions, project execution, commercial and contracting, project financing, development of coal business and in general managerial role. He is currently responsible for the corporate services of energy sector including, business development and development of a renewable business portfolio. The remuneration paid to him for Fiscal 2013 was Rs. 11.94 million.

**Avinash R. Shah, 56, President (Coal Assets SBU)**, joined GMR Chhattisgarh Energy Private Limited in July, 2006 in the capacity of Vice President of power business development. He holds a bachelors' degree in Chemical Engineering from Indian Institute of Technology, Delhi and a masters' degree in Management from Indian Institute of Management, Kolkata. He has work experience in project finance and business development. Previously, he had worked with IBM. He is currently heading the coal assets of the GMR group of companies energy sector business. The remuneration paid to him for Fiscal 2013 was Rs. 12.59 million.

**R. V. Sheshan, 51, President (Kamalanga SBU)**, joined our Company in November, 2008 as head of corporate strategy and planning function for GMR Corporate Center Limited and held the position of chief executive officer of MAS GMR Aerospace Engineering Company Limited. He holds bachelors' degree in Electrical Engineering from Karnataka University and a masters' degree in Management from Indian Institute of Management, Kolkata. Previously he had worked with Philips Electronics India Limited, Solectron C-Mac Centum Electronics Limited and Kirloskar Electric Company Limited. Prior to joining GMR Corporate Center Limited, he had worked with EMCO India Limited in the capacity of President of the transformers division. He is currently responsible for leading the development and operations of 1400 MW thermal power plant, GMR Kamalanga Energy Limited in the State of Odisha. The remuneration paid to him for Fiscal 2013 was Rs. 13.56 million.

**Aniruddha Ganguly, 54, President (Strategy and Development)**, joined our Company in October 2009 as

Executive Vice President, discharging various responsibilities including heading the GMR group of companies chairman's office and corporate strategy. He holds a bachelors' degree in Electronic Engineering and a masters' degree in Business Administration. He has over 32 years of work experience in general management, profit centre management, operations, institutional sales, business development and marketing, quality assurance and technology. Previously, he had worked with Alstom Projects India Limited, Areva T&D India Limited, National Thermal Power Corporation and Wipro Limited. He is currently responsible for leading strategy and organization development for the energy sector business of the GMR group of companies. The remuneration paid to him for Fiscal 2013 was Rs. 9.70 million.

**G. K. Raghunandan, 57, President (Gas and Liquid SBU)**, joined our Company in April 2002. He holds a bachelors' degree from the University of Madras and is a qualified Chartered Accountant. He has work experience in project financing, accounting, strategic planning, contracts and procurement. Previously, he has worked with companies including, PSEG, Frito-Lay India, Sanmar Chemplast Limited and Suhail and Saud Bahwan. He is responsible for the profit and loss of gas and liquid based power plants. The remuneration paid to him for Fiscal 2013 was Rs.14.80 million.

**Bhaskar Anand Rao, 49, Chief Financial Officer-Energy**, joined GMR Corporate Centre Limited in February 2009 as key management personnel. He is a qualified Chartered Accountant from Institute of Chartered Accountants of India and is also a certified public accountant from Delaware State Board of Accounting, U.S.A. He is currently our chief financial officer. Previously, he was the chief financial officer for the corporate and international business of GMR Corporate Centre Limited. Before joining our Company in April 2002, he had worked in various key positions in Smart Retail Private Limited, Rashideen International LLC-Dubai/Turkey, Nasco Nasreddin Holding A. S., Turkey. The remuneration paid to him for Fiscal 2013 was Rs. 7.63 million.

All our Key Management Personnel are permanent employees of our Company and our Subsidiaries respectively. None of our Directors and Key Management Personnel are related to each other.

There has been/is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which the Key Management Personnel were selected as a Key Management Personnel of our Company or otherwise for services rendered by any of the Key Management Personnel or by any firm or company in which the Key Management Personnel is interested.

#### **Share Holding of the Key Management Personnel**

None of the Key Management Personnel hold any Equity Shares of our Company.

#### **Bonus or profit sharing plan of the Directors/Key Management Personnel**

As on the date of filing the Draft Red Herring Prospectus, there is no bonus or profit sharing plan for our Directors and Key Management Personnel except as disclosed in "Capital Structure" on page 85.

#### **Changes in the Key Management Personnel**

The changes in the Key Management Personnel in the last three years are as follows:

<b>Name of the Key Management Personnel</b>	<b>Date of Change</b>	<b>Reason for change</b>
Ashis Basu	December 2012	To set up the center of excellence model for the corporate functions
Avinash R. Shah	December 2012	To emphasize more on the domestic as well as international coal business
R.V. Sheshan	November 2012	To strengthen the strategic business unit approach for the GKEL Project
Aniruddha Ganguly	April 2013	To strengthen the strategic approach for human resource, SPG and power trading
G. K. Raghunandan	May 2013	Joined as a key management personnel
Raman B. S.	April 2011	Resignation
Raaj Kumar	March 2013	Resignation
Konerira Bopaya Iyappa	February 2013	Resignation
Subba Rao G.	March 2014	Resignation

Other than the above changes, there have been no changes to the Key Management Personnel of our Company and the Subsidiaries that are not in the normal course of employment.



**Payment or benefit to officers of our Company**

Except as stated in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the Key Management Personnel and our Directors. None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

None of our Directors and Key Management Personnel have entered into service contracts with our Company or the Subsidiaries providing for benefits upon termination of employment.

## OUR PROMOTERS

Our Promoters are GMR Infrastructure Limited, GMR Energy Projects (Mauritius) Limited and GMR Renewable Energy Limited. Our Promoters currently hold 1,569,422,327 Equity Shares, constituting 92.60% of the pre-Issue issued, subscribed and paid-up equity share capital of our Company and will continue to hold a majority of the post-issue paid-up share capital of our Company.

### GMR INFRASTRUCTURE LIMITED

GIL was originally incorporated on May 10, 1996 as a public limited company under the Companies Act, 1956 by the name and style of Varalakshmi Vasavi Power Projects Limited in Hyderabad, Andhra Pradesh and received a certificate of commencement of business on May 23, 1996. On May 31, 1999 the company's name was changed to GMR Vasavi Infrastructure Finance Limited. Thereafter, on July 24, 2000, the name of the company was further changed to GMR Infrastructure Limited. On October 4, 2004 the registered office of GIL was shifted from the state of Andhra Pradesh to the state of Karnataka. The registered office of GIL is situated at Skip House, 25/1 Museum Road, Bengaluru 560 025, Karnataka, India.

GIL is engaged in the business of development of various infrastructure projects including airports, power projects, urban infrastructure and highways through several special purpose vehicles.

The equity shares of GIL are presently listed on NSE and BSE.

### Board of Directors

The board of directors of GIL as on February 28, 2014 are as under:

S. No.	Name	Designation
1.	G. M. Rao	Executive Chairman
2.	G. Kiran Kumar	Managing Director
3.	B. V. N. Rao	Group Director
4.	Srinivas Bommidala	Group Director
5.	G. B. S. Raju	Group Director
6.	O. B. Raju	Director
7.	K.V.V. Rao	Director
8.	R.S.S.L.N. Bhaskarudu	Independent Director
9.	Prakash G. Apte	Independent Director
10.	N. C. Sarabeswaran	Independent Director
11.	S. Sandilya	Independent Director
12.	Santhana Raman	Independent Director
13.	S. Rajagopal	Independent Director
14.	C. Muralidharan	Independent Director

The promoters of GIL are G.M. Rao and GMR Holdings Private Limited. There has been no change in the management or control of GIL during the preceeding three years.

### Shareholding Pattern

The shareholding pattern of GIL as on December 31, 2013 is as follows:

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares (%)		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)= (VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/Hindu	8	6,196,170	6,196,170	0.16	0.16	-	-

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares (%)		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)= (VIII)/(IV)*100
	Undivided Family							
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	3	2,784,643,677	2,784,643,677	71.54	71.54	1,584,992,465	56.92
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other	4	4,000	4,000	0.00	0.00	-	-
	<b>Sub-Total (A)(1)</b>	<b>15</b>	<b>2,790,843,847</b>	<b>2,790,843,847</b>	<b>71.70</b>	<b>71.70</b>	<b>1,584,992,465</b>	<b>56.79</b>
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>15</b>	<b>2790,843,847</b>	<b>2790,843,847</b>	<b>71.70</b>	<b>71.70</b>	<b>1584,992,465</b>	<b>56.79</b>
(B)	Public shareholding							
(1)	Institutions							
(a)	Mutual Funds/ UTI	8	10,922,498	10,922,498	0.28	0.28	-	-
(b)	Financial Institutions/ Banks	51	280,874,724	280,874,724	7.22	7.22	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	103	458,890,253	458,890,253	11.79	11.79	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Others							
	<b>Sub-Total (B)(1)</b>	<b>162</b>	<b>750,687,475</b>	<b>750,687,475</b>	<b>19.29</b>	<b>19.29</b>	<b>-</b>	<b>-</b>
(2)	Non-institutions	-	-	-	-	-	-	-
(a)	Bodies Corporate	2623	99,367,348	99,367,348	2.55	2.55	-	-
(b)	Individuals - Individual shareholders holding nominal share capital up to ` 1	408,245	208,036,494	206,929,408	5.34	5.34	-	-

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares (%)		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)= (VIII)/(IV)*100
	lakh.							
	Individual shareholders holding nominal share capital in excess of 1 lakh.	57	32,362,575	32,362,575	0.83	0.83	-	-
	Others							
	Trusts	14	150,700	150,700	0.00	0.00	-	-
	Non Resident Indians	3854	8,977,935	8,977,935	0.23	0.23	-	-
	Clearing Members	321	2,008,408	2,008,408	0.05	0.05	-	-
	<b>Sub-Total (B)(2)</b>	<b>415,114</b>	<b>350,903,460</b>	<b>349,796,374</b>	<b>9.02</b>	<b>9.02</b>	<b>-</b>	<b>-</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>415,276</b>	<b>1,101,590,935</b>	<b>1,100,483,849</b>	<b>28.30</b>	<b>28.30</b>	<b>-</b>	<b>-</b>
	<b>TOTAL (A)+(B)</b>	<b>415,291</b>	<b>3,892,434,782</b>	<b>3,891,327,696</b>	<b>100.00</b>	<b>100.00</b>	<b>1,584,992,465</b>	<b>40.72</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued				-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>415,291</b>	<b>3,892,434,782</b>	<b>3,891,327,696</b>	<b>100.00</b>	<b>100.00</b>	<b>1,584,992,465</b>	<b>40.72</b>

The board of directors of GMR Holdings Private Limited, one of the promoters of GIL as on February 28, 2014 are as under:

S. No.	Name	Designation
1.	G. M. Rao	Chairman
2.	B. V. N. Rao	Director
3.	Srinivas Bommidala	Director
4.	G. B. S. Raju	Director
5.	G. Kiran Kumar	Director

### GMR ENERGY PROJECTS (MAURITIUS) LIMITED (“GEPML”)

GEPML has been duly incorporated under the Companies Act, 2001 of the Republic of Mauritius as GMR Energy Investments (Mauritius) Limited on December 7, 2010 as a private limited company. The name of the company was changed from GMR Energy Investments (Mauritius) Limited to GMR Energy Projects (Mauritius) Limited on January 24, 2011. GEPML's registered office is situated at Abax Corporate services Limited, 6th floor, Tower A, 1 Cyber city, Ebene, Mauritius.

GEPML has been established as an investment holding company which holds investments of the GMR Group in the energy sector across various countries .

The promoters of GEPML are GIL and GMR Energy (Global) Limited.

There has been no change in the management or control of GEPML since its date of incorporation.

### Shareholding Pattern

GMR Energy (Global) Limited, one of our Group Companies, currently holds 100% of the issued and paid up equity share capital of GEPML.

### Board of Directors

The board of directors of GEPML as on February 28, 2014, are as under:

S. No.	Name	Designation
1.	Nousrath Begum Bhugeloo*	Director
2.	Devananda Naraidoo	Director
3.	S. L. Ravi	Director

\* Mr Venkatesan Saminada Chetty (alternate director to Nousrath Begum Bhugeloo)

The board of directors of GMR Energy (Global) Limited, one of the promoters of GEPML as on February 28, 2014 are as under:

S. No.	Name	Designation
1.	Sean Kevin Dowling	Director
2.	Simon Thomas Hugh Cain	Director
3.	Ella Christabel Pinnock	Director

The composition of the board of directors of GIL, one of the promoters of GEPML has been disclosed on page 244 above.

### GMR RENEWABLE ENERGY LIMITED (“GREL”),

GREL, a company duly incorporated on December 3, 2010 as a public limited company under the Companies Act, 1956 received a certificate of commencement of business on December 15, 2010. GREL’s registered office is situated at Skip House, 25/1 Museum Road, Bengaluru 560 025, Karnataka, India.

GREL is engaged in the business of generation and supply of power from wind mills from the plant located at Moti Sindhodi village, Kutch district of Gujarat.

The promoters of GREL are GIL and GEPML.

There has been no change in the management or control of GREL since the date of its incorporation.

### Shareholding Pattern

The current shareholders of GREL are GIL, holding 50.01% of the issued and paid up equity share capital of GREL and the balance 49.99% being held by GEPML.

### Board of Directors

The board of directors of GREL as on February 28, 2014 are as under:

S. No.	Name	Designation
1.	Bhaskar Anand Rao	Director
2.	Ashis Basu	Director
3.	Vaidyanathan Raja	Director

The composition of the board of directors of GIL and GEPML, the promoters of GREL have been disclosed on pages 244 and 247 above.

We confirm that the permanent account numbers, bank account numbers, company registration numbers and addresses of the Registrar of Companies where our Promoters are registered will be submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

### Interest of Promoters

Our Promoters are interested in us to the extent that they have promoted our Company and their shareholding in

us and the dividends received by them on such shareholding. For details on the shareholding of the Promoters in the Company, please refer to “Capital Structure” on page 85. Our Promoters have no interest in any property acquired by our Company in the preceeding two years from the date of the filing of the Draft Red Herring Prospectus or proposed to be acquired by our Company.

Our Promoters are interested in our Company to the extent of their shareholding in the Subsidiaries and the Group Companies with which our Company transacts during the course of its operations. For details, see “Details of our Subsidiaries” on page 210 and “Group Entities” on page 252.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which our Promoters are directly or indirectly interested except in the nature of loans provided to our Company by the Promoters and Group Companies as disclosed in “Financial Indebtedness” and “Financial Statements” on pages 302 and F-1, respectively. No payments have been made to our Promoters in respect of the contracts, agreements or arrangements.

Our Promoters have no interest in acquisition of land, construction of building and supply of machinery undertaken by our Company. Further, none of the Group Companies have any interest in the promotion of our Company.

Our Promoters are also interested in our Group Companies, which are involved in activities similar to those conducted by our Company. For further details, see “Group Entities” and “Related Party Transactions” on pages 252 and F-111, respectively. The Company will adopt the necessary procedures and practices as permitted by law to address any conflict of interest as and when it may arise.

Further, for details of related party transactions entered into by our Company with its Subsidiaries and Group Companies during the last financial year, the nature of transactions and the cumulative value of transactions, please see “Related Party Transactions” on page F-111.

Other than as disclosed in “Related Party Transactions” on page F-111, there are no sales/purchases between our Company and the Group Companies, the Subsidiaries and the associate companies when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Company or any business interest between the Company, the Subsidiaries, Group Companies and the associate companies as on the date of the last financial statements.

### **Payment or Benefits to Promoters**

Except as stated otherwise in “Related Party Transactions” and “Our Promoters - Interests of Promoters” on pages F-111 and 247, respectively, there have been no payments or benefits to our Promoters during the two years prior to the filing of this Draft Red Herring Prospectus.

### **Other Confirmations**

Our Promoters have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

None of our Promoters have been restrained from accessing the capital markets for any reasons by the SEBI or any other authority.

Further, none of our Promoters were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

### **Companies with which our Promoters have disassociated in the last three years**

<b>S. No.</b>	<b>Name of the Company</b>	<b>Year</b>	<b>Reasons for dissociation</b>
1.	Delhi Aviation Fuel Facility Private Limited	2010-2011	Wound up
2.	GMR Infratech Private Limited (Formerly known as GMR Headquarters Private Limited)	2010-2011	Divestment
3.	GMR Holdings Overseas S.L.U	2011-2012	Wound up / Sold

4.	Island Power Intermediary Pte Limited	2011-2012	Wound up / Sold
5.	Manoka Mining (Pty) Limited, South Africa	2012-2013	Wound up
6.	Asia Pacific Flight Training Academy Limited	2012-2013	Divestment
7.	GMR Energy (Singapore) Pte. Ltd. (Formerly known as Island Power Company PTE. Limited)	2012-2013	Divestment
8.	GMR Supply (Singapore) Pte. Ltd. (Formerly known as Island Power Supply PTE. Limited)	2012-2013	Divestment
9.	Tshedza Mining Resource (Pty) Limited TMR, South Africa	2013-2014	Wound up

### Change in management and control of our Company

There has been no change in the management and control of our Company during the preceding three years except in relation to the change in shareholding of our Company. For further details, see “Capital Structure” on page 85.

### Promoter Group

The following entities form a part of the Promoter Group:

S. No.	Name of the corporate entities forming part of the Promoter Group
1.	Advika Properties Private Limited
2.	Aklima Properties Private Limited
3.	Amartya Properties Private Limited
4.	Aravali Transmission Service Company Limited
5.	Asia Pacific Flight Training Academy Limited
6.	Asteria Real Estates Private Limited
7.	Badrinath Hydro Power Generation Private Limited
8.	Baruni Properties Private Limited
9.	Bougainvillea Properties Private Limited
10.	Camelia Properties Private Limited
11.	Corpco 331 (Pty) Limited
12.	Deepesh Properties Private Limited
13.	Delhi Aerotropolis Private Limited
14.	Delhi International Airport Private Limited
15.	Devyani Food Street Private Limited
16.	Dhruvi Securities Private Limited
17.	East Delhi Waste Processing Company Private Limited
18.	Eila Properties Private Limited
19.	EMCO Energy Limited
20.	Ferret Coal (Kendal) (Pty) Limited
21.	GADL (Mauritius) Limited
22.	GADL International Limited
23.	Gateways for India Airports Private Limited
24.	Gerbera Properties Private Limited
25.	GMR (Badrinath) Hydro Power Generation Private Limited
26.	GMR Airport Developers Limited
27.	GMR Airport Global Limited
28.	GMR Airport Handling Services Company Limited
29.	GMR Airports (Malta) Limited (Formerly known as GMR International (Malta) Limited)
30.	GMR Airports (Mauritius) Limited
31.	GMR Airports Limited
32.	GMR Ambala Chandigarh Expressways Private Limited
33.	GMR Aviation Private Limited
34.	GMR BajoliHoli Hydropower Private Limited
35.	GMR Bundelkhand Energy Private Limited
36.	GMR Business Process and Services Private Limited
37.	GMR Chennai Outer Ring Road Private Limited
38.	GMR Chhattisgarh Energy Limited
39.	GMR Coal Resources Pte Limited
40.	GMR Coastal Energy Private Limited
41.	GMR Consulting Services Private Limited
42.	GMR Corporate Affairs Private Limited
43.	GMR Energy (Cyprus) Limited
44.	GMR Energy (Global) Limited

<b>S. No.</b>	<b>Name of the corporate entities forming part of the Promoter Group</b>
45.	GMR Energy (Mauritius) Limited
46.	GMR Energy (Netherlands) B.V.
47.	GMR Energy Limited
48.	GMR Energy Projects (Mauritius) Limited
49.	GMR Energy Trading Limited
50.	GMR Gujarat Solar Power Private Limited
51.	GMR Highways Limited
52.	GMR Highways Projects Private Limited
53.	GMR Holdings Private Limited
54.	GMR Hosur EMC Private Limited
55.	GMR Hosur Energy Limited
56.	GMR Hosur Industrial City Private Limited (Formerly known as Lantana Properties Private Limited)
57.	GMR Hotels and Resorts Limited
58.	GMR Hyderabad Aerotropolis Limited
59.	GMR Hyderabad Airport Power Distribution Limited
60.	GMR Hyderabad Airport Resource Management Limited
61.	GMR Hyderabad Aviation SEZ Limited
62.	GMR Hyderabad International Airport Limited
63.	GMR Hyderabad Multiproduct SEZ Limited
64.	GMR Hyderabad Vijayawada Expressways Private Limited
65.	GMR Indo-Nepal Energy Links Limited
66.	GMR Indo-Nepal Power Corridors Limited
67.	GMR Infrastructure (Cyprus) Limited
68.	GMR Infrastructure (Global) Limited
69.	GMR Infrastructure (Mauritius) Limited
70.	GMR Infrastructure (Singapore) Pte Limited
71.	GMR Infrastructure (UK) Limited
72.	GMR Infrastructure Limited
73.	GMR Infrastructure Overseas Limited
74.	GMR Infrastructure Overseas Limited (Formerly known as GMR Infrastructure Overseas Sociedad Limitada)
75.	GMR Jadcherla Expressways Limited (Formerly known as GMR Jadcherla Expressways Private Limited)
76.	GMR Kakinada Energy Private Limited
77.	GMR Kamalanga Energy Limited
78.	GMR Kishangarh Udaipur Ahmedabad Expressways Limited
79.	GMR Krishnagiri SEZ Limited
80.	GMR Lion Energy Limited
81.	GMR Londa Hydropower Private Limited
82.	GMR Maharashtra Energy Limited
83.	GMR Male International Airport Private Limited
84.	GMR Male Retail Private Limited
85.	GMR Mining & Energy Private Limited
86.	GMR OSE Hungund Hospet Highways Private Limited
87.	GMR Pochanpalli Expressways Limited
88.	GMR Power Corporation Limited
89.	GMR Power Infra Limited
90.	GMR Renewable Energy Limited
91.	GMR SEZ and Port Holdings Private Limited
92.	GMR Tambaram Tindivanam Expressways Limited
93.	GMR Tuni Anakapalli Expressways Limited
94.	GMR Ulundurpet Expressways Private Limited
95.	GMR Upper Karnali Hydropower Limited
96.	GMR Uttar Pradesh Energy Private Limited
97.	GMR Vemagiri Power Generation Limited
98.	GMR Rajahmundry Energy Limited
99.	Himtal Hydro Power Company Private Limited
100.	Homeland Coal Mining (Pty) Limited
101.	Homeland Energy (Swaziland) (Pty) Limited
102.	Homeland Energy Corp
103.	Homeland Energy Group Limited
104.	Homeland Mining & Energy (Botswana) (Pty) Limited
105.	Homeland Mining & Energy SA (Pty) Limited
106.	Honeysuckle Properties Private Limited
107.	Hyderabad Airport Security Services Limited
108.	Hyderabad Duty Free Retail Limited



<b>S. No.</b>	<b>Name of the corporate entities forming part of the Promoter Group</b>
109.	Hyderabad Menzies Air Cargo Private Limited
110.	Idika Properties Private Limited
111.	Istanbul Sabiha Gokcen Uluslarasi Havalimani Yatirim Yapum Velsetme Sirketi
112.	Kakinada SEZ Private Limited
113.	Karnali Transmission Company Private Limited
114.	Krishnapriya Properties Private Limited
115.	Lakshmi Priya Properties Private Limited
116.	Larkspur Properties Private Limited
117.	Marsyangdi Transmission Company Private Limited
118.	Maru Transmission Service Company Limited
119.	Nadira Properties Private Limited
120.	Padmapriya Properties Private Limited
121.	Prakalpa Properties Private Limited
122.	Pranesh Properties Private Limited
123.	PT Barasentosa Lestari
124.	PT Duta Sarana Internusa
125.	PT Dwikarya Sejati Utma
126.	PT Unsoco
127.	Purnachandra Properties Private Limited
128.	Radhapriya Properties Private Limited
129.	Shreyadita Properties Private Limited
130.	SJK Powergen Limited
131.	Sreepa Properties Private Limited
132.	Wizard Investments (Pty) Limited

## GROUP ENTITIES

The following companies are promoted by our Promoters (including companies under the same management pursuant to Section 370 (1B) of the Companies Act) and thus, are our Group Companies:

No equity shares of our Group Companies are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.

### I. Top five Group Entities based on turnover are as follows:

#### A. Delhi International Airport Private Limited (“DIAL”)

##### Corporate Information

DIAL, a company incorporated on March 1, 2006 is engaged in the operation of the Indira Gandhi International Airport at New Delhi.

GIL (itself and through its subsidiaries), holds 54.00%; Fraport AG Frankfurt Airport Services Worldwide holds 10.00%; Malaysia Airports (Mauritius) Private Limited holds 10.00% and Airport Authority of India holds 26.00% of the issued and paid up capital of DIAL.

##### Financial performance

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	24,500.00	24,500.00	24,500.00
Sales and other income	33,378.80	15,328.70	12,616.70
Profit/Loss after tax	725.20	(10,854.00)	(4,502.00)
Reserves and Surplus	(13,806.90)	(14,532.10)	(3,678.10)
Earnings per share (Basic) (₹)	0.30	(4.43)	(3.57)
Earnings per share (Diluted)	0.30	(4.43)	(3.57)
Net Asset Value per share (₹)	4.36	4.07	8.50

#### B. GMR Male International Airport Private Limited (“GMIAL”)

##### Corporate Information

GMIAL, a company incorporated on August 9, 2010 is engaged in all commercial activities related to the rehabilitation, expansion, modernization, operation, maintenance, establishing, promotion, development and/or financing, planning, designing, construction, alteration, repair, setting up, commissioning, marketing, and management of Ibrahim Nasir International Airport in the Republic of Maldives subject to the guidelines prescribed by the regulatory authorities of the Republic of Maldives. The contract for developing GMIAL was terminated by the Government of Maldives in the year 2012 and the matter is currently under arbitration proceedings. For details see “Outstanding Litigation and Defaults” on page 360.

GIL (itself and through its subsidiaries), holds 76.99.00% and Malaysia Airports (Labuan) Private Limited holds 23.00% of the issued and paid up capital of GMIAL.

##### Financial performance

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	1,646.75	1,548.48	1,356.46
Sales and other income	8,754.07	11,671.20	3,604.87
Profit/Loss after tax	(349.09)	1,408.21	476.80
Reserves and Surplus	1,826.54	2,047.06	466.98
Earnings per share (Basic) (₹)	(9.11)	36.75	12.44
Earnings per share (Diluted) (₹)	-	-	-
Net Asset Value per share (₹)	91.53	254.35	131.36

### **C. İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (“ISG”)**

#### *Corporate Information*

ISG, a company incorporated on February 20, 2008 is engaged in implementation, realization and operation of Sabiha Gokcen Airport, New International Terminal Building and its complementaries thereof within the framework of build-operate-transfer model work together with other related services. The registered office of ISG is located at Sabiha Gokcen Airport, 34912, Pendik/ Istanbul, Turkey.

Limak Yatırım, Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. holds 39.98%; GIL holds 35.00%; Malaysia Airports Holdings Berhad holds 20.00%; GMR Infrastructure Overseas, S.L.U (a subsidiary of GIL) holds 5.00% and LIMAK İnşaat San. Ve Tic. A.Ş. holds 0.02% of the issued and paid up capital of ISG.

#### *Financial performance*

Particulars	(₹ In Million except per share data)		
	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	12421.54	7793.90	7190.71
Sales and other income	19074.43	17110.56	15269.21
Profit/Loss after tax	(3083.15)	(2618.17)	(2338.95)
Reserves and Surplus	(10910.44)	(7652.24)	(4537.29)
Earnings per share (Basic) (₹)	-	-	-
Earnings per share (Diluted)	-	-	-
Net Asset Value per share (₹)	-	-	-

### **D. GMR Hyderabad International Airport Limited (“GHIAL”)**

#### *Corporate Information*

GHIAL, a company incorporated on December 17, 2002 is engaged in the operation and maintenance of the Rajiv Gandhi International Airport at Shamshabad, Hyderabad. GHIAL received its certificate for commencement of business on October 23, 2003.

GMR Airports Limited (a subsidiary of GIL), holds 63.00%; Airports Authority of India holds 13.00%; Governor of the State of Andhra Pradesh holds 13.00%; MAHB (Mauritius) Private Limited holds 10.998%; and Malaysia Airports Holdings Berhad holds 0.002% of the issued and paid up capital of GHIAL.

#### *Financial performance*

Particulars	(₹ In Million except per share data)		
	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	3,780.00	3,780.00	3,780.00
Sales and other income	7,385.42	6,247.45	5,387.75
Profit/Loss after tax	1,058.48	167.28	1,039.84
Reserves and Surplus	654.82	(403.65)	(570.93)
Earnings per share (Basic) (₹)	2.80	0.44	2.75
Earnings per share (Diluted)	2.80	0.44	2.75
Net Asset Value per share (₹)	11.73	8.93	8.49

### **E. GMR Energy Trading Limited (“GETL”)**

#### *Corporate Information*

GETL, a company incorporated on January 29, 2008 is engaged in the business of transmission, distribution, purchase, sale, import, export or accumulation or otherwise in dealing with all forms of electrical power, in all aspects. GETL received its certificate for commencement of business on February 15, 2008.

GIL holds 81.00% and our Company holds 19.00% of the issued and paid up capital of GETL.

## Financial performance

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	620.00	520.00	520.00
Sales and other income	4,614.10	5,870.99	6,241.87
Profit/Loss after tax	(162.72)	28.65	56.06
Reserves and Surplus	(89.16)	73.56	44.90
Earnings per share (Basic) (₹)	(2.98)	0.55	1.08
Earnings per share (Diluted)	(2.98)	0.55	1.08
Net Asset Value per share (₹)	9.73	11.41	10.86

## II. Group Companies with negative net-worth:

### A. GMR Business Process and Services Private Limited (“GBPSPL”)

GBPSPL, a company incorporated on August 19, 2011 is engaged in the business of providing financial and accounting services, human resource services and other outsourcing services to the GMR group companies and achieve economies of scale to minimize costs of the GMR group.

GIL (through its subsidiary), holds 99.98%; P. M. Kumar holds 0.01%; and Parmit Chadha holds 0.01% of the issued and paid up capital of GBPSPL.

## Financial performance

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	-	1	-
Sales and other income	-	0	-
Profit/Loss after tax	-	(8.30)	-
Reserves and Surplus	-	(8.30)	-
Earnings per share (Basic) (₹)	-	(829.79)	-
Earnings per share (Diluted)	-	(829.79)	-
(₹)	-	-	-
Net Asset Value per share (₹)	-	220.17	-

### B. Delhi Aerotropolis Private Limited (“DAPL”)

DAPL, a company incorporated on May 22, 2007 is engaged in the business of developing, designing, constructing, modernisation, renovation, expansion and management of all assets at the Indira Gandhi International Airport at New Delhi.

GIL (through its subsidiary), holds 99.998%; K. Narayana Rao holds 0.001%; and G. Subba Rao holds 0.001% of the issued and paid up capital of DAPL.

## Financial performance

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	1.00	1.00	1.00
Sales and other income	1.43	-	-
Profit/Loss after tax	0.45	(0.85)	(0.65)
Reserves and Surplus	(1.05)	(1.50)	(0.65)
Earnings per share (Basic) (₹)	4.47	(8.46)	(6.53)
Earnings per share (Diluted)	4.47	(8.46)	(6.53)
(₹)	4.47	(8.46)	(6.53)
Net Asset Value per share (₹)	(0.51)	(4.99)	3.47

### C. MAS GMR Aero Technic Limited (“MGAT”)

MGAT, a company incorporated on September 20, 2010 is engaged in operating MRO unit, which includes maintenance, repair and overhaul of aircrafts, as a unit of aviation SEZ at Rajiv Gandhi International Airport at Hyderabad. MGAT received its certificate for commencement of business on November 23, 2010. MGAT.

MAS GMR Aerospace Engineering Company Limited, a joint venture company between GMR Hyderabad International Airport Limited and Malaysian Aerospace Engineering Sdn. Bhd (MGAE), holds 100.00% of the issued and paid up share capital of MGAT.

#### *Financial performance*

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	250.00	250.00	0.50
Sales and other income	155.82	4.66	-
Profit/Loss after tax	(906.95)	(598.70)	(4.06)
Reserves and Surplus	(1,509.71)	(602.76)	(4.06)
Earnings per share (Basic) (₹)	(36)	(1,532)	(81)
Earnings per share (Diluted) (₹)	-	-	-
Net Asset Value per share (₹)	(50)	(14)	(71)

#### **D. Devyani Food Street Private Limited (“DFS”)**

DFS, a company incorporated on September 7, 2009 is engaged in the business of designing, establishing, setting up, developing, operating, maintaining, managing and running food and/or beverages outlets, restaurants, cafes and taverns at various locations at various locations at the Indira Gandhi International Airport at New Delhi to cater to the requirements of domestic and international passengers and tourists.

Devyani International Limited holds 60.00% and DIAL holds 40.00% of the total issued and paid-up share capital of DFS.

#### *Financial performance*

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	58.00	30.00	30.00
Sales and other income	209.11	166.52	67.84
Profit/Loss after tax	(20.94)	(30.54)	(42.99)
Reserves and Surplus	(94.48)	(73.53)	(42.99)
Earnings per share (Basic) (₹)	(6.00)	(30.54)	(44.56)
Earnings per share (Diluted) (₹)	(6.00)	(30.54)	(44.56)
Net Asset Value per share (₹)	(6.29)	(14.51)	(4.33)

#### **E. Travel Food Services (Delhi Terminal 3) Private Limited (“TFS”)**

TFS, is a company incorporated on December 4, 2009 is engaged in the business of designing, establishing, setting up, developing, operating, maintaining, managing and running food and/or beverages outlets, restaurants, cafes and taverns at various locations at Indira Gandhi International Airport at New Delhi to cater to the requirements of domestic and international passengers and tourists.

GIL (through its subsidiary, DIAL), holds 40.00%; Travel Food Services (Delhi) Private Limited holds 30.60%; and Somerset India Fund holds 29.40% of the total issued and paid-up share capital of TFS.

#### *Financial performance*

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	80.00	80.00	80.00
Sales and other income	374.23	415.76	225.00
Profit/Loss after tax	(12.79)	(30.69)	(48.86)
Reserves and Surplus	(92.81)	(80.02)	(49.33)
Earnings per share (Basic) (₹)	(1.60)	(3.84)	(8.96)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Earnings per share (Diluted) (₹)	(1.60)	(3.84)	(8.96)
Net Asset Value per share (₹)	(1.60)	0.00	3.83

**F. Delhi Select Services Hospitality Private Limited (“DSSH”)**

DSSH, a company incorporated on August 6, 2009 is engaged in the business of designing, establishing, setting up, developing, operating, maintaining, managing and run food and/or beverage outlets, restaurants, cafes and taverns at various locations at Terminal 3, Indira Gandhi International Airport at New Delhi to cater to the requirements of domestic and international passengers and tourists.

GIL (through its subsidiary, DIAL), holds 40.00% and Devyani International Limited holds 60.00% of the total issued and paid-up share capital of DSSH.

*Financial performance*

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	65.00	40.00	40.00
Sales and other income	140.82	173.93	58.74
Profit/Loss after tax	(65.16)	(34.48)	(30.19)
Reserves and Surplus	(131.28)	(66.12)	(31.64)
Earnings per share (Basic) (₹)	(11.09)	(8.62)	(9.69)
Earnings per share (Diluted) (₹)	(11.09)	(8.62)	(9.69)
Net Asset Value per share (₹)	(10.20)	(6.53)	2.09

**G. MAS GMR Aerospace Engineering Company Limited (“MGAE”)**

MGAE, a company incorporated on February 29, 2008 as Delphinium Estates Private Limited is engaged in the business of infrastructure facilities for maintenance, repair and overhaul (MRO) of identified civil aircrafts and providing related services. Its name was changed to MAS GMR Aerospace Engineering Company Private Limited on March 20, 2009. Subsequently, it was converted into a public limited company. MGAE is a joint venture between GHIAL and Malaysian Aerospace Engineering Sdn. Bhd (MAE).

GIL (through its subsidiaries), holds 50.00%; and Malaysian Aerospace Engineering Sdn, Bhd holds 50.00% of the issued and paid up share capital of MGAE.

*Financial performance*

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	1,604.00	770.00	412.07
Sales and other income	393.16	198.02	5.60
Profit/Loss after tax	(58.24)	(12.67)	(24.01)
Reserves and Surplus	(101.79)	(43.55)	(30.88)
Earnings per share (Basic) (₹)	(0.49)	(0.17)	(1.45)
Earnings per share (Diluted)	-	-	-
Net Asset Value per share (₹)	9.37	9.43	9.25

**H. Laqshya Hyderabad Airport Media Private Limited (“Laqshya”)**

Laqshya, a company incorporated on December 11, 2007 is engaged in the business of indoor and outdoor advertising and content deployment at Rajiv Gandhi International Airport, Hyderabad. Laqshya is a joint venture company between GHIAL and Laqshya Media Private Limited.

GIL (itself and through its subsidiaries), holds 49.00% and Laqshya Media Private Limited holds 51.00% of the issued and paid up share capital of Laqshya.

### Financial performance

(₹ In million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	200.00	200.00	0.10
Sales and other income	237.07	286.31	192.68
Profit/Loss after tax	(55.96)	5.29	(47.19)
Reserves and Surplus	(358.31)	(302.35)	(307.64)
Earnings per share (Basic) (₹)	(2.80)	0.26	(4,719.42)
Earnings per share (Diluted) (₹)	-	-	-
Net Asset Value per share (₹)	(7.92)	(5.12)	(10,764.39)

### III. Joint Venture Company with negative net- worth:

NIL

### IV. Group Companies incorporated outside India with negative net-worth:

#### 1 GMR Airports (Malta) Limited (“GMRAML”)

GMRAML, a company incorporated on June 19, 2008 (formerly known as GMR International (Malta) Limited) and is involved in the business of invest in overseas airport. The name of the company was subsequently changed to GMR Airports (Malta) Limited on February 27, 2013.

GMR Airport (Global) Limited holds 100.00% of the total issued and paid-up share capital of GMR Airports (Malta) Limited.

### Financial performance

(Amount in Euro)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	1,165	1,165	1,165
Sales and other income	50,758	5	3
Profit/Loss after tax	(183,305)	(91,568)	(31,539)
Reserves and Surplus	(712,435)	(143,908)	(52,340)
Earnings per share (Basic) (Euro)	(157)	(79)	(24)
Earnings per share (Diluted)	(157)	(79)	(24)
Net Asset Value per share (Euro)	(455.58)	(122.53)	(43.93)

#### 2 İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş., (“ISGH”)

ISGH, a company incorporated on March 27, 2008 is engaged in the business of ground handling activities of domestic and International airport and other related services. The registered office of SGH is located at Sabiha Gokcen Airport, 34912, Pendik/ Istanbul, Turkey.

Istanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. holds 51.00%; Limak Yatırım, Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. holds 19.60%; Mr. Mehmet Cenk Alpsoy holds 11.00%, Malaysia Airports Holdings Berhad holds 9.80% and GIL holds 8.60% of the issued & paid up capital of ISGH.

### Financial performance

(₹ In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital	168.25	164.31	151.59
Sales and other income	248.85	886.28	1018.02
Profit/Loss after tax	(550.08)	(209.30)	(593.66)
Reserves and Surplus	(1653.77)	(1081.88)	(799.16)
Earnings per share (Basic) (₹)	-	-	-
Earnings per share (Diluted) (₹)	-	-	-

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Net Asset Value per share (₹)	-	-	-

### 3 **GMR Infrastructure (Overseas) Limited (“GIOL”)**

GIOL, a company incorporated on June 23, 2010 under the name of GMR Holdings (Overseas) Investments Limited. Its name was changed to GMR Infrastructure (Overseas) Limited on September 7, 2011. The company is engaged in the business of subscription, acquisition, management, holding, direction and purchase of shares and any other securities representing funds of entities. The registered office of GIOL is located at Bilbao, (Vizcaya) Gran via 45, 6a planta.

GIL (through its subsidiary, GMR Infrastructure (Mauritius) Limited), holds 100% of the issued & paid up capital of GIOL.

#### *Financial performance*

(USD In Million except per share data)

Particulars	For the year ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Equity capital (USD 100)	0.00	0.00	0.00
Sales and other income	-	0.32	7.79
Profit/(Loss) after tax (2011 – loss is USD 1302)	(1.34)	(0.05)	(0.00)
Reserves and Surplus (2011 – loss is USD 1302)	(1.39)	(0.06)	(0.00)
Earnings per share (Basic) (USD)	(13,368.62)	(542.45)	(13.02)
Earnings per share (Diluted)	(13,368.62)	(542.45)	(13.02)
Net Asset Value per share (USD) (2011 – USD 3703)	(1.39)	(0.06)	0.00

## V. **Other Group Companies**

### (a) **Companies incorporated in India**

#### 1. **GMR Aviation Private Limited (“GAPL”)**

GAPL, a company incorporated on December 22, 2006, is engaged in the business of providing consultancy services in aviation security and other aviation related activities and to provide security, schedule, maintain and operate commercial and non-commercial aircrafts and helicopters.

The registered office of GAPL is located at Umiya Emporium Building, 97, 5<sup>th</sup> Floor, Madiwala, Opp. Forum, Bangalore – 560 068, Karnataka.

GIL, along with its nominee Mr. Govindarajulu Tata (who holds 100 shares) holds 100.00% shares of the issued & paid up capital of GAPL.

#### 2. **GMR Corporate Affairs Private Limited (“GCAPL”)**

GCAPL, a company incorporated on December 22, 2006 is engaged business of providing corporate services including infrastructure services to corporate and other clients, such as providing office space, providing conference rooms, board room facilities, providing apartments, flats, bungalow’s as transit accommodation, vehicles, office equipment, furniture on lease, rent or otherwise including maintaining and safe keeping of records both electronically and manually and facilitating payments on behalf of the clients.

The registered office of GCAPL is located at SKIP House, No.25/1, Museum Road, Bangalore – 560 025, Karnataka.

GIL, along with its nominee Mr. Govindarajulu Tata (who holds 100 shares) holds 100% shares of the issued & paid up capital of GCAPL.

#### 3. **Dhruvi Securities Private Limited (“Dhruvi”)**



Dhruvi, a company incorporated on July 24, 2007. Dhruvi is engaged in the business of investing, acquiring and holding shares, stocks, debentures, derivatives, and other securities issued or guaranteed by any company, primarily in GMR Group companies.

Dhruvi is the subsidiary of GIL, the listed company in GMR Group, and is a NBFC registered with Reserve Bank of India.

#### **4. *East Delhi Waste Processing Company Limited (“EDWPCL”)***

EDWPCL, is a company originally incorporated as Okhla Waste Management Company Private Limited on April 20, 2005 and is engaged in the business of processing municipal waste by technologies such as refusal derived fuel, clean development mechanism, composting, biomethanation sewage treatment plant or any other technology available at that time in the renewable sector and produce power. The name of the company was changed to East Delhi Waste Processing Company Private Limited on April 16, 2007. Subsequently it was converted into a public limited company on April 4, 2012.

GIL (through its subsidiary, DIAL), holds 48.99%; IL&FS Renewable Energy Limited holds 48.95%; Selco International Limited holds 2.01%; and other shareholders 0.06% of the equity share capital of EDWPCL.

#### **5. *GMR Airports Limited (“GAL”)***

GAL, a company originally incorporated as Medvin Finance Private Limited on February 6, 1992 is engaged in the business of investing and holding various airport asset companies. GAL also renders consultancy services in airport management and operations, it has also set up a training academy by the name of “GMR Aviation Academy” with an objective to make it a global training hub for the airports/airlines/air traffic management professionals from the Asia Pacific region and other neighbouring regions like Middle East and Africa. Post incorporation as Medvin Finance Private Limited its name was changed to GVL Investments Private Limited on April 28, 2005 and further changed to GMR Airports Holding Private Limited as on November 10, 2009. The company was converted in to a public company on February 9, 2010. Thereafter, the company’s name was changed to GMR Airports Limited on May 3, 2012.

GIL (along with GMR Enterprises Private Limited and individual promoters) holds 97.15%; and Welfare Trust of GMR Infra Employees holds 2.85% of the total issued and paid- up equity share capital of GAL. GIL also holds 97.15%; and Welfare Trust of GMR Infra Employees holds 2.85% of the Class B compulsorily convertible preference shares of the fully issued and paid up preference share capital of GAL.

#### **6. *Gateways for India Airports Private Limited (“Gateways”)***

Gateways, a company incorporated on January 12, 2005 is engaged in the business to establish, promote, develop, operate, manage and maintain international airports and airport infrastructure.

After successful bid process, the activity of modernization of the Delhi Airport had since been carried out through a special purpose company, Delhi International Airport Private Limited (DIAL).

GIL holds 86.49% of the issued and paid up share capital of Gateways.

#### **7. *GMR Hyderabad Aerotropolis Limited (“GHAL”)***

GHAL, a company incorporated on July 18, 2007, received its certificate of commencement of business on September 28, 2007 is engaged in the business of development activities at airports within or outside India including to build infrastructure on airports property such roads, drains, electricity, waste management. GHAL is engaged in the business of development of Airports within or outside India, including to build infrastructure on Airports property such as roads, drains and waste management.

GIL (through its subsidiary, GHIAL ), holds 100.00% of the issued and paid up share capital of GHAL.

#### **8. *GMR Hyderabad Airport Resource Management Limited (“GHARML”)***

GHARML, a company incorporated on July 18, 2007, received its certificate of commencement of business on September 28, 2007 is engaged in the business to act as advisors, manpower services providers to corporate

entities in India/ outside India in the airport related fields of operation and maintenance services. GHARML is providing specialised and skilled manpower to the various allied and ancillary activities at Rajiv Gandhi International Airport and also to engage in housekeeping and general maintenance activities at Rajiv Gandhi International Airport. Effective April 1, 2011, the housekeeping and other maintenance contracts that GHARML has been managing at RGIA have been withdrawn.

GHIAL holds 100.00% of the issued and paid up share capital of GHARML.

**9. Hyderabad Airport Security Services Limited (“HASSL”)**

HASSL, a company incorporated on July 20, 2007, received its certificate of commencement of business on September 28, 2007. HASSL is engaged in the business of undertaking pre-flight, through –flight, night- stop inspection, transit, terminal and other checks as per the norms fixed by the concerned authorities in India and abroad. HASSL is also engaged in the business of providing certain ancillary security services at the Rajiv Gandhi International Airport (RGIA). The ancillary security services that were being provided by HASSL to RGIA have been withdrawn. Currently, HASSL is not engaged in any other commercial activity.

GIL (through its subsidiary, GHIAL), holds 100.00% of the issued and paid up share capital of HASSL.

**10. GMR Hyderabad Multiproduct SEZ Limited (“GHMSL”)**

GHMSL, a company incorporated on December 4, 2007, received its certificate of commencement of business on June 19, 2008. GHMSL is engaged in the business of investment and development of infrastructure for special economic zone including planning, designing, operating and marketing multi-product special economic zones.

GIL (through its subsidiary, GHIAL), holds 99.988%; other individual shareholders hold 0.012% of the issued and paid up share capital of GHMSL.

**11. GMR Hyderabad Aviation SEZ Limited (“GHASL”)**

GHASL, a company incorporated on December 4, 2007 and received its certificate of commencement of business on June 12, 2008. GHASL operates and maintains a special economic zone as the infrastructure provider within the premises of Rajiv Gandhi International Airport. GHASL is engaged in the business of investment and development of infrastructure for special economic zone including planning, designing, operating and marketing multi-product special economic zones.

GIL (holding shares by itself and through its subsidiaries) holds 100.00% of the issued and paid up share capital of GHASL.

**12. GMR Hotels and Resorts Limited (“GHRL”)**

GHRL, a company originally incorporated as GMR Airport Handling Services Limited on September 8, 2008, received its certificate of commencement of business on October 30, 2008. The name of the Company was changed to GMR Hotels and Resorts Limited with effect from December 31, 2009. GHRL is engaged in the business including, running hotels, resorts, restaurants, lodging house, swimming pools, nigh clubs, gymnasiums and racecourses.

GIL (through its subsidiary, GHIAL), holds 100.00% of the issued and paid up share capital of GHRL.

**13. Hyderabad Duty Free Retail Limited (“HDFRL”)**

HDFRL, a company incorporated on May 14, 2010, received certificate for commencement of business on June 15, 2010 is engaged in the business of operating duty free retail outlets at Rajiv Gandhi International Airport.

GIL (through its subsidiary, GHIAL), holds 100.00% of the issued and paid up share capital of HDFRL.

**14. GMR Airport Handling Services Company Limited (“GAHSCL”)**

GAHSCL, a company incorporated on November 30, 2010, received its certificate for commencement of business on December 31, 2010 is engaged in the business to carry out ground handling; air craft maintenance and allied services for the airports.

GIL (through its subsidiary, GHIAL), holds 98.88% and other shareholders hold 0.012% of the issued and paid up share capital of GAHSCL.

**15. GMR Hyderabad Airport Power Distribution Limited (“GHAPDL”)**

GHAPDL, a company incorporated on September 18, 2012, received its certificate of commencement of business on December 26, 2012 is engaged in the business of developing, operating and maintaining power distribution network for supply of power within Rajiv Gandhi International Airport It is in the process of the obtaining various approvals for undertaking its business activity.

GIL (through its subsidiary, GHIAL), holds 100.00% of the issued and paid up share capital of GHAPDL.

**16. GMR Airport Developers Limited (“GADL”)**

GADL, a company incorporated on June 13, 2008 and obtained a certificate of commencement of business on July 31, 2008 is engaged in the business to promote, plan, design, construct, alter, repair, set up, commission, operate, market, and provide all types of consultancy services, for managing and maintaining airports and airport infrastructure.

GIL (through its subsidiary, GAL), holds 100.00% of the issued and paid up share capital of GADL.

**17. GMR Highways Limited (“GMRHL”)**

GMRHL, a company originally incorporated on February 3, 2006 as GMR Highways Private Limited and was subsequently converted into limited company on March 24, 2010. GMRHL is engaged in the business of providing management and operation and maintenance services to the projects under highways sector.

GIL holds 100.00% of the issued and paid up share capital of GMRHL.

**18. GMR Tambaram Tindivanam Expressways Limited (“GTTE”)**

GTTEPL, a company incorporated on August 27, 2001, is engaged in the business of construction, maintenance and operation of 93 kms four lane stretch between Tambaram and Tindivanam road on Chennai-Dindigul section on National Highway-45 in Tamil Nadu.

GIL (through its subsidiaries), holds 100.00% of the issued and paid up share capital of GTTEL.

**19. GMR Tuni Anakapalli Expressways Limited (“GTAE”)**

GTAEPL, a company incorporated on August 27, 2001, is engaged in the business of construction, maintenance and operation of 59 kms four lane stretch between Tuni and Anakapalli road on Chennai-Kolkata section on National Highway-5 in Andhra Pradesh.

GIL (through its subsidiaries), holds 100.00% of the issued and paid up share capital of GTAEL.

**20. GMR Ambala-Chandigarh Expressways Private Limited (“GACEPL”)**

GACEPL, a company incorporated on July 14, 2005, is engaged in the implementation of a toll based highway project on a 35 kms stretch on the National Highway-21 and National Highway-22 between Ambala and Chandigarh in the States of Punjab and Haryana.

GIL (itself and through its subsidiaries), holds 100.00% of the issued and paid up equity share capital (out of which our Company holds 26.00%) and 100.00 % of the issued and paid up preference share capital GACEPL.

**21. GMR Jadcherla Expressways Limited (Formerly known as GMR Jadcherla Expressways Private Limited) (“GJEL”)**

GJEL, a company originally incorporated as GMR Jadcherla Expressways Private Limited on October 18, 2005, subsequently, it was converted into a public company on August 4, 2012. It is engaged in the business of construction, maintenance and operation of 58 kms of four lane stretch on Farukhnagar and Jadcherla road on Hyderabad – Bangalore section on National Highway 7 under BOT basis.

GIL (through its subsidiaries), holds 25.99%; Macquarie SBI Infrastructure Investments PTE Limited holds 53.28%; SBI Macquarie Infrastructure Trustee Private Limited holds 20.72% of the issued and paid up share capital of GJEL.

**22. GMR Pochanpalli Expressways Limited (“GPEL”)**

GPEL, a company originally incorporated as GMR Pochanpalli Expressways Private Limited on October 18, 2005, subsequently it was converted into a public limited company on February 5, 2010. It is engaged in the business of strengthening, widening and improvement of the existing two lane road into four lane road between Adloor Yellareddy and Kalkallu / Gundla Pochanpalli stretch on Hyderabad – Nagpur section on National Highway 7 in Andhra Pradesh.

GIL (itself and through its subsidiaries), holds 100.00% of the issued and paid up share capital of GPEL.

**23. GMR Ulundurpet Expressways Private Limited (“GUEPL”)**

GUEPL, a company incorporated on March 20, 2006 is engaged in the business of construction, maintenance and operation of 73 kms four lane road between Tindivanam and Ulundurpet stretch on Chennai – Dindigul section on National Highway 45 in Tamil Nadu.

GIL (holding shares by itself and through its subsidiaries), holds 26.00% and India Infrastructure Fund holds 74.00% of the issued and paid up share capital of GUEPL.

**24. GMR Hyderabad Vijayawada Expressways Private Limited (“GHVEPL”)**

GHVEPL, a company incorporated on June 11, 2009. It was established to undertake construction, development and maintenance of 181 km on Hyderabad – Vijayawada stretch in Andhra Pradesh on build, operate, transfer (“BOT”) (Toll) basis.

GIL (holding shares by itself and through its subsidiaries), holds 90.00%; Punj-Lloyd Limited holds 10.00% of the issued and paid up share capital of GHVEPL.

**25. GMR Chennai Outer Ring Road Private Limited (“GCCRPL”)**

GCCRPL, a company incorporated on July 21, 2009, is engaged in the business of construction and maintenance of Chennai outer ring road, (Six lanes plus two service lanes) on National Highway-45, from Vandalur to Nemilichery covering a distance of 29.65 k.m. in the State of Tamil Nadu on DBFOT Annuity basis.

GIL (itself and through its subsidiaries) holds 90.00% of the issued and paid up share capital of GCCRPL.

**26. GMR OSE Hungund Hospet Highways Private Limited (“GOHHHPL”)**

GOHHHPL, a company incorporated on February 5, 2010. GOHHHPL is engaged in the business of undertaking four-laning of existing two-lane Hungund-Hospet section of National Highway- 13 from km 202 to km 299 in the State of Karnataka (Total length: 99 km) to be executed as BOT (Toll) on Design, Build, Finance, Operate and Transfer (“DBFOT”) basis.

GIL (by itself and through its subsidiaries), holds 51.00%; Oriental Structural Engineers Private Limited holds 26.00%; Oriental Toll Ways Private Limited holds 23.00% of the paid up equity share capital of GOSEHHHPL.

**27. GMR Kishangarh Expressways Limited (“GKUAEL”)**

GKUAEL, a company incorporated on November 24, 2011, is engaged in the business of development and operation/ maintenance of the six laning of Kishangarh-Udaipur-Ahmedabad section of National Highway-79A,

National Highway-79, National Highway-78 and National Highway-8 including New Udaipur Bypass in the States of Rajasthan and Gujarat (approx. length 555.500 kms) under NHDP Phase V, through Public Private Partnership on DBFOT basis.

GIL (itself and through its subsidiaries), holds 100.00% of the issued and paid up share capital of GKUAEL.

**28. *GMR Highways Projects Private Limited (“GHPPL”)***

GHPPL, a company incorporated on September 27, 2011, is engaged in the business, either individually or as joint venture with any other entity, whether in India or outside India, of constructing, improving, developing, strengthening, widening, operating, maintaining of roads, culverts, highways, expressways including traffic management system, bridge(s), intra-urban and or peri-urban roads like ring roads and urban by-passes, fly-overs, bus and truck terminals, sub-ways, convention centres.

GIL (through its subsidiary, GHL), holds 99.99%; GHL and O. Bangaru Raju jointly hold 0.01% of the issued and paid up share capital of GHPPL.

**29. *Kakinada SEZ Private Limited (“KSPL”)***

KSPL, a company incorporated on October 24, 2003, is engaged in the business of setting up large port based multi-product special economic zone (SEZ) in about 10,500 acres of land near Kakinada in the East Godavari District of Andhra Pradesh.

GIL (itself and through its subsidiaries) holds 51.00%; Kakinada Infrastructure Holdings Private Limited holds 33.75%; Veds Infra-Projects (India) Limited holds 14.70%; K. V. Rao and IL and FS Financial Services Limited holds 0.29.00% and 0.26.00% respectively of the issued and paid up equity capital of KSPL.

**30. *GMR SEZ & Port Holdings Private Limited (“GSPHPL”)***

GSPHPL, (erstwhile GMR Oil & Natural Gas Private Limited) was incorporated on March 28, 2008. GSPHPL is the holding company for several property development companies. It is engaged in the business of consultancy services for total business solutions for setting up and operation of special economic zones/industrial parks/industrial estates and ports, setting up and operating special economic zones/industrial parks/industrial estates and ports.

GIL (itself and through its subsidiaries), holds 99.99% of the issued and paid up share capital of GSPHPL.

**31. *GMR Krishnagiri SEZ Limited (“GKSL”)***

GKSL, a company incorporated on September 24, 2007, obtained a certificate of commencement of business on February 27, 2008. It is engaged in the business of developing special investment region/industrial park/estates in Krishnagiri district in Tamil Nadu.

GIL (through its subsidiary, GKSL), holds 100.00% of the issued and paid up share capital of GKSL.

**32. *GMR Hosur EMC Private Limited (“GHEMC”)***

GHEMC, a company incorporated on September 4, 2013 as a wholly owned subsidiary of GMR Krishnagiri SEZ Limited. It is engaged in business of setting up, establishing and development of infrastructure for Industrial Estates / Parks or any other industrial zone by whatever name called including special economic zones and to establish & develop industry specific clusters

GIL (through its subsidiary, GKSL), holds 100.00% of the issued and paid up share capital of GHEMC.

**33. *Advika Properties Private Limited (“Advika”)***

Advika, a company incorporated on March 28, 2008, and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Advika Real Estate Private Limited. Its name was changed to Advika Properties Private Limited on June 11, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings

Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Govinda Bhat jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of Advika.

**34. *Aklima Properties Private Limited (“Aklima”)***

Aklima, a company incorporated on April 4, 2008 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Aklima Real Estates Private Limited. Its name was changed to Aklima Properties Private Limited on June 11, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Govinda Bhat jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of Aklima.

**35. *Amartya Properties Private Limited (“Amartya”)***

Amartya, a company incorporated on April 4, 2008 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Amartya Real Estates Private Limited. Its name was changed to Amartya Properties Private Limited on June 11, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Govinda Bhat jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of Amartya.

**36. *Baruni Properties Private Limited (“Baruni”)***

Baruni, a company incorporated on April 4, 2008 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Baruni Real Estates Private Limited. Its name was changed to Baruni Properties Private Limited on June 11, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Govinda Bhat jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of Baruni.

**37. *Camelia Properties Private Limited (“CPPL”)***

CPPL, a company incorporated on January 11, 2008 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Camelia Real Estates Private Limited. Its name was changed to Camelia Properties Private Limited on June 11, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Govinda Bhat jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of CPPL.

**38. *Eila Properties Private Limited (“EPPL”)***

EPPL, a company incorporated on April 4, 2008 and was subsequently acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Eila Real Estate Private Limited. EPPL changed its name to Eila Properties Private Limited on June 11, 2009, subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. EPPL is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Govindraj jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of EPPL.

**39. *Gerbera Properties Private Limited (“GPL”)***

GPL, a company incorporated on February 29, 2008 was subsequently acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Gerbera Estates Private Limited. Its name was changed to Gerbera Properties Private Limited on June 11, 2009, subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. GPL is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Govindraj jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of GPL.

**40. *Lakshmi Priya Properties Private Limited (“LPPPL”)***

LPPPL, a company incorporated on March 28, 2008 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Hiral Real Estates Private Limited. The name LPPPL was changed to Lakshmi Priya Properties Private Limited on June 23, 2009, subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Govindraj jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of LPPL.

**41. *Honeysuckle Properties Private Limited (“HPPL”)***

HPPL, a company incorporated on February 8, 2008 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; G. Purnachandra jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of HPPL.

**42. *Idika Properties Private Limited (“IPPL”)***

IPPL, a company incorporated on April 4, 2008 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Idika Real Estate Private Limited. The name of the IPPL company was changed to Idika Properties Private Limited on June 9, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; B. V. Suresh Babu jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of IPPL.

**43. *Krishnapriya Properties Private Limited (“KPPL”)***

KPPL, a company incorporated on July 18, 2007 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Krishnapriya Real Estates Private Limited. The name of the KPPL was changed to Krishnapriya Properties Private Limited on June 12, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; B. V. Suresh Babu jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of KPPL.

**44. *Nadira Properties Private Limited (“NPPL”)***

NPPL, a company incorporated on April 4, 2008 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Nadira Real Estate Private Limited. The name of the company was changed to NPPL on June 9, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Govindraj jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of NPPL.

**45. *Prakalpa Properties Private Limited (“PrPPL”)***

PrPPL, a company incorporated on April 4, 2008 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Lakshmana Rao jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of PrPPL.

**46. *Purnachandra Properties Private Limited (“PuPPL”)***

PuPPL, a company incorporated on September 11, 2007 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Purnachandra Real Estates Private Limited. The name of the company was changed to Purnachandra Properties Private Limited on June 11, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Purnachandra Rao jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of PuPPL.

**47. *Shreyadita Properties Private Limited (“SPPL”)***

SPPL, a company incorporated on April 4, 2008 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Shreyadita Real Estate Private Limited. The name of the company was changed to Shreyadita Properties Private Limited on June 9, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; B. V. Suresh Babu jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of SPPL.

**48. *Sreepa Properties Private Limited (“Sreepa”)***

Sreepa, a company incorporated on October 26, 2007 and was acquired by GMR Krishnagiri SEZ Limited on March 31, 2009 under the name of Sreepa Real Estate Private Limited. The name of the company was changed to Sreepa Properties Private Limited on June 11, 2009. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (itself and through its subsidiaries), holds 100.00% of the issued and paid up share capital of Sreepa Properties Private Limited.

**49. *Bougainvillea Properties Private Limited (“Bougainvillea”)***

Bougainvillea, a company incorporated on February 8, 2008. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.



GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; G. Purnachandra Rao jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of Bougainvillea .

**50.     *Asteria Real Estates Private Limited (“Asteria”)***

Asteria, a company incorporated on January 11, 2008. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on April 28, 2012. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; G. Purnachandra Rao jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of Asteria.

**51.     *Larkspur Properties Private Limited (“LPPL”)***

LPPL, a company incorporated on February 29, 2008, subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Govindraj jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of LPPL.

**52.     *Deepesh Properties Private Limited (“DPPL”)***

DPPL, a company incorporated on February 24, 2010. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; G. Purnachandra Rao jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of DPPL.

**53.     *Padmapriya Properties Private Limited (“PaPPL”)***

PaPPL, a company incorporated on February 25, 2010. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on February 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Lakshmana Rao jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of PaPPL.

**54.     *Pranesh Properties Private Limited (“PPrPL”)***

PPrPL, a company incorporated on March 25, 2011. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on June 27, 2011. It is engaged in the business of property development and real estate activities.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Lakshmana Rao jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of PPrPL.

**55.     *Radhapriya Properties Private Limited (“Radhapriya”)***

Radhapriya, a company incorporated on March 25, 2011. Subsequently it was acquired by GMR SEZ & Port Holdings Private Limited on November 1, 2011. It is engaged in the business of property development and real estate activities.

GIL (itself and through its subsidiaries), holds 100.00% of the issued and paid up share capital of Radhapriya.

**56. *GMR Hosur Industrial City Private Limited (“GHICPL”)***

GHICPL, a company incorporated on September 4, 2013 as a wholly owned subsidiary of GMR Krishnagiri SEZ Limited. It is engaged in business of setting up, establishing and development of infrastructure for Industrial Estates/Parks or any other industrial zone by whatever name called including special economic zones and to establish & develop industry specific clusters.

GIL (through its subsidiary, GMR SEZ & Port Holdings Private Limited), holds 99.99%; P. Lakshmana Rao jointly with GMR SEZ & Port Holdings Private Limited holds 0.001% of the issued and paid up share capital of GHICPL.

**57. *GMR Power Infra Limited (“GPIL”)***

GPIL, a company incorporated on February 25, 2011 and engaged in the business of maintenance and operation of all types of power plants including hydro, thermal, gas, diesel oil, renewal energy sources such as solar, photovoltaic, windmill. GMR Power Infra Limited is operating a 1.25 MW (1250 KW) windmill power project at Periyakumarapalayam and Muthiampatti Village, Dharapuram Taluka, Tirupur Dist., State of Tamil Nadu.

GIL (itself and through its subsidiaries and nominees), holds 100.00% of the issued and paid up capital of GPIL.

**58. *GMR Corporate Centre Limited (“Corporate Center”)***

Corporate Centre, a company incorporated on June 20, 2007 is engaged in providing corporate services to the GMR group of companies. Corporate Centre is incorporated to enable the members of the company to mutually avail and share common facilities and resources afforded by the company mainly in the areas of cost reduction, corporate restructuring, acquisitions, mergers, amalgamations etc and achieve economies of scale to minimise costs of the members.

**59. *Hyderabad Menzies Air Cargo Private Limited (“HMACPL”)***

HMACPL, a company originally incorporated as Cadence Cargo Private Limited on February 22, 2006. The name of the company was changed to Hyderabad Menzies Air Cargo Private Limited with effect from March 29, 2007. HMACPL is a joint venture company between GMR Hyderabad International Airport Limited (GHIAL) and Menzies Aviation Cargo (Hyderabad) Limited a company incorporated under the laws of Mauritius.

GIL (through its subsidiary, GHIAL), holds 51.00% and Menzies Aviation Cargo Hyderabad Limited holds 49.00% of the issued and paid up share capital of HMACPL.

**60. *Delhi Airport Parking Services Private Limited (“DAPSPL”)***

DAPSPL, a company incorporated on February 11, 2010 is engaged in the business of development, construction, operation, management, maintenance and transfer of vehicle parking facilities in the vicinity of domestic terminal and cargo terminal; financing, setting up, operation, management, maintenance of entry ticket counters; financing, setting up, operation, management, maintenance of DIAL and provision of other services.

GIL (through its subsidiary, DIAL), holds 49.90%; Tenage Parking Services (India) Private Limited holds 10.00% and Greenwich Investments Limited holds 40.10% of the total paid-up share capital of DAPSPL.

**61. *Celebi Delhi Cargo Terminal Management India Private Limited (“CDCTMIPL”)***

CDCTMIPL, a company incorporated on June 18, 2009 is engaged in performing activities to upgrade, modernize, finance, operate, maintain and manage the existing cargo terminals (brownfield air cargo terminal) and render world class cargo handling activities at Indira Gandhi International Airport., New Delhi.

GIL (through its subsidiary, DIAL) holds 26.00%; and Celebi Hava Servisi A.S. holds 74.00% of the total paid-up share capital of CDCTMIPL.

**62. *Delhi Cargo Service Centre Private Limited (“DCSCPL”)***

DCSCPL, a company incorporated on November 18, 2009. It is engaged in designing, financing, developing, operating, maintaining and managing the greenfield air cargo terminal at the Indira Gandhi International Airport at Delhi.

GIL (through its subsidiary, DIAL) holds 26.00%; and Cargo Services Centre India Private Limited holds 74.00% of the total paid-up share capital of Delhi Cargo Service Centre Private Limited.

**63. *Delhi Duty Free Services Private Limited (“DDFSPL”)***

DDFSPL, a company incorporated on July 7, 2009, is engaged in setting up, developing, operating, maintaining and managing the duty free outlets and providing the services, during the license term and ensuring that the duty free outlets are designed, set up, developed, operated, maintained and managed as per international standards in line with the image envisaged for the airport by DIAL and in accordance with the duty free concepts.

GIL (through its subsidiary, GAL and DIAL), holds 66.93%; Yalorvin Limited holds 17.03% of the total paid-up share capital of DDFSPL .

**64. *Delhi Aviation Fuel Facility Private Limited (“DAFFPL”)***

DAFFPL, a company incorporated on August 11, 2009, is engaged in financing, designing, construction, development and transfer of the existing and onsite facility and operation, management and maintenance of the facility at Indira Gandhi International Airport.

GIL (through its subsidiary, DIAL) holds 26.00%; Bharat Petroleum Corporation Limited holds 37.00%; and Indian oil Corporation Limited holds 37% of the total paid-up share capital of Delhi DAFFPL.

**65. *Delhi Aviation Services Private Limited (“DASPL”)***

DASPL, a (formerly known as Dial Cargo Private Limited) incorporated on June 28, 2007. It is engaged in providing bridge mounted equipment services i.e. Ground Power Unit (GPU), Pre-Conditioned Air Unit (PCA) and supply of potable water at the Indira Gandhi International Airport (Delhi Airport) at IGIA, New Delhi.

GIL (through its subsidiary, DIAL) holds 50.00%; Birla Worldwide Flight Services (India) Private Limited holds 16.66%; Celebi Ground Handling Delhi Private Limited holds 16.66%; and Cambata Aviation Private Limited holds 16.66% of the total paid-up share capital of DASPL.

**66. *Wipro Airport IT Services Limited (“Wipro”)***

Wipro, a company was incorporated on October 22, 2009 and received certificate of commencement of business on December 9, 2009. It is engaged in the business to carry out designing, deploying and maintaining information and communication technology infrastructure and applications for identified airports.

GIL (through its subsidiary, DIAL) holds 26.00%; Wipro Limited holds 73.26% of the total paid-up share capital of Wipro Airport IT Services Limited. Remaining 0.74% is held by individual investors with Wipro Limited.

**67. *TIM Delhi Airport Advertising Private Limited (“TDAAPL”)***

TDAAPL, a company incorporated on June 1, 2010, is engaged in developing, setting up, operating, maintaining, marketing, and managing the in-terminal and outdoor advertising sites and display of advertisement and acquire, install, maintain master antenna television and wall clocks and display of brand logos thereon at DIAL.

GIL (through its subsidiary, DIAL) holds 49.90% and Times Innovative Media Limited holds 50.10% of the total paid-up share capital of TIM. of the total paid-up share capital of TIM.

**68. *Asia Pacific Flight Training Academy Limited (“APFT”)***

APFT, a company incorporated on February 18, 2011 and received its certificate of commencement of business on April 25, 2011. APFT engaged in the business of Its main object is to carry on the business of the flight

training academy for pilot training and advanced training like simulator training, type rating and any other related training as required for cadets as well as flight training personnel of commercial airlines in India and other countries. It is a joint venture between GMR Hyderabad International Airport Limited and Asia Pacific Flight Training Sdn Bhd, Malaysia.

GIL (through its subsidiary, GHIAL), holds 39.66% of the issued and paid up share capital of APFT.

#### **AMG Healthcare Destination Private Limited (“AMG”)**

AMG Healthcare Destination Private Limited (AMG) was incorporated on October 3, 2011. It is a joint venture company between GMR Holdings Private Limited (GMR), Apollo Hospitals Enterprise Limited (Apollo) and Mayo Clinic GBS Mauritius (Mayo). The company was incorporated to undertake, promote, assist or engage in all kinds of research and development work and in setting up multi-speciality hospitals.

GMR Holdings Private Limited holds 50.00% and Apollo Hospitals Enterprise Limited holds 50.00% of the issued and paid up share capital of AMG capital.

#### **(b) Companies incorporated outside India**

*Company incorporated under the laws of Cyprus*

#### **69. GMR Infrastructure (Cyprus) Limited (“GICL”)**

GICL, a company incorporated on November 19, 2007 is engaged in the business of investment and to acquire by original subscription, contract, purchase exchange or otherwise. The registered office of GICL is located at Themistokli Dervis, Elenion, 2<sup>nd</sup> Floor, Nicosia, Cyprus.

GMR Infrastructure (Mauritius) Limited, a subsidiary of GIL holds 100.00% of the issued & paid up capital of GICL.

*Companies incorporated under the laws of Isle of Man*

#### **70. GMR Airport (Global) Limited (Isle of Man) (“GAGL”)**

GAGL, a company incorporated on September 27, 2010 is engaged in investing overseas in airport sector and to render consultancy and management service in airport sector.

GIL, (through its subsidiary, GMR Airports (Mauritius) Limited), holds 100.00% of the issued & paid up capital of GAGL.

#### **71. GMR Infrastructure (Global) Limited (“GIGL”)**

GIGL, a company incorporated on May 28, 2008. GIGL has capacity to carry on or to undertake any business or activity, to do, or to be subject to, any act or to enter into any transaction and is presently engaged in the business of investment. The registered office of GIGL is located at 33-37, Athol Street, Douglas, Isle of Man, IM1 1LB.

GMR Infrastructure (Cyprus) Limited, a subsidiary of GIL holds 100% of the issued & paid up capital of GIGL.

#### **72. GMR Infrastructure Overseas Limited, Malta (“GIOLM”)**

GIOLM, is a wholly owned subsidiary of GMR Infrastructure (Mauritius) Limited, which in turn is a wholly owned subsidiary of GIL. GIOLM was initially incorporated as GMR Infrastructure Overseas, Sociedad Limitada, Spain on January 24, 2008. The company was re-domiciled from Spain to Malta on March 27, 2013. The company as on date holds investment in Istanbul Sabia Gocken International Airport, Turkey and other related entities.

#### **73. GMR Energy (Global) Limited (“GEGL”)**

GEGL, a company incorporated on May 27, 2008. GEGL has capacity to carry on or to undertake any business or activity, to do, or to be subject to, any act or to enter into any transaction and is presently engaged in the

business of investment. The registered office of GIGL is located at 33-37, Athol Street, Douglas, Isle of Man, IM1 1LB.

GMR Infrastructure (Cyprus) Limited, a subsidiary of GIL holds 100% of the issued and paid up capital of GIGL.

**74. GADL International Limited (“GADL(INT)”)**

GADL(INT), a company originally incorporated as GADL Limited on October 20, 2010 at Isle of Man. GADL (INT) has unlimited capacity to carry on or to undertake any business or activity, to do, or to be subject to, any act or to enter into any transaction.

GIL (through its subsidiary, GADL (Mauritius) Limited), holds 100.00% of the issued and paid up share capital GADL(INT).

*Company incorporated under the laws of Mauritius*

**75. GMR Airports (Mauritius) Limited (“GAML”)**

GAML, a company incorporated on January 18, 2013. It is an investment holding company set up to build the future overseas business interests of the GMR Group in airports and airport related sector.

GIL, (through its subsidiary, GMR Airports Limited), holds 100.00% of the issued & paid up capital of GAML.

**76. GADL (Mauritius) Limited (“GADL(M)”)**

GADL(M), a company incorporated on June 11, 2010 at Mauritius. GADL (M) is a category 1 global business license company.

GIL (through its subsidiary, GADL), holds 100.00% of the issued and paid up share capital of GADL(M).

**77. GMR Infrastructure (Mauritius) Limited (“GIML”)**

GIML, a company incorporated on December 18, 2007 as private limited company. It was converted into a public company on August 12, 2011. GIML is engaged in the business of investment. The registered office of GIML is located at C/o, Abax Corporate Services Limited, 6<sup>th</sup> Floor, Tower A, 1, Cyber City, Ebane, Mauritius.

GIL (holding shares by itself and through its subsidiaries) holds 100.00% of the issued and paid up capital of GIML.

*Companies incorporated under the laws of Singapore*

**78. GMR Infrastructure (Singapore) Pte Limited (“GISPL”)**

GISPL, a company incorporated on February 10, 2009, is engaged in activity that is not prohibited under any law for the time being in force in Singapore, except the business of banking and insurance.

GIL through its subsidiaries GMR Infrastructure (Mauritius) Limited (99.99%) and GMR Infrastructure (UK) Limited (0.01%) holds 100.00% of the issued and paid up capital of GMR Infrastructure (Singapore) Pte Limited.

*Company incorporated under the laws of Spain*

**79. GMR Infrastructure Overseas Limited (“GIOL”)**

GIOL, a company incorporated on January 24, 2008 in Spain, is engaged in the business subscription, acquisition, management, holding, direction and purchase of shares and any other securities representing funds of entities established and not established in Spain. Effective from March 27, 2013, the domicile of the company has been changed from Spain to Malta. The registered office of GIOL is located at 33, Saint Barbara Bastion, Valletta, VLT1961, Malta.

GIOL and GMR International (Malta) Limited, subsidiaries of GIL hold 99.97% and 0.03% of the issued and paid up capital of GIOL respectively.

*Company incorporated under the laws of Turkey*

**80. Limak GMR Construction (“GCJV”)**

GCJV, a company incorporated on March 25, 2008 for the purposes of execution of construction of a new international airport terminal building and its complementaries at Sabiha Gokcen Kurtkoy, Istanbul, Turkey.

The registered office of GCJV is located at Istanbul, Sabiha Gokcen Havaalani, Pendik, Istanbul, Turkey.

Limak Insaat San. Ve. Tic. A.S, holds 50.00% and GMR Infrastructure Overseas S. L., a subsidiary of GIL holds 50.00% of the issued and paid up capital of GCJV.

**81. LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi (“LGM”)**

LGM, a company incorporated on January 31, 2009 is engaged in the business to establish, operate, have it operated, lease and lease out VIP and CIP lounges at airports and related activities. The registered office of LGM is located at Sabiha Gokcen Uluslararası Havalimani Pendik, Istanbul, Turkey.

Limak Yatırım, Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş holds 39.00%; GMR Infrastructure Overseas Limited holds 35.00%; Malaysia Airports Holdings Berhad holds 20.00%; GMR Infrastructure (Global) Limited, a subsidiary of GIL holds 5.00% and LIMAK Insaat San. Ve Tic A.S. holds 1.00% of the issued & paid up capital of LGM.

*Company incorporated under the laws of United Kingdom*

**82. GMR Infrastructure (UK) Limited (“GIUL”)**

GIUL, a company incorporated on March 3, 2008, is engaged in the business of rendering the project/ management consultancy services mainly in the area of cost reduction, corporate restructuring, acquisitions, mergers, amalgamations, human resource development, business strategic planning, corporate communication etc.

The registered office of GIUL is located at C/o Paper-chase Business Services Limited, 42, Sydenham Road, London, WIH 6LT.

GMR Infrastructure ( Mauritius) Limited, a subsidiary of GIL holds 100.00% of the issued & paid up capital of GIUL.

*Company incorporated under the laws of Maldives*

**83. GMR Male Retail Private Limited (“GMRPL”)**

GMRPL, a company incorporated on December 7, 2011, is engaged in the operation of duty free outlets, and other ancillary and incidental activities thereto at Ibrahim Nasir International Airport, Malé, Republic of Maldives in accordance with the laws and regulations governing such activities.

GMR Airport (Global) Limited, a subsidiary of GIL holds 99.50%; and T.S.S.V. Lakshminarayana holds 0.50% of the issued and paid up capital of GMR Male Retail Private Limited.

**Other Confirmations**

Further, our Group Companies have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them. Additionally, none of the Group Companies have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

None of our Group Companies have made a public or a rights issue in the preceding three years.

#### **Nature and Extent of Interest of Group Companies**

##### ***(a) In the promotion of our Company***

None of our Group Companies have any interest in the promotion of our Company.

##### ***(b) In the properties acquired or proposed to be acquired by our Company in the past two years before filing the Draft Red Herring Prospectus with SEBI***

None of our Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of the Draft Red Herring Prospectus.

##### ***(c) In transactions for acquisition of land, construction of building and supply of machinery***

None of our Group Companies are interested in any transactions for the acquisition of land, construction of building or supply of machinery.

#### **Litigation**

For details relating to the legal proceedings involving the Group Companies, see “Outstanding Litigation and Defaults” on page 360.

#### **Common Pursuits**

Some of our Group Entities have common pursuits and are involved in the energy sector business. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For, further details on the related party transactions, to the extent of which our Company is involved, see “Related Party Transactions” on page F-111.

#### **Sick Company**

None of the Group Entities have become sick companies under the Sick Industrial Companies Act, 1985 and no winding up proceedings have been initiated against them. Further no application has been made, in respect of any of the Group Companies, to the Registrar of Companies for striking off their names. Additionally, none of our Group Entities has become defunct in the five years preceding the filing of this DRHP.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of the Company. The dividends declared by our Company during the last five fiscal years have been presented below:

	Year ended March 31				
	2009	2010	2011	2012	2013
Face Value of Equity Share (per share)	10	10	10	10	10
Interim Dividend on Equity Shares (₹)	-	-	-	-	-
Final Dividend on each Equity Share (₹)	-	-	-	-	-
Dividend Rate for equity shares (%)	-	-	-	-	-

The Company has also declared dividend on 0.0001% non-cumulative redeemable preference shares as follows:

	Year ended March 31				
	2009	2010	2011	2012	2013
Face Value of Preference Share (per share)	10	10	10	10	10
Interim Dividend on Preference Shares	-	-	1,000.00	-	-
Final Dividend on Preference Shares (₹)	-	-	947.00	1,805.00	1714.75
Dividend Rate for Preference shares (%)	-	-	0.0001	0.0001	0.0001

The Company has also declared dividend on 0.1% Compulsorily Convertible Preference Shares as follows:

	Year ended March 31				
	2009	2010	2011	2012	2013
Face Value of Preference Share (per share)	-	-	1,000	1,000	1,000
Interim Dividend on Preference Shares	-	-	4,127,671.23	-	-
Final Dividend on Preference Shares (₹)	-	-	6,955,890.00	-	-
Dividend Rate for Preference shares (%)	-	-	0.1%	-	-

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.



## SECTION V: FINANCIAL STATEMENTS

Restated consolidated balance sheet as at September 30, 2013, March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 and restated consolidated statement of profit and loss and restated consolidated cash flow statement for the six-month period ended September 30, 2013 and each of the years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 of GMR Energy Limited

Auditor's Report as required by Part II of Schedule II to the Companies Act, 1956

The Board of Directors  
GMR Energy Limited,  
25/1, Skip house, Museum Road,  
Bengaluru – 560 025

Dear Sirs,

1. We have examined the restated consolidated financial information of GMR Energy Limited ('the Company'), along with its subsidiaries, associates and jointly controlled entities (hereinafter collectively referred to as 'the Group') as at September 30, 2013, March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 and for the six-month period ended September 30, 2013 and each of the years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009, which comprises the restated consolidated balance sheet as at September 30, 2013, March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009, the restated consolidated statement of profit and loss and the restated consolidated cash flow statement for the six-month period / years then ended (together, the "restated consolidated summary statements") annexed to this report for the purpose of inclusion in the offer document, prepared by the Company, in connection with its proposed Initial Public Offer ('IPO') of equity shares of Rs.10 each. Such restated consolidated summary statements, which have been approved by the Board of Directors of the Company, have been prepared in accordance with the requirements of:
  - a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'); and
  - b. relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ('the Regulations') issued by the Securities and Exchange Board of India ('SEBI') on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.
2. We have examined such restated consolidated summary statements taking into consideration:
  - a. the terms of our engagement agreed with you vide our engagement letter dated March 1, 2013, requesting us to carry out work on such restated consolidated summary statements of the Group, proposed to be included in the offer document of the Company, in connection with its proposed IPO; and
  - b. the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.
  - c.
3. The restated consolidated summary statements have been compiled by the management from the audited consolidated financial statements of the Group as at and for the six-month period ended September 30, 2013 and the audited consolidated financial statements of the Group as at and for each of the years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009, prepared in accordance with accounting principles generally accepted in India at the relevant time and approved by the Company in its board meetings held on March 24, 2014, August 5, 2013, June 12, 2012, August 24, 2011, August 4, 2010 and June 3, 2009, respectively and books of account underlying those consolidated financial statements and other records of the Group for the presentation of the restated consolidated summary statements under the requirements of the revised schedule VI of the Act in relation to the years ended March 31, 2011, March 31, 2010 and March 31, 2009.

4. For the purpose of our examination of the restated consolidated summary statements we have relied on:

a. the audited consolidated financial statements of the Group as at and for the six-month period ended September 30, 2013 and the audited consolidated financial statements of the Group as at and for each of the years ended March 31, 2013, March 31, 2012 and March 31, 2011 prepared in accordance with accounting principles generally accepted in India at the relevant time and approved by the Company in its board meetings held on March 24, 2014, August 5, 2013, June 12, 2012 and August 24, 2011, respectively and which have been audited by us, and books of account underlying those financial statements and other records of the Group to the extent considered necessary by us, for the presentation of the restated consolidated summary statements under the requirements of the revised schedule VI of the Act, in relation to the year ended March 31, 2011;

i. As indicated in our auditor's reports on the financial statements referred in (a) above, we did not audit the financial statements and other financial information of certain subsidiaries, associates and jointly controlled entities as at and for the six-month period ended September 30, 2013 and as at and for each of the years ended March 31, 2013, March 31, 2012 and March 31, 2011. The financial statements and other financial information for these subsidiaries, associates and jointly controlled entities have been audited by other auditors, whose reports have been furnished to us, and our opinion on the consolidated financial statements in so far as it relates to the affairs of such subsidiaries, associates and jointly controlled entities is based solely on the report of such other auditors. Group's share of total assets, total revenue (including other income), total profit / (loss), net cash flow pertaining to these entities for the relevant period / years is tabulated below. The Group's share of total assets, total revenue (including other income), total profit / (loss), net cash flow pertaining to these entities for the six-month period ended September 30, 2013 and year ended March 31, 2013 is after adjustments on consolidation and for the years ended March 31, 2012 and March 31, 2011 is before adjustments on consolidation.

(Rs. In Million)

Period / year ended	Subsidiaries					Jointly controlled entities				
	Number of entities	Total assets	Total revenue (including other income)	Total profit / (loss)	Net cash inflow / (outflow)	Number of entities	Total assets	Total revenue (including other income)	Total profit / (loss)	Net cash inflow / (outflow)
September 30, 2013	30	301,716.03	8,643.02	(5,168.08)	3,840.24	11 <sup>1</sup>	6,382.91	3,275.15	121.18	82.61
March 31, 2013	41 <sup>2</sup>	265,367.18	10,410.48	(5,358.55)	(4,174.58)	14 <sup>3</sup>	5,874.02	6,909.74	378.06	(66.32)
March 31, 2012	47 <sup>4</sup>	220,148.56	12,096.37	(603.22)	3,534.89	15 <sup>5</sup>	5,892.22	601.66	14.44	157.13
March 31, 2011	46 <sup>6</sup>	97,242.26	9,276.37	345.72	4,944.32	2 <sup>7</sup>	69.68	-	(12.81)	-

1. Including 11 jointly controlled entities consolidated for the period January 1, 2013 to June 30, 2013.
2. Including 6 subsidiaries consolidated for the period January 1, 2012 to December 31, 2012.
3. Including 13 jointly controlled entities consolidated for the period January 1, 2012 to December 31, 2012.
4. Including 10 subsidiaries consolidated for the period January 1, 2011 to December 31, 2011.
5. Including 2 jointly controlled entities consolidated for the period January 1, 2011 to December 31, 2011 and 12 jointly controlled entities consolidated for the period November 17, 2011 to December 31, 2011.
6. Including 10 subsidiaries consolidated for the period July 12, 2010 to December 31, 2010.
7. 2 jointly controlled entities, consolidated for the period July 12, 2010 to December 31, 2010.

- ii. As indicated in our auditor's reports on the financial statements referred in (a) above, we did not audit the financial statements and other financial information of certain subsidiaries and jointly controlled entities as at and for the six-month period ended September 30, 2013 and as at and for each of the years ended March 31, 2013, March 31, 2012 and March 31, 2011. 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 for the relevant period were not available and our opinion on the consolidated financial statements in so far as it relates to the affairs of such subsidiaries, associates and jointly controlled entities is based solely on the basis of management certified financial statements. Our opinion is not qualified in respect of this matter. Group's share of total assets, total revenue (including other income), total profit / (loss), net cash flow pertaining to these entities for the relevant period / years is tabulated below. The Group's share of total assets, total revenue (including other income), total profit / (loss), net cash flow pertaining to these entities for the six-month period ended September 30, 2013 and year ended March 31, 2013 is after adjustments on consolidation and for the year ended March 31, 2011 is before adjustments on consolidation.

(Rs. in Million)

Period / year ended	Subsidiaries					Jointly controlled entities				
	Number of entities	Total assets	Total revenue	Total profit / (loss)	Net cash inflow / (outflow)	Number of entities	Total assets	Total revenue	Total profit / (loss)	Net cash inflow / (outflow)
September 30, 2013	11 <sup>1</sup>	2,332.64	1.73	(139.49)	355.49	2 <sup>2</sup>	23.75	5.80	5.66	(3.60)
March 31, 2013	1	-	0.03	(0.00) <sup>3</sup>	(0.08)	-	-	-	-	-
March 31, 2011	-	-	-	-	-	1	18.84	0.09	(0.35)	8.51

1. Including 6 subsidiaries consolidated for the period January 1, 2013 to June 30, 2013
2. Including 1 jointly controlled entity consolidated for the period January 1, 2013 to June 30, 2013.
3. Loss of Rs. 268.

- b. the audited consolidated financial statements of the Group as at and for the year ended March 31, 2010, prepared in accordance with accounting principles generally accepted in India at the relevant time and approved by the Company in its board meeting held on August 4, 2010 which have been jointly audited by Price Waterhouse and Chaturvedi & Shah, the Company's previous auditors, and books of account underlying those financial statements and other records of the Group, to the extent considered necessary by us for the presentation of the restated consolidated summary statements as at and for the year ended March 31, 2010 under the requirements of the revised schedule VI of the Act; and;

- c. the audited consolidated financial statements of the Group as at and for the year ended March 31, 2009, prepared in accordance with accounting principles generally accepted in India at the relevant time and approved by the Company in its board meeting held on June 3, 2009 which have been audited by Price Waterhouse, the Company's previous auditor, and books of account underlying those financial statements and other records of the Group, to the extent considered necessary by us for the presentation of the restated consolidated summary statements as at and for the year ended March 31, 2009 under the requirements of the revised schedule VI of the Act.

5. In accordance with the requirements of Paragraph B(1) of Part II of Schedule II of the Act, the Regulations and terms of our engagement agreed with you, we report that read with para 3 and 4 above, we have examined the restated consolidated summary statements as set out in Annexures I to III.
6. Based on our examination and reliance placed on the reports of auditors and management certified financial statements as referred to in Paragraph 4 above to the extent applicable, we further report that:

- a) the restated consolidated profits/ losses have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV(2) to the restated consolidated summary statements;
- b) the impact arising on account of changes in accounting policies adopted by the Group as at and for the six-month period ended September 30, 2013 is applied with retrospective effect in the restated consolidated summary statements, to the extent applicable;
- c) adjustments for the material amounts in the respective financial period / years to which they relate have been adjusted in the attached restated consolidated summary statements;
- d) there are no extraordinary items which need to be disclosed separately in the restated consolidated summary statements;
- e) Qualification included in the Independent Auditor's report to the consolidated financial statements for the six-month period ended September 30, 2013, which has been adjusted to the restated consolidated summary statements is stated as below (Refer Note 13 of Annexure (IV)(2)):

'As detailed in Note 33 (b) to the accompanying consolidated interim financial statements for the six-month period ended September 30, 2013, GMR Rajahmundry Energy Limited ('GREL'), a subsidiary of the Company has capitalised Rs. 1,836.70 Million and Rs. 4,660.56 Million for the six-month period ended and cumulatively upto September 30, 2013 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 aforesaid capitalisation. However, in our opinion, the 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 six-month period ended and cumulatively upto September 30, 2013 would have been higher by Rs. 1,836.70 Million and Rs. 4,660.56 Million respectively. In respect of the above matter, our audit report for the year ended March 31, 2013 was similarly modified.'

Note 33(b) to the consolidated financial statements mentioned above reads as follows:

'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 33(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.1,836.70 Million (March 31, 2013: Rs. 2,823.86 Million, September 30,2012: Rs. 887.70 Million) for six-month period ended September 30, 2013 and cumulatively Rs. 4,660.56 Million upto September 30, 2013 (March 31, 2013: Rs. 2,823.86 Million, September 30,2012: Rs. 887.70 Million) towards cost of the plant under construction.'

- f) Qualification included in the Independent Auditor's report to the consolidated financial statements for the year ended March 31, 2013, which has been adjusted to the restated consolidated summary statements is stated as below (Refer Note 13 of Annexure (IV)(2)) :

'As detailed in Note 32 (b) to the accompanying consolidated financial statements for the year ended March 31, 2013, GMR Rajahmundry Energy Limited ('GREL'), a subsidiary of the Company has capitalised Rs. 2,823.86 Million for the period July 1, 2012 to March 31, 2013 towards indirect expenditure and borrowing costs 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 aforesaid capitalisation. However, in our opinion, the 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 March 31, 2013 would have been lower by Rs. 2,823.86 Million.’

Note 32(b) to the consolidated financial statements mentioned above reads as follows:

‘The Group, for its 768 MW gas based power plant, which is under construction at Rajahmundry, has applied for allocation of gas and MoPNG is yet to allocate the gas linkage. The consortium of lenders had approved the reschedulement of COD of the plant under construction to April 1, 2014 and repayment of project loans. The Group has put on hold the active construction work of the plant with effect from July 1, 2012. 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 Group has approached the MCA seeking clarification / relaxation on applicability of the aforementioned paragraphs to the gas availability situation. The management of the Group is confident of obtaining necessary clarification / relaxation allowing such capitalisation. Pending receipt of requisite clarification / relaxation, the Group had capitalised aforesaid expenses amounting to Rs. 2,823.86 Million (net off Rs. 77.14 Million pertaining to other income) for the period July 1, 2012 to March 31, 2013 towards cost of the plant under construction.’

- g) Qualification included in the Independent Auditor’s report to the consolidated financial statements for the six-month period ended September 30, 2013, which do not require adjustment to the restated consolidated summary statements is stated as below (Refer Note (i)1 of Annexure (IV)(3)):

‘As detailed in Note 46 to the accompanying consolidated interim financial statements, the accompanying consolidated interim financial statements do not include cash flow statement for the comparable six-month period ended September 30, 2012, which is not in compliance with paragraph 18 of AS 25 [notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013].’

Note 46 to the consolidated financial statements mentioned above reads as follows:

‘Paragraph 18 of AS 25 – ‘Interim Financial Reporting’, requires the interim financial statements to include cash flow statement cumulatively for the current financial year to date with a comparable year to-date period of the immediately preceding financial year. However, these consolidated interim financial statements do not include cash flow statement for the six-month period ended September 30, 2012.’

- h) Emphasis of matters included in the Independent Auditor’s report to the consolidated financial statements for the six-month period ended September 30, 2013, which do not require adjustments to the restated consolidated summary statements is stated as below (Refer Note (ii)(1)(a) and (ii)(1)(b) of Annexure (IV)(3)):

1. ‘We draw attention to Note 33 (c) to the accompanying consolidated interim financial statements for the six-month period ended September 30, 2013 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 interim financial statements. 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.’

Note 33(c) to the consolidated financial statements mentioned above reads as follows:

‘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 TAGENDCO 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 TAGENDCO. GPCL had received a favourable Order from TNERC on April 16, 2010 and in pursuance of the Order, GPCL filed its claim on April 30, 2010 amounting to Rs. 4,816.80 Million and recognised Rs. 795.50 Million 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. 5,370.00 Million 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 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.

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 income 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 these consolidated interim financial statements. Further, GPCL has been legally advised that in view of the appeal filed by TAGENDCO against the Order of APTEL in Hon’ble Supreme Court, the entire matter is now subjudice and has not attained the finality.’

2. ‘We draw attention to Note 33 (a) to the accompanying consolidated interim financial statements for the six-month period ended September 30, 2013 regarding (i) cessation of operations and losses incurred by the Company and GMR Vemagiri Power Generation Limited (‘GVPGL’), subsidiary 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. These interim financial statements of the Group do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.’

Note 33(a) to the consolidated financial statements mentioned above reads as follows:

‘The Group is 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, 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. Further, the Gas Sales and Purchase Agreements (‘GSPA’) for supply of natural gas in GEL and GVPGL expire on March 31, 2014. 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 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 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 the COD as stated aforesaid and these gas based power generating companies would meet their financial obligations as they arise. As at September 30, 2013, the Group has accumulated losses of Rs. 10,735.16 Million which has resulted in erosion of its entire net worth. However, subsequent to September 30, 2013, the Company issued equity shares to GEPML, a fellow subsidiary as detailed in note 45 below. Further, on March 12, 2014, the Company has converted 495,602,521 cumulative and non-cumulative redeemable preference shares amounting to Rs. 4,956.03 Million issued to GIL and unsecured loans of Rs. 14,764.60 Million received from GIL into equity shares of Rs. 10 each at a premium of Rs. 17.50 per share. As a result 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 September 30, 2013 is appropriate and these consolidated interim financial statements of the Group do not include any adjustments that might result from the outcome of this uncertainty.'

- i) Emphasis of matters included in Independent Auditor's report to the consolidated financial statements for the year ended March 31, 2013, which do not require adjustments to the restated consolidated summary statements are stated as below (Refer Note (ii)(2)(a) and (ii)(2)(b) of Annexure (IV)(3)):

1. We draw attention to Note 32 (d) to the accompanying consolidated financial statements for the year ended March 31, 2013 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 Electricity Board, 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. 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, 2012 as income in its 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.'

Note 32(d) to the consolidated financial statements mentioned above reads as follows:

'GPCL, a subsidiary, 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 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 TNEB. 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. 4,816.80 Million and recognised Rs. 795.50 Million as income in the books of account.

TNEB filed a petition against TNERC Order in Appellate Tribunal for Electricity ('APTEL'). In terms of an interim Order on November 19, 2010 from APTEL, TNEB deposited Rs. 5,370.00 Million 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 TNEB 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.

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, 2012 as income in its income 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 TNEB 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 these consolidated financial statements. Further, GPCL has been legally advised that in view of the appeal filed by TNEB against the Order of APTEL in Hon'ble Supreme Court, the entire matter is now subjudice and has not attained the finality.'

2. We draw attention to Note 32 (a) to the accompanying consolidated financial statements for the year ended March 31, 2013 regarding (i) losses incurred by Company, GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiary 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, a subsidiary of the Company, pending linkage of natural gas supply. Based on business plans and valuation assessment, the management of the Group is of the view that the carrying value of the net assets in the Company, GVPGL and GREL as at March 31, 2013 is appropriate. However, 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 as such the accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.'

Note 32(a) to the consolidated financial statements mentioned above reads as follows:

'The Group is 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, the Group has made investment 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. During the year ended March 31, 2013, GEL and GVPGL have incurred losses, thereby resulting in erosion of networth of these gas based power generating companies and GREL has not 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 MoPNG is yet to allocate the gas linkage. The consortium of lenders have approved the reschedulement of Commercial Operations Date ('COD') of the plant under construction to April 1, 2014 and repayment of project loans. 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. Based on business plans 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 achieve the COD as stated aforesaid and these gas based power generating companies would meet their financial obligations as they arise and hence considered that the carrying value of the net assets of the aforesaid entities as at March 31, 2013 is appropriate. Despite the aforementioned loss, these consolidated financial statements of the Group do not include any adjustments that might result from the outcome of this uncertainty.'

- j) Emphasis of matter included in Independent Auditor's report to the consolidated financial statements for the year ended March 31, 2012, which does not require adjustment to the restated consolidated summary statements is stated as below (Refer Note (ii)(3) of Annexure (IV)(3)):

'Without qualifying our opinion, we draw attention to note 31 (b) to the consolidated financial statements 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 and Tamil Nadu Electricity Board, is sub-judice before the Hon'ble Supreme Court of India and has not attained the finality.'

Note 31(b) to the consolidated financial statements mentioned above reads as follows:

'In case of GPCL, claims/ counterclaims arising out of the PPA and Land Lease Agreement (LLA) in respect of the dues recoverable from Tamil Nadu Electricity Board ('TNEB') 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 TNEB respectively were pending settlement / reconciliation with TNEB. In this regard, GPCL had approached Tamil Nadu Electricity Regulatory Commission (TNERC) to resolve the aforementioned claims/ counterclaims. A favourable order was received from TNERC on April 16, 2010 and in pursuance of the order, GPCL had filed its claim on April 30, 2010 amounting to Rs. 4,816.78 million and recognised Rs. 795.50 million as income.

TNEB filed a petition against TNERC order in Appellate Tribunal for Electricity (APTEL). In terms of an interim Order on November 19, 2010 from APTEL, TNEB deposited Rs. 5,370.02 million (March 31, 2011: Rs. 2,800.00 million) including interest on delayed payment of 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 TNEB in respect of the benefits earned, if any, by GPCL with regard to delayed payment towards fuel supply that are not in terms of Fuel Supply Agreement (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 FSA.

In accordance with the Group's accounting policy, pending acceptance of claims by TNEB and considering adjudication of petition is pending before the Hon'ble Supreme Court, the Group has not recognised the balance claim of Rs. 4,021.28 million.

In accordance with the above, the amount received towards claim as aforementioned and claim towards Land Lease Rentals after the date of order is being disclosed as advance from customer in these consolidated financial statements of the Group pending adjudication of petition before the Hon'ble Supreme Court. Further GPCL has been legally advised that in view of appeal filed by TNEB against the order of APTEL in Hon'ble Supreme Court, the entire matter is now sub-judice and has not attained the finality.'

- k) Other matter included in the Independent Auditor's report for the six-month period ended September 30, 2013, which does not require any corrective adjustment in the restated consolidated summary statements, pertain to the following: (Refer Annexure IV(3)(v))

"The consolidated interim financial statements for the six-month period ended and as at September 30, 2012 are unaudited and are certified by the management of the Company."

- l) In our opinion, the restated consolidated summary statements as disclosed in the Annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure IV, and after making adjustments and regroupings as considered appropriate and disclosed in Annexures IV(2), have been prepared in accordance with Part II of Schedule II of the Act and the Regulations.
7. We have not audited any financial statements of the Group as of any date or for any period subsequent to September 30, 2013. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Group as of any date or for any period subsequent to September 30, 2013.

#### **Other Financial Information:**

8. At the Company's request, we have also examined the following restated consolidated summary statements proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Group as at and for the six-month period ended September 30, 2013 and each of the years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009:
- Restated consolidated summary statement of share capital, enclosed as Annexure V.
  - Restated consolidated summary statement of reserves and surplus, enclosed as Annexure VI.

- iii. Restated consolidated summary statement of long-term borrowings, enclosed as Annexure VII.
  - iv. Restated consolidated summary statement of trade payables and other liabilities, enclosed as Annexure VIII.
  - v. Restated consolidated summary statement of provisions, enclosed as Annexure IX.
  - vi. Restated consolidated summary statement of short-term borrowings, enclosed as Annexure X.
  - vii. Restated consolidated summary statement of tangible assets, intangible assets, capital work-in progress and intangible assets under development enclosed as Annexure XIA, XIB, XIC and XID respectively.
  - viii. Restated consolidated summary statement of non-current investments, enclosed as Annexure XII.
  - ix. Restated consolidated summary statement of loans and advances, enclosed as Annexure XIII.
  - x. Restated consolidated summary statement of trade receivables, enclosed as Annexure XIV.
  - xi. Restated consolidated summary statement of other assets, enclosed as Annexure XV.
  - xii. Restated consolidated summary statement of current investments, enclosed as Annexure XVI.
  - xiii. Restated consolidated summary statement of cash and bank balances, enclosed as Annexure XVII.
  - xiv. Restated consolidated summary statement of revenue, enclosed as Annexure XVIII.
  - xv. Restated consolidated summary statement of other income, enclosed as Annexure XIX.
  - xvi. Restated consolidated summary statement of employee benefit expenses, enclosed as Annexure XX.
  - xvii. Restated consolidated summary statement of other expenses, enclosed as Annexure XXI.
  - xviii. Restated consolidated summary statement of finance costs, enclosed as Annexure XXII.
  - xix. Restated consolidated summary statement of accounting ratios, enclosed as Annexure XXIII.
  - xx. Restated consolidated summary statement of related party transactions, enclosed as Annexure XXIV.
  - xxi. Restated consolidated summary statement of dividend, enclosed as Annexure XXV.
9. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued earlier, nor should this report be construed as an opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. BATLIBOI & ASSOCIATES LLP  
ICAI Firm Registration Number: 101049W  
Chartered Accountants

per Sunil Bhumralkar  
Partner  
Membership Number: 35141

Place: Bengaluru  
Date: March 24, 2014

**GMR Energy Limited**
**Annexure I - Restated consolidated summary statement of assets**

	Particulars	Annexures	As at					
			September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
			Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
	<b>Equity and Liabilities</b>							
<b>A Shareholders' funds</b>								
Share capital								
Equity share capital	V		7,181.98	7,181.98	7,181.98	7,181.98	7,181.98	5,869.33
Preference share capital	V		20,620.77	20,620.77	19,773.52	19,718.52	5,868.52	8,381.43
Reserves and surplus	VI		(15,395.74)	(4,416.16)	7,304.35	8,112.95	8,352.21	972.14
			<b>12,407.01</b>	<b>23,386.59</b>	<b>34,259.85</b>	<b>35,013.45</b>	<b>21,402.71</b>	<b>15,222.90</b>
<b>B Share application money pending allotment</b>			<b>5,423.93</b>	<b>-</b>	<b>-</b>	<b>150.00</b>	<b>-</b>	<b>510.00</b>
<b>C Minority interest</b>			<b>6,891.29</b>	<b>6,660.10</b>	<b>5,596.85</b>	<b>4,559.36</b>	<b>3,614.14</b>	<b>3,505.87</b>
<b>Liabilities</b>								
<b>D Non-current liabilities</b>								
Long-term borrowings	VII		177,121.47	157,411.02	91,989.01	33,608.48	28,138.88	19,745.08
Deferred tax liability (net)			483.82	444.98	263.81	58.51	-	-
Trade payables	VIII		173.42	201.56	113.07	-	245.10	10.03
Long-term provisions	IX		29.19	13.52	140.44	26.40	-	-
Other long-term liabilities	VIII		10,472.86	5,414.59	1,668.98	1,303.27	6.37	0.25
			<b>188,280.76</b>	<b>163,485.67</b>	<b>94,175.31</b>	<b>34,996.66</b>	<b>28,390.35</b>	<b>19,755.36</b>
<b>E Current liabilities</b>								
Short-term borrowings	X		57,200.40	45,297.82	56,097.35	23,562.09	6,248.34	1,898.58
Trade payables	VIII		6,285.12	6,069.58	4,674.54	3,308.47	1,798.35	1,034.98
Short-term provisions	IX		950.25	994.80	700.45	341.72	773.02	127.15
Other current liabilities	VIII		49,861.95	43,653.12	36,725.74	14,778.84	1,358.95	2,929.08
			<b>114,297.72</b>	<b>96,015.32</b>	<b>98,198.08</b>	<b>41,991.12</b>	<b>10,178.66</b>	<b>5,989.79</b>
<b>Total liabilities (A+B+C+D+E)</b>			<b>327,300.71</b>	<b>289,547.68</b>	<b>232,230.09</b>	<b>116,710.59</b>	<b>63,585.86</b>	<b>44,983.92</b>
<b>Assets</b>								
<b>F Non-current assets</b>								
Fixed assets								
Tangible assets	XIA		83,478.05	46,294.45	23,277.09	19,482.49	13,182.24	12,541.70
Intangible assets	XIB		32,477.46	28,690.06	29,114.75	5,527.00	3,964.02	8,505.52
Capital work-in-progress	XIC		152,492.17	161,246.91	123,383.19	40,782.40	14,534.38	4,916.95
Intangible assets under development	XID		3,624.86	3,106.27	2,515.82	1,166.97	694.17	213.67
Non-current investments	XII		572.57	3,022.80	3,180.78	3,180.54	2,885.85	2,942.81
Deferred tax assets (net)			84.44	52.75	25.44	98.34	364.48	-
Long term loans and advances	XIII		19,991.09	19,785.52	20,750.98	25,038.41	13,274.54	6,092.43
Trade receivables	XIV		447.62	447.62	447.62	447.62	447.62	447.62
Other non-current assets	XV		6,633.73	5,588.05	5,610.62	1,088.71	323.11	1,659.64
			<b>299,801.99</b>	<b>268,234.43</b>	<b>208,306.29</b>	<b>96,812.48</b>	<b>49,670.41</b>	<b>37,320.34</b>
<b>G Current assets</b>								
Current investments	XVI		2,536.66	206.41	1,048.00	4,452.55	7,214.60	1,487.23
Inventories			1,280.31	932.23	680.62	532.10	763.70	852.04
Trade receivables	XIV		3,086.72	7,590.99	8,281.90	2,272.91	988.58	852.39
Cash and bank balances	XVII		13,965.14	6,098.31	10,253.79	9,019.18	1,479.00	2,598.26
Short term loans and advances	XIII		2,920.73	3,286.13	2,308.36	1,435.96	1,468.29	173.14
Other current assets	XV		3,709.16	3,199.18	1,351.13	2,185.41	2,001.28	1,700.52
			<b>27,498.72</b>	<b>21,313.25</b>	<b>23,923.80</b>	<b>19,898.11</b>	<b>13,915.45</b>	<b>7,663.58</b>
<b>Total assets (F + G)</b>			<b>327,300.71</b>	<b>289,547.68</b>	<b>232,230.09</b>	<b>116,710.59</b>	<b>63,585.86</b>	<b>44,983.92</b>

**Notes:**

- The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in
- Refer Annexure IV(2) for material adjustments.

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

For and on behalf of the Board of Directors of  
GMR Energy Limited

G.B.S. Raju  
Chairman and Managing Director

B. V. N. Rao  
Director

per Sunil Bhumralkar  
Partner  
Membership number: 35141

V. Mohana  
Company Secretary

Place: Bengaluru  
Date: March 24, 2014

Place: Bengaluru  
Date: March 24, 2014

**GMR Energy Limited**
**Annexure II - Restated consolidated summary statement of profit and loss**

Particulars	Annexures	For the period / years ended					
		September 30, 2013 Rs. in Million	March 31, 2013 Rs. in Million	March 31, 2012 Rs. in Million	March 31, 2011 Rs. in Million	March 31, 2010 Rs. in Million	March 31, 2009 Rs. in Million
<b>Income</b>							
Revenue from operations							
Income from sale of electrical energy	XVIII	10,183.43	13,727.40	20,404.52	18,908.27	19,184.03	18,742.68
Income from mining activities	XVIII	3,332.07	7,797.43	1,992.53	751.72	-	-
Toll income from expressways	XVIII	-	-	-	-	111.31	48.92
Other operating income							
Sale of certified emission reductions	XVIII	-	43.68	-	-	-	-
Other income	XIX	526.62	1,007.99	623.88	1,002.77	1,281.70	706.78
<b>Total income (i)</b>		<b>14,042.12</b>	<b>22,576.50</b>	<b>23,020.93</b>	<b>20,662.76</b>	<b>20,577.04</b>	<b>19,498.38</b>
<b>Expenses</b>							
Consumption of fuel		8,400.53	10,204.02	14,344.39	12,657.35	13,832.18	13,449.85
Sub-contracting expenses		2,554.54	6,611.08	2,147.63	1,557.06	612.10	570.39
Purchase of traded goods		54.72	-	-	-	-	-
Consumption of stores and spares		46.72	103.99	289.10	138.72	130.73	201.29
Employee benefit expenses	XX	599.28	810.87	532.91	319.71	324.74	132.23
Other expenses	XXI	3,083.48	3,603.07	2,743.79	1,949.27	1,420.38	1,363.16
Depreciation and amortisation expenses		1,989.07	1,574.72	1,208.69	1,138.69	939.67	1,475.72
Finance costs	XXII	6,173.11	6,083.62	1,798.84	1,626.42	1,240.25	1,292.92
<b>Total expenses (ii)</b>		<b>22,901.45</b>	<b>28,991.37</b>	<b>23,065.35</b>	<b>19,387.22</b>	<b>18,500.05</b>	<b>18,485.56</b>
<b>Restated (loss) / profit before exceptional items, tax expenses, minority interest and share of (loss) / profit of associates (iii = i - ii)</b>		<b>(8,859.33)</b>	<b>(6,414.87)</b>	<b>(44.42)</b>	<b>1,275.54</b>	<b>2,076.99</b>	<b>1,012.82</b>
<b>Exceptional items</b>							
Loss on impairment of assets in a subsidiary	IV (3)(iv)	-	(2,506.66)	-	-	-	-
Profit on sale of assets held for sale	IV (3)(iv)	370.21	-	-	-	-	-
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss) / profit of associates</b>		<b>(8,489.12)</b>	<b>(8,921.53)</b>	<b>(44.42)</b>	<b>1,275.54</b>	<b>2,076.99</b>	<b>1,012.82</b>
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss) / profit of associates from continuing operations</b>		<b>(8,412.34)</b>	<b>(5,218.33)</b>	<b>973.66</b>	<b>1,512.30</b>	<b>2,133.31</b>	<b>1,092.50</b>
<b>Tax expenses from continuing operations</b>							
Current tax		255.14	402.93	403.34	475.86	220.16	290.44
Deferred tax expenses / (credit)		11.30	149.87	296.76	324.65	(364.48)	-
Fringe benefit tax		-	-	-	-	-	5.24
<b>Restated (loss) / profit after tax expenses and before minority interest and share of (loss) / profit of associates from continuing operations</b>		<b>(8,678.78)</b>	<b>(5,771.13)</b>	<b>273.56</b>	<b>711.79</b>	<b>2,277.63</b>	<b>796.82</b>
Share of (loss) / profit of associates - share of loss from continuing operations		-	-	-	-	-	-
Minority interest - share of loss / (profit) from continuing operations		122.55	(442.57)	(584.56)	(381.20)	(562.63)	(171.33)
<b>Restated (loss) / profit after minority interest and share of (loss) / profit of associates from continuing operations (iv)</b>		<b>(8,556.23)</b>	<b>(6,213.70)</b>	<b>(311.00)</b>	<b>330.59</b>	<b>1,715.00</b>	<b>625.49</b>
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss) / profit of associates from discontinuing operations</b>		<b>(76.78)</b>	<b>(3,703.20)</b>	<b>(1,018.08)</b>	<b>(236.76)</b>	<b>(56.32)</b>	<b>(79.68)</b>
<b>Tax expenses from discontinuing operations</b>							
Current tax		-	-	9.41	13.42	-	-
Fringe benefit tax		-	-	-	-	-	0.58
<b>Restated (loss) / profit after tax expenses and before minority interest and share of (loss) / profit of associates from discontinuing operations</b>		<b>(76.78)</b>	<b>(3,703.20)</b>	<b>(1,027.49)</b>	<b>(250.18)</b>	<b>(56.32)</b>	<b>(80.26)</b>
Share of (loss) / profit of associates - share of loss from discontinuing operations		-	-	-	(90.56)	(227.60)	-
Minority interest - share of loss / (profit) from discontinuing operations		-	279.93	489.72	102.82	159.24	39.33
<b>Restated (loss) / profit after minority interest and share of (loss) / profit of associates from discontinuing operations (v)</b>		<b>(76.78)</b>	<b>(3,423.27)</b>	<b>(537.77)</b>	<b>(237.92)</b>	<b>(124.68)</b>	<b>(40.93)</b>
<b>Restated (loss) / profit for the period / year (vi = iv + v)</b>		<b>(8,633.01)</b>	<b>(9,636.97)</b>	<b>(848.77)</b>	<b>92.67</b>	<b>1,590.32</b>	<b>584.56</b>

**Notes:**

- The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.
- Refer Annexure IV(2) for material adjustments.

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

For and on behalf of the Board of Directors of  
GMR Energy Limited

G.B.S. Raju  
Chairman and Managing Director

B. V. N. Rao  
Director

per Sunil Bhunalkar  
Partner  
Membership number: 35141

V. Mohana  
Company Secretary

Place: Bengaluru  
Date: March 24, 2014

Place: Bengaluru  
Date: March 24, 2014

Particulars	For the period / years ended					
	September 30, 2013 Rs. in Million	March 31, 2013 Rs. in Million	March 31, 2012 Rs. in Million	March 31, 2011 Rs. in Million	March 31, 2010 Rs. in Million	March 31, 2009 Rs. in Million
<b>Cash flow from / (used in) operating activities</b>						
Restated (loss) / profit before tax expenses and minority interest from continuing operations	(8,412.34)	(5,218.33)	973.66	1,512.30	2,133.31	1,092.50
Restated (loss) / profit before tax expenses and minority interest from discontinuing operations	(76.78)	(3,703.20)	(1,018.08)	(236.76)	(56.32)	(79.68)
<b>Restated (loss) / profit before tax</b>	<b>(8,489.12)</b>	<b>(8,921.53)</b>	<b>(44.42)</b>	<b>1,275.54</b>	<b>2,076.99</b>	<b>1,012.82</b>
<b>Non-cash adjustment to reconcile (loss) / profit before tax to net cash out flows:</b>						
Depreciation and amortisation expenses of continuing operations	1,986.33	1,501.47	1,075.91	1,115.04	881.53	1,454.40
Depreciation and amortisation expenses of discontinuing operations	2.74	73.25	132.78	23.65	58.14	21.32
Interest income	(271.29)	(495.67)	(211.81)	(545.98)	(320.62)	(370.37)
Income from current investments- other than trade	-	-	-	-	-	(68.64)
Loss on sale of fixed assets (net)/ fixed assets written off	58.49	352.28	0.44	20.91	-	0.08
Adjustments to the carrying amount of current investments	2.28	22.99	79.68	7.75	-	213.34
Provision for diminution in the value of long-term investments	0.23	-	-	-	-	-
Effect of changes in exchange rates	(419.65)	(388.92)	296.56	314.10	335.39	24.99
Profit / (loss) on sale of assets held for sale	(370.21)	-	-	-	-	-
Inventory written off	-	-	-	72.64	-	-
Provision for doubtful advances / non-trade receivables	-	506.88	96.42	318.68	10.00	-
Provisions no longer required, written back	-	-	-	(52.61)	(2.52)	-
Bad debts / advances written off	10.71	38.58	-	-	-	-
Loss on impairment of assets in a subsidiary	-	2,506.66	-	-	-	-
Finance costs	6,173.11	6,083.62	1,798.84	1,626.42	1,240.25	1,292.92
Profit on disposal / dilution of investments in subsidiaries / jointly controlled entities	-	-	-	-	(142.15)	-
Net gain on sale / disposal of current / long-term investments	(36.57)	(87.11)	(156.17)	(237.81)	(241.21)	(35.61)
<b>Operating (loss) / profit before working capital changes</b>	<b>(1,352.95)</b>	<b>1,192.50</b>	<b>3,068.23</b>	<b>3,938.33</b>	<b>3,895.80</b>	<b>3,545.25</b>
<b>Adjustments for movement in working capital:</b>						
Decrease / (increase) in trade receivables	4,504.27	652.33	(5,205.34)	(980.48)	(822.85)	(781.95)
(Increase) / decrease in inventories	(348.08)	(251.60)	3.42	449.23	88.34	(471.83)
Decrease / (increase) in loans and advances and other assets	231.74	398.07	(1,751.95)	(1,041.26)	756.74	(1,233.22)
(Decrease) / increase in trade payables, other liabilities and provisions	(871.41)	1,900.99	4,095.09	1,714.11	724.53	(784.46)
<b>Cash from / (used in) / generated from operations</b>	<b>2,163.57</b>	<b>3,892.29</b>	<b>209.45</b>	<b>4,079.93</b>	<b>4,642.56</b>	<b>273.79</b>
Direct taxes paid (net of refunds)	(176.46)	(567.54)	(175.22)	(519.04)	(205.09)	(310.97)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>1,987.11</b>	<b>3,324.75</b>	<b>34.23</b>	<b>3,560.89</b>	<b>4,437.47</b>	<b>(37.18)</b>
<b>Cash flows (used in) / from investing activities</b>						
Purchase of fixed assets	(21,504.32)	(50,435.52)	(69,038.16)	(38,604.69)	(17,600.32)	(6,524.19)
Proceeds from sale of fixed assets including advances	1,752.69	0.23	11.51	0.30	24.05	-
Purchase of long term investments (including share application money)	-	(34.31)	-	(1,280.23)	(173.88)	(1,856.71)
Sale of long term investments (including refund of share application money)	-	186.40	-	0.06	245.47	-
(Purchase) / sale of current investments (net), including investment in restricted and other deposits	(3,428.66)	734.97	2,029.00	(2,678.29)	(3,208.16)	(922.82)
Sale of investments in subsidiaries	-	-	-	-	232.73	-
Advance for investment in companies	-	-	-	1,241.03	220.64	(986.40)
Income from current investments (other than trade)	-	-	-	-	-	68.64
Loans to other companies	(8.20)	(1,803.85)	(77.44)	(333.74)	(259.93)	(1,922.71)
Proceeds from repayment of loans granted	976.13	90.78	233.78	595.52	-	-
Purchase consideration paid on acquisition of subsidiaries/jointly controlled	-	(161.87)	(26,556.01)	(592.58)	(1,368.08)	(2,164.24)
Interest received	180.12	315.51	393.67	392.09	358.07	332.70
<b>Net cash flow (used in) / from investing activities (B)</b>	<b>(22,032.24)</b>	<b>(51,107.66)</b>	<b>(93,003.65)</b>	<b>(41,260.53)</b>	<b>(21,529.41)</b>	<b>(13,975.73)</b>
<b>Cash flows from / (used in) financing activities</b>						
Proceeds from issue of equity shares (including share application money pending allotment and securities premium)	5,423.93	-	-	150.05	1,792.60	10.00
Proceeds from issue of preference shares (including securities premium)	-	2,250.00	-	13,950.00	3,000.00	6,259.92
Redemption of preference shares (including redemption premium)	-	(135.38)	(142.50)	(150.00)	-	-
Redemption premium on repayment of preference shares and debentures and security issue expenses	(1,444.43)	(2,848.57)	(626.79)	(1,175.01)	(126.52)	-
Issue of common stock in consolidated entities (including share application)	355.30	978.11	942.65	144.94	1,150.58	619.77
Proceeds from borrowings	41,158.14	71,951.12	106,900.39	43,660.37	15,414.36	9,031.78
Repayment of borrowings	(14,516.64)	(22,988.09)	(12,707.16)	(15,880.54)	(1,625.50)	(908.94)
Finance costs paid	(5,839.35)	(5,843.97)	(2,177.04)	(1,275.07)	(1,295.42)	(1,160.38)
Dividend paid (including dividend distribution tax) (March 31, 2013: Rs. 2,099)	-	0.00	(8.09)	(46.75)	-	(8.86)
<b>Net cash flow from financing activities (C)</b>	<b>25,136.95</b>	<b>43,363.22</b>	<b>92,181.46</b>	<b>39,377.99</b>	<b>18,310.10</b>	<b>13,843.29</b>

Particulars	For the period/ years ended					
	September 30, 2013 Rs. in Million	March 31, 2013 Rs. in Million	March 31, 2012 Rs. in Million	March 31, 2011 Rs. in Million	March 31, 2010 Rs. in Million	March 31, 2009 Rs. in Million
<b>Net (decrease) / increase in cash and cash equivalents (A + B + C)</b>	5,091.82	(4,419.69)	(787.96)	1,678.35	1,218.15	(169.62)
Cash and cash equivalents as at April 1,	2,229.84	6,536.54	3,251.35	1,358.01	156.03	321.38
Cash and cash equivalents on acquisitions during the period / year	-	-	3,985.67	215.17	18.46	0.03
Less: cash and cash equivalents transferred on disposal of investment in subsidiary / jointly controlled entities	-	-	-	-	(8.19)	-
Effect of exchange differences on cash and cash equivalents held in foreign currency	35.01	112.99	87.48	(0.18)	(26.44)	4.24
<b>Cash and cash equivalents as at September 30 / March 31,</b>	<b>7,356.67</b>	<b>2,229.84</b>	<b>6,536.54</b>	<b>3,251.35</b>	<b>1,358.01</b>	<b>156.03</b>
<b>Components of cash and cash equivalents</b>						
Cash on hand	18.04	6.72	16.96	3.19	1.96	3.85
Balance with banks on current accounts	4,806.55	2,124.83	5,344.23	2,071.27	440.11	151.54
Balance with banks deposits with less than three months maturity	2,532.08	98.29	1,175.35	1,176.89	915.94	0.64
<b>Total cash and cash equivalents</b>	<b>7,356.67</b>	<b>2,229.84</b>	<b>6,536.54</b>	<b>3,251.35</b>	<b>1,358.01</b>	<b>156.03</b>

**Notes:**

1. The above restated consolidated summary statement of cash flows has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on 'Cash Flow Statements' [notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013].
2. The above restated consolidated summary statement of cash flows has been compiled from and is based on the restated consolidated summary statement of assets and liabilities as at September 30, 2013, March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 and the related restated consolidated summary statement of profit and loss for the period / years ended on that date.
3. Refer Annexure IV(2) for material adjustments.
4. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

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

For and on behalf of the Board of Directors of  
GMR Energy Limited

per Sunil Bhunalkar  
Partner  
Membership no.: 35141

G.B.S. Raju  
Chairman and Managing Director

B. V. N. Rao  
Director

V. Mohana  
Company Secretary

Place: Bengaluru  
Date: March 24, 2014

Place: Bengaluru  
Date: March 24, 2014

## **GMR ENERGY LIMITED**

### **Annexure IV - Notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows**

#### **1. Corporate information**

- a) GMR Energy Limited ('GEL' or 'the Company') and its consolidated subsidiaries, jointly controlled entities and associates (hereinafter collectively referred to as 'the Group') are mainly engaged in generation and sale of power and mining and exploration activities.

Certain entities of the Group are involved in the generation of power. These are separate special purpose vehicles which have entered into Power Purchase Agreements ('PPA') / Letter of Intent ('LOI') 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.

- b) The restated consolidated summary statement of assets and liabilities of the Company as at September 30, 2013, March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 and the related restated consolidated summary statement of profit and loss and restated consolidated summary statement of cash flows for the period / year ended September 30, 2013, March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 (hereinafter collectively referred to as 'restated consolidated summary statements') have been prepared specifically for the purpose of inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering of its equity shares.

#### **1.1 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 companies 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 of Directors / 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 to comply in all material respects with Accounting Standards notified under the Companies Act, 1956 ('the Act') read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs ('MCA'), in respect of Section 133 of the Companies Act, 2013. The consolidated financial statements have been prepared under the historical cost convention on an accrual basis.

The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the balance sheet, statement of profit and loss and cash flow statement 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. 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 are recorded as capital reserve. Gains or losses arising on the direct sale by the Company of its investment in its subsidiaries, jointly controlled entities or associates to third parties 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 in consolidated financial statements'. Investments in associate companies, 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'.



**GMR Energy Limited**  
**Annexure IV - Notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows**

The entities considered in the consolidated financial statements in each of the period / years are listed below:

Sl. No.	Name of the Entity	Country of Incorporation	Relationship	Percentage of effective ownership Interest held (Directly and indirectly) as at						Percentage of voting rights held (Directly and indirectly) as at					
				September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
1	GMR Vemagiri Power Generation Limited (GVPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2	GMR Power Corporation Limited (GPCL)	India	Subsidiary	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%
3	GMR Ambala Chandigarh Expressways Private Limited (GACEPL)	India	Refer note 1	-	-	-	-	26.00%	51.00%	-	-	-	-	26.00%	51.00%
4	GMR Mining & Energy Private Limited (GMEPL)	India	Subsidiary <sup>2</sup>	99.60%	99.60%	73.10%	73.10%	89.00%	89.00%	99.60%	99.60%	73.10%	73.10%	89.00%	89.00%
5	GMR Kamahanga Energy Limited (GKEL)	India	Subsidiary <sup>3,7,22</sup>	81.44%	80.82%	80.00%	80.00%	80.00%	100.00%	81.44%	80.82%	80.00%	80.00%	80.00%	100.00%
6	GMR Consulting Services Private Limited (GCSPL) (Formerly known as GMR Consulting Engineers Private Limited) (GCEPL)	India	Subsidiary	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%
7	Himal Hydro Power Generation Private Limited (HHPL)	Nepal	Subsidiary <sup>3</sup>	82.00%	82.00%	80.00%	80.00%	80.00%	80.00%	82.00%	82.00%	80.00%	80.00%	80.00%	80.00%
8	GMR Energy (Mauritius) Limited (GEML)	Mauritius	Subsidiary	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
9	GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL) (Formerly known as GMR (Badrinath) Hydro Power Generation Limited) (GBHPL)	India	Subsidiary	99.90%	99.90%	99.90%	99.90%	99.90%	99.90%	99.90%	99.90%	99.90%	99.90%	99.90%	99.90%
10	GMR Coastal Energy Private Limited (GCEPL)	India	Subsidiary <sup>19</sup>	100.00%	100.00%	100.00%	100.00%	100.00%	99.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.00%
11	GMR Bajoli Holi Hydropower Private Limited (GBHHPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
12	GMR Londa Hydropower Private Limited (GLHPL)	India	Subsidiary	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
13	GMR Kakinada Energy Private Limited (KLHPL) (Formerly known as Londa Hydro Power Private Limited) (LHPL)	India	Subsidiary	100.00%	100.00%	100.00%	99.00%	99.00%	99.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
14	Badrinath Hydro Power Generation Private Limited (BHPL)	India	Refer note 16	-	-	99.00%	99.00%	99.00%	99.00%	-	-	99.00%	99.00%	99.00%	99.00%
15	GMR Upper Kamali Hydropower Limited (GUKPL) (Formerly known as GMR Upper Kamali Hydropower Company Private Limited) (GUKCPL)	Nepal	Subsidiary	69.35%	69.35%	69.35%	69.35%	69.35%	69.35%	73.00%	73.00%	73.00%	73.00%	73.00%	73.00%
16	GMR Energy (Netherlands) B. V. (GEMBV)	Netherlands	Subsidiary	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17	GMR Energy (Cyprus) Limited (GCEL)	Cyprus	Subsidiary	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
18	PT Dwikarya Sejati Utama (PT DSU)	Indonesia	Subsidiary	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
19	PT Dua Sana Intermusa (PT DSI)	Indonesia	Subsidiary	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
20	PT Banasentosa Lestari (PT BSL)	Indonesia	Subsidiary	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
21	PT Unsooc (PT)	Indonesia	Subsidiary <sup>4</sup>	95.00%	95.00%	95.00%	95.00%	95.00%	-	100.00%	100.00%	100.00%	100.00%	100.00%	-
22	EMCO Energy Limited (EMCO) (Formerly known as Enco Energy Group Limited) (EMCO)	India	Subsidiary <sup>4</sup>	100.00%	100.00%	100.00%	100.00%	100.00%	-	100.00%	100.00%	100.00%	100.00%	100.00%	-
23	Lion Energy (Tuas) PTE Limited (LETP)	Singapore	Refer note 4 & 20	-	-	-	-	95.00%	-	-	-	-	-	100.00%	-
24	SIK Powergen Limited (SIK)	India	Subsidiary <sup>4</sup>	70.00%	70.00%	70.00%	70.00%	70.00%	-	70.00%	70.00%	70.00%	70.00%	70.00%	-
25	GMR Chaurisgarh Energy Limited (GCHEPL)	India	Subsidiary <sup>21</sup>	100.00%	100.00%	100.00%	100.00%	100.00%	45.00%	100.00%	100.00%	100.00%	100.00%	100.00%	45.00%
26	Homeland Energy Group Limited (HEGL) (Formerly known as Homeland Energy Limited)	Canada	Subsidiary <sup>6</sup>	55.84%	55.84%	55.84%	55.84%	34.17%	-	55.84%	55.84%	55.84%	55.84%	34.17%	-
27	GMR Lion Energy Limited (GLEL) (Formerly known as GMR Lion Energy (Mauritius) Limited)	Mauritius	Subsidiary	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
28	GMR Rajahmundry Energy Limited (GREL)	India	Subsidiary <sup>5</sup>	100.00%	100.00%	100.00%	100.00%	100.00%	-	100.00%	100.00%	100.00%	100.00%	100.00%	-
29	GMR Gujarat Solar Power Private Limited (GGSPP)	India	Subsidiary <sup>8</sup>	100.00%	100.00%	100.00%	100.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
30	Maryangdi Transmission Company Private Limited (MTCP)	Nepal	Subsidiary <sup>9</sup>	95.00%	95.00%	95.00%	95.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
31	Karnali Transmission Company Private Limited (KTCP)	Nepal	Subsidiary <sup>9</sup>	95.00%	95.00%	95.00%	95.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
32	GMR Bundelkhand Energy Private Limited (GBEPL)	India	Subsidiary <sup>9</sup>	100.00%	100.00%	100.00%	100.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
33	GMR Hosur Energy Limited (CHOEL)	India	Subsidiary <sup>9</sup>	100.00%	100.00%	100.00%	100.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
34	GMR Uttar Pradesh Energy Private Limited (GUPEPL)	India	Subsidiary <sup>9</sup>	100.00%	100.00%	100.00%	100.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
35	GMR Maharashtra Energy Private Limited (GMEPL)	India	Subsidiary <sup>9</sup>	100.00%	100.00%	100.00%	100.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
36	Rumpha Coal Mine and Energy Private Limited (RCMEPL)	India	Jointly controlled entity <sup>10</sup>	17.39%	17.39%	17.39%	17.39%	-	-	17.39%	17.39%	17.39%	17.39%	-	-
37	GMR Indo Nepal Power Corridors Limited (GINPCL)	India	Subsidiary <sup>9</sup>	100.00%	100.00%	100.00%	100.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
38	GMR Indo Nepal Energy Links Limited (GINELL)	India	Subsidiary <sup>9</sup>	100.00%	100.00%	100.00%	100.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-

**GMR Energy Limited**  
**Annexure IV - Notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows**

The entities considered in the consolidated financial statements in each of the period / years are listed below:

Sl. No.	Name of the Entity	Country of incorporation	Relationship	Percentage of effective ownership interest held (Directly and indirectly) as at						Percentage of voting rights held (Directly and indirectly) as at					
				September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
39	Aravali Transmission Service Company Limited (ATSCL)	India	Subsidiary <sup>8</sup>	100.00%	100.00%	100.00%	100.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
40	Mam Transmission Service Company Limited (MTSCL)	India	Subsidiary <sup>8</sup>	100.00%	100.00%	100.00%	100.00%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
41	Homesland Energy Corp (HEC)	Mauritius	Subsidiary <sup>11</sup>	55.84%	55.84%	55.84%	55.84%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
42	Homesland Energy (Swaziland) (Pty) Limited (HESW)	Swaziland	Refer note 11 & 16	-	-	41.88%	41.88%	-	-	-	-	75.00%	75.00%	-	-
43	Homesland Mining & Energy (Botswana) (Pty) Limited (HMEB)	Botswana	Refer note 11 & 16	-	-	55.84%	55.84%	-	-	-	-	100.00%	100.00%	-	-
44	Homesland Mining & Energy SA (Pty) Limited (HMES)	South Africa	Subsidiary <sup>11</sup>	55.84%	55.84%	55.84%	55.84%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
45	Homesland Coal Mining (Pty) Limited (HCM)	South Africa	Subsidiary <sup>11</sup>	55.84%	55.84%	55.84%	55.84%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
46	Corpclo 331 (Pty) Limited (CPL)	South Africa	Subsidiary <sup>11</sup>	55.84%	55.84%	55.84%	55.84%	-	-	100.00%	100.00%	100.00%	100.00%	-	-
47	Perret Coal Holdings (Pty) Limited (FCH)	Botswana	Refer note 11 & 16	-	-	55.84%	55.84%	-	-	-	-	100.00%	100.00%	-	-
48	Wizard Investments (Pty) Limited (WIL)	South Africa	Subsidiary <sup>11,17</sup>	39.09%	39.09%	39.09%	39.09%	-	-	-	-	70.00%	70.00%	-	-
49	Perret Coal (Kendal) (Pty) Limited (FCK)	South Africa	Subsidiary <sup>11</sup>	41.32%	41.32%	41.32%	41.32%	-	-	74.00%	74.00%	74.00%	74.00%	-	-
50	Manoka Mining (Pty) Limited (MMPL)	South Africa	Refer note 11 & 16	-	-	36.30%	36.30%	-	-	-	-	65.00%	65.00%	-	-
51	Nhlakala Mining (Pty) Limited (NML)	South Africa	Jointly controlled entity <sup>12</sup>	27.92%	27.92%	27.92%	27.92%	-	-	50.00%	50.00%	50.00%	50.00%	-	-
52	Tshedza Mining Resource (Pty) Limited (TMR)	South Africa	Jointly controlled entity <sup>12,17</sup>	-	27.92%	27.92%	27.92%	-	-	-	50.00%	50.00%	50.00%	-	-
53	GMR Coal Resources Pte. Limited (GCRPL) (Formerly Known as GMR Infrastructure Investment (Singapore) Pte. Limited)	Singapore	Subsidiary <sup>13</sup>	95.00%	95.00%	95.00%	-	-	-	95.00%	95.00%	95.00%	-	-	-
54	PT Golden Energy Mines Tbk (PTGEMIS)	Indonesia	Jointly controlled entity <sup>14</sup>	28.50%	28.50%	28.50%	-	-	-	30.00%	30.00%	30.00%	-	-	-
55	PT Roundhill Capital Indonesia (RCT)	Indonesia	Jointly controlled entity <sup>15</sup>	28.22%	28.22%	28.22%	-	-	-	29.70%	29.70%	29.70%	-	-	-
56	PT Borneo Indobura (BIB)	Indonesia	Jointly controlled entity <sup>15</sup>	27.96%	27.96%	27.96%	-	-	-	29.43%	29.43%	29.43%	-	-	-
57	PT Kuansing Inti Makmur (KIM)	Indonesia	Jointly controlled entity <sup>15</sup>	28.50%	28.50%	28.50%	-	-	-	30.00%	30.00%	30.00%	-	-	-
58	PT Karya Cemerlang Persada (KCP)	Indonesia	Jointly controlled entity <sup>15</sup>	28.50%	28.50%	28.50%	-	-	-	30.00%	30.00%	30.00%	-	-	-
59	PT Bungo Bara Utama (BBU)	Indonesia	Jointly controlled entity <sup>15</sup>	28.50%	28.50%	28.50%	-	-	-	30.00%	30.00%	30.00%	-	-	-
60	PT Bara Harmonis Batang Asam (BHBA)	Indonesia	Jointly controlled entity <sup>15</sup>	28.50%	28.50%	28.50%	-	-	-	30.00%	30.00%	30.00%	-	-	-
61	PT Berkas Nusantara Permai (BNP)	Indonesia	Jointly controlled entity <sup>15</sup>	28.50%	28.50%	28.50%	-	-	-	30.00%	30.00%	30.00%	-	-	-
62	PT Tanjung Belit Bara Utama (TBBU)	Indonesia	Jointly controlled entity <sup>15</sup>	28.44%	28.44%	28.44%	-	-	-	29.94%	29.94%	29.94%	-	-	-
63	PT Trisula Kencana Sakti (TKS)	Indonesia	Jointly controlled entity <sup>15</sup>	19.95%	19.95%	19.95%	-	-	-	21.00%	21.00%	21.00%	-	-	-
64	PT Manggala Alam Lestari (MAL)	Indonesia	Refer note 15 & 16	-	-	28.50%	-	-	-	-	-	30.00%	-	-	-
65	PT Nusa Indah Permai (NIP)	Indonesia	Refer note 15 & 16	-	-	28.50%	-	-	-	-	-	30.00%	-	-	-
66	GEMS Coal Resources Pte Limited (GEMSCRP)	Singapore	Jointly controlled entity <sup>18</sup>	28.50%	28.50%	-	-	-	-	30.00%	30.00%	-	-	-	-

The reporting dates of the subsidiaries and jointly controlled entities coincide with that of the Company except in case of HECL and its subsidiaries and jointly controlled entities (refer SI No 54 to 66 above), whose financial statements for the period / year ended on and as at June 30, 2013, December 31, 2012, December 31, 2011 and December 31, 2010 or from the date of their respective acquisitions whichever is later were considered for the purpose of the audited consolidated financial statements of the Group.

The financial statements of other subsidiaries and jointly controlled entities have been drawn up to the same reporting date as of the Company.

**Notes:**

1. Ceased to be a subsidiary with effect from November 13, 2009.
2. Dilution in interest during the year ended March 31, 2011 in GCHEPL due to further issue of equity shares. Further purchase of shares from minority shareholders during the year ended March 31, 2013.
3. Further infusion of equity share capital during the year ended March 31, 2013 and further purchase of shares from minority shareholders during the year ended March 31, 2013.
4. Acquisition during the year ended March 31, 2010.
5. Incorporated during the year ended March 31, 2010.
6. Became a subsidiary with effect from July 12, 2010. It was an associate upto July 11, 2010.
7. Dilution in interest due to further issue of equity shares to minority shareholders during the year ended March 31, 2010.
8. Acquisition during the year ended March 31, 2011.
9. Incorporated during the year ended March 31, 2011.
10. Became a joint venture on June 23, 2010.
11. Became a subsidiary during the year ended March 31, 2011 consequent to further investment in HECL.
12. Became a joint venture during the year ended March 31, 2011 consequent to further investment in HECL.
13. Acquisition during the year ended March 31, 2012.
14. Joint venture agreement executed during the year ended March 31, 2012.
15. Became a jointly controlled entity consequent to PTCEMS becoming jointly controlled entity of the group during the year ended March 31, 2012.
16. Ceased to be a subsidiary / jointly controlled entity during the year ended March 31, 2013.
17. Ceased to be a subsidiary / jointly controlled entity during the period ended September 30, 2013.
18. Subsidiary of PTCEMS incorporated during the year ended March 31, 2013.
19. Further infusion of equity share capital during the year ended March 31, 2010.
20. Ceased to be a subsidiary with effect from October 5, 2010.
21. GCHEPL became a subsidiary with effect from November 25, 2009. It was an associate upto November 24, 2009.
22. Further infusion of equity share capital during the period ended September 30, 2013.

### **1.1.1 Statement of significant accounting policies adopted by the Group in the preparation of restated consolidated summary statements as at and for the period ended September 30, 2013**

#### **1.1.2 Basis of preparation**

The restated consolidated summary statements have been prepared by applying the necessary adjustments to the financial statements of the Group. The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies have been consistently applied by the Group and are consistent with those used for the purpose of preparation of financial statements as at and for six-month ended September 30, 2013.

These restated consolidated summary statements have been prepared to comply in all material respects with the requirements of paragraph B (1) of Part II of Schedule II to the Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Guidelines") issued by SEBI on September 3, 2009 as amended from time to time.

#### **Presentation and disclosure of restated consolidated summary statements**

During the year ended March 31, 2012, the revised Schedule VI notified under the the Act, has become applicable to the Group, for preparation and presentation of its consolidated financial statements. Accordingly, the Group has presented the consolidated financial statements as at September 30, 2013 and for the period then ended along with the comparative as at March 31, 2013 and March 31, 2012 and for the years then ended following the requirement of revised Schedule VI. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of consolidated financial statements. However, it has significant impact on presentation and disclosures made in the consolidated financial statements. The Group has also reclassified the previous year figures pertaining to years ended March 31, 2011, March 31, 2010 and March 31, 2009 in accordance with the requirements of the revised Schedule VI.

The Company has prepared these restated consolidated summary statements along with related notes in accordance with the requirements of the Guidance Note on the Revised Schedule VI and has reclassified previous years figures accordingly.

## **1.2 Summary of significant accounting policies**

### **i. Use of estimates**

The preparation of financial statements is 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.

### **ii. Revenue recognition**

#### **Power sector business:**

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.

In case of power generating companies, revenue from energy units sold as per the terms of the PPA and 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 period / year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to the customers based on the units of energy delivered and rates agreed with customers.

Revenue from the 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-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 period / year of acceptance.

Revenue earned in excess of billings has been included under "other assets" as unbilled revenue and billings in excess of revenue have been disclosed under "other liabilities" as unearned revenue.

**Development of highways:**

In case of companies involved in construction and maintenance of roads, toll revenue from operations is recognised on accrual basis which coincides with the collection of toll.

**Others:**

Dividend income is recognised when the right to receive dividend is established by the reporting date.

Income from management / technical services is recognised as per the terms of the agreement on the basis of services rendered.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

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.

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 customers.

Insurance claim is recognised on acceptance of the claims by the insurance company.

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 special purpose vehicles / subsidiaries created for carrying out these projects, are not charged to the statement of profit and loss and are treated as advances to respective entities.

**iii. Operations and maintenance ('O&M')**

Certain entities engaged in power generation have entered into Long Term Service Agreements ('LTSA's'), Technical Assistance Agreements ('TSA') for maintenance of the power plants, operations and maintenance agreement for regular and major maintenance and Long Term Assured Parts Supply Agreement ('LTAPSA'), Parts Repair Work Supply Agreement ('PRWST') for supply of parts for planned and unplanned maintenance over the terms of the agreements. Amounts payable under the LTSA's / TSA's are charged to the statement of profit and loss based on actual factored fired hours of the gas turbines during the period / year on the basis of average factored hour cost including customs duty applicable at the current

prevailing rate. Periodical minimum payments are accounted for as and when due. Amounts payable under PRWST / LTAPSA are charged to the statement of profit and loss on an accrual basis.

Operations and Maintenance Agreements were entered into by certain subsidiaries in the road sector for operations, regular and major maintenance of the highways. Amounts payable under such agreements were charged to the statement of profit and loss on an accrual basis.

#### **iv. Fixed assets**

##### **Tangible assets**

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises 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 tangible 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 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 Ministry of Corporate Affairs ('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 tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the 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 date are shown as 'capital work-in-progress' and the related advances are shown as 'loans and advances'.

##### **Intangible assets**

Computer software where the estimated useful life is one year or less is charged to the statement of profit and loss in the period / year of purchase. Computer software purchased by the Group, which have an estimated useful life exceeding one year, are capitalised.

Carriageways represent commercial rights to collect toll fee in relation to road projects and to receive annuity in the case of annuity based projects which have 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, obligations towards negative grant payable to concessionaires, if any, and any directly attributable expenditure on making the carriageways ready for their intended use.

#### **v. Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred for potential mineral reserves and are related to the project expenditure are recognised and reported 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.

Ultimate recoupment of the exploration expenditure carried forward is dependent upon a successful development and commercial exploitation, or alternatively, sale of the respective area. Assets are reassessed on regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met. All other exploration and evaluation expenditure is recognised as expense in the period in which it is incurred.

**vi. Deferred stripping costs**

The Group defers stripping costs incurred subsequently, during the production stage of its operations, for those operations where this is the most appropriate basis for matching the costs against the related economic benefits and the effect is material. This is generally the case where there are fluctuations in stripping costs over the life of the mine (or pit). The amount of stripping costs deferred is based on the ratio ('Ratio') obtained by dividing the tonnage of waste mined either by the quantity of ore mined or by the quantity of minerals contained in the ore. In some operations, the quantity of ore is a more practical basis for matching costs with the related economic benefits where there are important co-products or where the grade of the ore is relatively stable from period / year to period / year. Stripping costs incurred in the period are deferred to the extent that the current period Ratio exceeds the life of mine ratio. Such deferred costs are then charged to the statement of profit and loss to the extent that, in subsequent periods, the current period Ratio falls short of the life of mine ratio.

The life of mine ratio is based on proved and probable reserves of the mine. The life of mine waste-to-ore ratio is a function of the pit design(s) and therefore changes to that design will generally result in changes to the Ratio. Changes in other technical or economic parameters that impact on reserves will also have an impact on the life of mine ratio even if they do not affect the pit design(s). Changes to the life of mine ratio are accounted for prospectively.

In the production stage of some mines, further development of the mine requires a phase of unusually high overburden removal activity that is similar in nature to pre-production mine development. The costs of such unusually high overburden removal activity are deferred and charged to statement of profit and loss in subsequent periods on units of production basis. This accounting treatment is consistent with that for stripping costs incurred during the development phase of a mine, before production commences.

Deferred stripping costs are included in 'Mining properties (including deferred exploration and stripping costs)' under intangible assets. These form part of the total investment in the relevant Cash Generating Unit ('CGU'), which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

**vii. 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.

## **viii. Leases**

### **For lessor:**

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.

### **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 Act, 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 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 recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

## **ix. Depreciation / amortisation**

### **Tangible assets**

#### **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 till a period of 12 years from the date of commencement of commercial operations. After a period of 12 years from the date of commencement of commercial operations, the remaining written down value at the end of 12th year from the date of commercial operations 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) Regulation, 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 period / year of acquisition.



Sl. No.	Block	Rate of depreciation
1	Buildings: - Factory and office	3.34%
2	Office equipments - Computers(including software) - Others	15.00% 6.33%
3	Vehicles	9.50%
4	Furniture and fixtures	6.33%

#### Other entities:

For domestic subsidiaries, jointly controlled entities and associates, 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 of the Act 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 period / year of acquisition.

Leasehold land is amortised over the tenure of the lease except in case of power plant 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, associates and jointly controlled entities, the Group provides depreciation based on estimated useful lives of the fixed assets as determined by the management of such subsidiaries, associates and jointly controlled entities. In view of different sets of environment in which such foreign subsidiaries, associates and jointly controlled entities operate in their respective countries, depreciation is provided based on local laws and management estimates. These companies 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, associates and jointly controlled entities with those of the domestic subsidiaries, associates and jointly controlled entities.

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	5	20
Plant and machinery	4	16
Furniture and fixtures	3	15
Computer equipments, office equipments	3	20
Motor vehicles	4	8

## **Intangible assets**

Goodwill arising on consolidation is not amortised but tested for impairment.

Computer software is amortised based on the useful life of one to six years on a straight-line basis as estimated by the management.

### **x. 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 CGU's 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 group 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 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 / 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 periods / 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.

### **xi. 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 of 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 cost 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 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.

## **xii. 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 location and condition.

### **Finished goods :**

Finished 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 ('UNFCCC') 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.

## **xiii. Employee benefits**

### **a. Defined contribution plans**

Retirement benefits in the form of provident fund, pension fund and superannuation fund etc, are defined contribution schemes. The Group has no obligation, other than the contributions payable to the provident fund, pension fund and superannuation fund. The Group recognises 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.

### **b. 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 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.

**c. 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 period / 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.

**d. 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.

**xiv. Foreign currency translations**

Foreign currency transactions and balances

**a. 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.

**b. 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.

**c. 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 expense 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 expense in the period in which they arise.

For the purpose of 2 and 3 above, the Group treats a foreign 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 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 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.

**d. 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 (c)(2) and (c)(3) above.

**e. 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 the 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 the 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 operation, 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 a foreign operation, 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 operation is translated at closing rate.

**xv. 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 are adjusted for events of 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.

**xvi. 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 period / 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 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.

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 period / 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 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 period / year is charged to the statement of profit and loss as current tax. The entities in the Group recognise 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 period / year in which the entities in the Group recognise 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 review the MAT Credit Entitlement asset at each reporting date and write down the asset to the extent the entities in the Group do not have convincing evidence that it will pay normal tax during the specified period.

## **xvii. 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 includes 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.

**xviii. 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 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 Institute of Chartered Accountants of India ('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.

**xix. 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.

**xx. Provisions**

A provision is recognised when the Group 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 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.

**xxi. Derivative Instruments**

In accordance with the 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.

**xxii. Share issue expenses and premium on redemption**

Share issue expenses incurred are expensed in the period / year of issue and redemption premium payable on preference shares/debentures are expensed over the term of preference shares / debentures. Both are adjusted, net of taxes, to the Securities Premium Account to the extent permitted by Section 78(2) of the Companies Act, 1956.

**xxiii. 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.



**GMR Energy Limited**

**Annexure IV - Notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows**

**2. Material adjustments**

Summary of results of restatements made in the audited financial statements of the Group for the respective period / years and their impact on the profits / (losses) of the Group is as

Particulars	For the period / years ended						Rs. in Million
							Adjustments in Surplus in the statement of profit and loss as on April 1, 2008
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	
A) Net (loss) / profit after tax, minority interest and share of (loss) / profit of associate as per audited financial statements	(6,807.03)	(7,277.31)	(1,341.52)	776.33	2,048.39	873.78	-
B) Surplus in the statement of profit and loss	-	-	-	-	-	-	76.97
Adjustments							
Write back of provision for redemption premium on debentures (refer note 1)	-	-	-	(128.04)	-	128.04	-
Write back of provisions / liabilities pertaining to O&M expenses and sub-contracting expenses (refer note 2)							
(a)	-	-	-	-	(127.58)	(459.39)	586.97
(b)	-	(32.92)	(40.85)	32.92	40.85	-	-
(c)	(46.90)	25.57	21.33	-	-	-	-
Provision towards custom duty on imported spares including interest thereon (refer note 3)	-	-	120.35	(41.36)	(5.46)	(5.46)	(68.07)
Provision for doubtful receivables and provision for inventory with outside parties (refer note 4)	-	184.52	206.79	(391.31)	-	-	-
Provision for doubtful receivables towards the MAT reimbursement claim (refer note 5)	-	-	-	2.64	98.44	45.00	(146.08)
Recognition of repair and maintenance expenses on plant and machinery on rejection of insurance claim (refer note 6)	-	-	122.93	(122.93)	-	-	-
Adjustment of depreciation on account of refund of duty drawback paid earlier on import of plant and machinery (refer note 7)	-	-	-	18.66	(98.03)	31.19	48.18
Recognition of revenue for earlier periods (refer note 8)	-	-	(13.97)	(23.77)	37.74	-	-
Recognition of insurance claim (refer note 9)	-	(86.87)	86.87	-	-	-	-
Adjustments to amortisation due to change in the method of amortisation (refer note 10)	-	-	-	-	71.30	55.22	-
Consequential impact on profit on sale of long term investment on account of change in method of amortisation (refer note 10)	-	-	-	-	(126.52)	-	-
Provision for claims recoverable / doubtful debts written back (refer note 11)							
(a)	-	-	-	-	(118.22)	-	118.22
(b)	-	-	-	-	118.22	-	(118.22)
(c)	-	-	-	-	8.32	-	(8.32)
(d)	-	-	-	(0.06)	(303.17)	65.32	237.91
Adjustment to expenses incurred during construction period (refer note 12)	-	-	-	-	139.10	(93.92)	(45.18)
Adjustment to expenses pertaining to GREL post cessation of active construction of the plant (refer note 13)	(1,868.70)	(2,900.98)	-	-	-	-	-
Adjustment to income pertaining to GREL post cessation of active construction of the plant (refer note 13)	32.00	77.12	-	-	-	-	-
Adjustment of deferred tax asset of GVPGL (refer note 14)	-	376.92	-	-	(376.92)	-	-
Provision for doubtful receivables towards inter company deposit and accrued interest thereon (refer note 15)	57.62	(3.02)	(9.50)	(27.24)	(17.86)	-	-
C) Total adjustments before tax	(1,825.98)	(2,359.66)	493.95	(680.49)	(659.79)	(234.00)	605.41
D) Restated (loss) / profit before tax, minority interest and share of (loss) / profit of associates (A + B + C)	(8,633.01)	(9,636.97)	(847.57)	95.84	1,388.60	639.78	682.38
Current tax adjustments of earlier years							
GPCL (refer note 16)	-	-	1.66	2.36	50.59	(15.22)	(39.39)
GEL (refer note 17)	-	-	(9.20)	2.87	17.93	(1.89)	(9.71)
GCSPL (refer note 18)	-	-	7.23	(2.02)	(5.21)	-	-
GKEL (refer note 19)	-	-	-	(5.02)	5.02	-	-
E) Total current tax adjustment of earlier years	-	-	(0.31)	(1.81)	68.33	(17.11)	(49.10)
F) Tax impact of adjustments (refer note 20)	-	-	-	-	-	-	-
G) Total tax adjustments (E + F)	-	-	(0.31)	(1.81)	68.33	(17.11)	(49.10)
H) Restated (loss) / profit after tax and before minority interest and share of (loss) / profit of associates (D + G)	(8,633.01)	(9,636.97)	(847.88)	94.03	1,456.93	622.67	633.28
I) Impact on minority interest on account of material adjustments	-	-	0.89	1.36	(133.39)	38.11	93.04
J) Restated (loss) / profit after minority interest and share of (loss) / profit of associates (H - I)	(8,633.01)	(9,636.97)	(848.77)	92.67	1,590.32	584.56	540.24

## **Note 1**

### **Write back of provision for redemption premium on debentures in GEL**

During the year ended March 31, 2009, GEL had issued 4,250 secured redeemable non convertible debentures of Rs. 1.00 Million each, to Axis Bank Limited ('lenders') which were due for redemption on October 6, 2013. The debenture redemption premium amounting to Rs. 238.16 Million was provided in the consolidated statement of profit and loss during the year ended March 31, 2009 and debenture redemption premium of Rs.772.76 Million was adjusted against the securities premium account during the year ended March 31, 2010. During the year ended March 31, 2011, GEL negotiated with the lenders and redeemed the debentures at a premium of Rs 544.91 Million. Based on legal opinion obtained by GEL, the provision towards debentures redemption premium provided in excess amounting to Rs 337.97 Million was adjusted against the securities premium account and Rs. 128.04 Million was recognised as other income during the year ended March 31, 2011.

For the purpose of the restated consolidated summary statements, such income recognised on account of provision no longer required written back has been appropriately adjusted in the respective years to which the transaction pertains to.

## **Note 2**

### **(a) Write back of provision pertaining to O&M expenses in GEL**

GEL had entered into an O&M contract for supplies and services with General Electric ('GE') ('contractor'). Under the O&M contract, the contractor had to perform certain O&M services, which were linked to fired hours of turbine engines of the power plant. Pursuant to the management's decision to relocate the barge-mounted power plant to Kakinada in the State of Andhra Pradesh and conversion of the power plant based on naphtha fuel to power plant based on natural gas, GEL and the contractor entered into a revised scope of work and terminated the existing O&M contract. Accordingly, provision towards O&M expenses amounting to Rs. 127.58 Million and Rs. 459.39 Million (after netting of Rs. 22.43 Million towards excess provision of O&M expenses for the year ended March 31, 2009, reversed during the year ended March 31, 2010) for the year ended March 31, 2010 and March 31, 2009 respectively was written back to the consolidated statement of profit and loss and was disclosed as provisions / liabilities no longer required written back under other income in respective years.

For the purpose of the restated consolidated summary statements, such income recognised on account of provisions no longer required written back has been appropriately adjusted in the respective years to which the transaction pertains to.

### **(b) Write back of provision pertaining to O&M expenses in GVPGL**

GVPGL has entered into a Long Term Maintenance Agreement with a sub-contractor, pursuant to which, GVPGL is committed to pay incentives on attainment of certain parameters by the sub-contractor. GVPGL provides for such incentives based on its best estimate, pending completion of the technical assessment of the achievement of these parameters. During the years ended March 31, 2013 and March 31, 2012, pursuant to completion of such technical assessment and receipt of final invoice towards incentives from the subcontractor, GVPGL has reversed the provision for sub-contracting expenses, being such expenses no longer required, of Rs. 32.92 Million and Rs. 40.85 Million respectively accounted during the years ended March 31, 2011 and March 31, 2010 respectively.

For the purpose of the restated consolidated summary statements, such adjustment in the sub-contracting expenses on account of provisions / liabilities no longer required written back has been appropriately adjusted in the respective years to which the transaction pertains to.

### **(c) Write back of provision pertaining to sub-contracting expenses**

During the period ended September 30, 2013, GVPGL has entered into certain amendments to the LTAPSA and Long Term Maintenance Agreement with the sub-contractors, pursuant to which GVPGL has written back liabilities of Rs. 46.90 Million pertaining to the years ended March 31, 2012 and March 31, 2013 amounting to Rs. 25.57 Million and Rs. 21.33 Million respectively.

For the purpose of the restated consolidated summary statements, such adjustment in the sub-contracting expenses on account of provisions / liabilities no longer required written back has been appropriately adjusted in the respective years to which the transaction pertains to.

### **Note 3**

#### **Provision towards custom duty on imported spares including interest thereon in GEL**

GEL had entered into LTAPSA with GE. As per the terms of LTAPSA, GE is required to replace / supply parts of the impugned goods at regular intervals at agreed charges and GEL would be required to export each used part replaced by GE. For all goods / parts imported from GE, GEL had discharged liability of custom duty on the basis of the price indicated in the commercial invoice issued by GE.

The Department of Customs and Excise issued a show cause notice to GEL alleging that the value declared by GEL for payment of customs duty on the imports of goods / parts did not represent the actual transaction value of the goods/ parts imported, as the value of goods / parts exported by GEL to GE was not considered while declaring such value. During the year ended March 31, 2011, GEL received custom duty demand amounting to Rs 81.95 Million (including Rs 46.03 Million pertaining to the year ended March 31, 2010) which was disclosed as a contingent liability in the financial statements for the year ended March 31, 2011.

On September 8, 2011, the Department of Customs and Excise issued a detention notice on GEL based on which GEL paid the total custom duty demanded, along with interest thereon till the payment date i.e. October 2011, amounting to Rs. 189.90 Million (along with interest of Rs 46.11 Million and Rs.69.55 Million pertaining to the year ended March 31, 2012) and made a provision for the aforesaid amount in the financial statements for the year ended March 31, 2012.

For the purpose of the restated consolidated summary statements, such expenses recognised in the year ended March 31, 2012 on account of custom duty payment and interest on such delayed payments has been appropriately adjusted in the respective years to which such transaction pertains to.

### **Note 4**

#### **Provision for doubtful receivables and provision for inventory with outside parties in GEL**

As at March 31, 2011, the Company had a receivable of Rs. 318.67 Million from Bharat Petroleum Corporation Limited ('BPCL') towards the sale of naphtha fuel during the year ended March 31, 2011. Further the Company had an inventory of Rs.72.64 Million towards Naphtha fuel lying with BPCL. The Company had entered into a PPA with Karnataka Power Transmission Corporation Limited ('KPTCL') for supply of energy during the period December 15, 1997 to July 7, 2008 and had a 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. BPCL retained the receivable as aforesaid against a dispute regarding liquidated damages under the erstwhile FSA. During the year ended March 31, 2012, based on minutes of the meeting with BPCL, the Company made a provision of Rs. 206.79 Million towards such receivables.

During the year ended March 31, 2013, the Company received a notice for good faith negotiation under erstwhile FSA entered into between the Company and the fuel supplier with respect to dispute regarding liquidated damages amounting to Rs. 2,961.64 Million along with an interest of Rs. 55.54 Million towards failure of the Company to purchase the annual guaranteed quantity for the period from November 21, 2001 to June 6, 2008. The Company vide its letter dated October 31, 2012 has disputed the demand from the supplier toward the aforementioned damages. Further, the Company 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 the Company in their reply dated February 15, 2013.

During the period ended September 30, 2013, 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. The Company has filed its reply on January 8, 2014 and the final outcome of the arbitration is pending conclusion. Based on its internal assessment

and a legal opinion, the Company 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 restated unconsolidated summary statement of the Company. However in view of the uncertainty involved in collection, the Company has made a provision towards inventory of naphtha of Rs. 72.64 Million and further provision towards receivable from sale of naphtha amounting to Rs. 111.88 Million during the year ended March 31, 2013.

For the purpose of the restated consolidated summary statements the aforesaid provisions have been appropriately adjusted in the respective year to which this transaction pertains to.

#### **Note 5**

##### **Provision for doubtful receivables towards the MAT reimbursement claim in GEL**

GEL has entered into long term PPA with KPTCL and accrued the revenue on MAT reimbursement claim for the period 2001 to 2008 and the same was paid by KPTCL. During the year ended March 31, 2009, the customer claimed that only tax on income related to sale of power is reimbursable as per terms of the PPA and not on other income. Accordingly, the customer claimed the refund of the reimbursement made earlier towards income tax on other income along with interest thereon. GEL had made a provision of the claim from the customer during the years ended March 31, 2009, March 31, 2010 and March 31, 2011 respectively.

For the purpose of the restated consolidated summary statements, the aforesaid provision has been appropriately adjusted in the year to which such transaction pertains to.

#### **Note 6**

##### **Recognition of repair and maintenance expenses on plant and machinery on rejection of insurance claim in GEL**

During the year ended March 31, 2011, GEL had recognised claim receivable of Rs 122.93 Million incurred towards repair of Gas Turbine Engine based on a claim with an Insurance Company as the management was confident of recovery of the claim amount. Repairs and maintenance expenditure incurred on plant and machinery during the year ended March 31, 2011 was disclosed net of the claim amount as stated aforesaid. However, the claim was rejected by the Insurance Company during the year ended March 31, 2012, and accordingly such insurance claim which was netted off against repairs and maintenance expenditure on plant and machinery was charged off to the statement of profit and loss during the year ended March 31, 2012.

For the purpose of the restated consolidated summary statements, the aforesaid under accrual towards repairs and maintenance expenses has been appropriately adjusted in the respective year to which such transaction pertains to.

#### **Note 7**

##### **Adjustment of depreciation on account of refund of duty drawback paid earlier on import of plant and machinery in GVPGL**

During the year ended March 31, 2010, GVPGL was granted a refund of customs duty of Rs. 690.96 Million which was paid earlier towards the import of plant and machinery of which GVPGL received a refund of Rs. 591.06 Million. 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. 111.96 Million, charged from the date of capitalisation till the date of grant of such refund, was credited to the consolidated statement of profit and loss for the year ended March 31, 2010.

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. 99.90 Million, 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. 23.96 Million, 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.

For the purpose of the restated consolidated summary statements, the refund of customs duty and consequent impact on depreciation has been appropriately adjusted in the respective years to which the transaction pertains to.

## **Note 8**

### **Recognition of revenue for earlier periods in GVPGL**

During the years ended March 31, 2012 and March 31, 2011, GVPGL had recognised revenue of Rs. 13.97 Million and Rs. 23.77 Million respectively, in connection with the energy charges produced and billed by GVPGL during the year ended March 31, 2010. During the year ended March 31, 2010, GVPGL had not recognised the aforesaid revenue in view of existence of uncertainty over the ultimate collection of the dues from the customers at the time of raising of invoice to the said customer.

For the purpose of the restated consolidated summary statements, such revenue for energy charges have been appropriately adjusted in the respective years to which the transaction pertains to.

## **Note 9**

### **Recognition of insurance claim in GVPGL**

Subsequent to the year ended March 31, 2013, GVPGL had received an insurance claim of Rs. 86.87 Million towards loss of profit incurred by GVPGL during the year ended March 31, 2012, which was recognised as 'Other income' in the financial statements of the Group during the year ended March 31, 2013.

For the purpose of the restated consolidated summary statements, the insurance claim have been appropriately adjusted in the respective year to which the transaction pertains to.

## **Note 10**

### **Adjustments to amortisation due to change in method of amortisation and consequential impact on profit on sale of long term investment in GACEPL**

Pursuant to change in accounting policy relating to amortisation of carriageways, the Group has retrospectively revised the method of amortisation of its carriageways for toll based projects from amortisation on the units of usage basis, whereby amortisation is calculated based on the proportion of actual traffic volume for a particular period over the total projected traffic volume throughout the periods to amortisation 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 for companies engaged in the business of development of highways on build, operate and transfer model and are toll based projects. The excess amortisation provided in the books of account till the date of GACEPL ceasing to be a subsidiary of the Group, as per the earlier basis to the extent of Rs. 71.30 Million and 55.22 Million has been written back during the year ended March 31, 2010 and March 31, 2009 respectively.

Further, the Group has reduced its holding in GACEPL from 51% to 26% with effect from November 13, 2009, at a gain of Rs.206.68 Million. However, pursuant to the changes in the method of amortisation, the carrying value of net assets in GACEPL has increased by Rs. 126.52 Million, resulting in a reduction in profit on dilutions of the stake in GACEPL as mentioned above.

For the purpose of the restated consolidated summary statements, such amortisation have been appropriately adjusted in the respective year to which the transaction pertains to.

## **Note 11**

### **Provision for claims recoverable / doubtful debts written back in GPCL**

- (a) Provision for claims and doubtful debts amounting to Rs.118.22 Million, provided over the period of two financial years i.e. 2006-07 and 2007-08, was written back in the financial year 2009-10 for the purpose of write off in the books. The same has now been restated to reflect the effect of such write back in the respective financial years to which the transaction pertains to.
- (b) GPCL has written off debts / claims of Rs.118.22 Million during the year ended March 31, 2010, pertaining to two financial years which was already provided for in the books. The same has now been restated to

reflect the effect of such write off in the respective financial years in which corresponding income has been accrued for as receivable.

- (c) Bad debts amounting to Rs.8.32 Million (net) written off during the financial year ended March 31, 2010, represents writing off claims towards entry tax amounting to Rs.24.54 Million pertaining to financial years 2002-03 and 2003-04 after setting off of entry tax Rs.16.22 Million payable to the supplier related to the said period as it is no longer payable. The same has now been restated to reflect the effect of such provision in the respective financial years to which the transaction pertains to.
- (d) Provision towards various claims arising out of PPA accrued by GPCL over a period of four financial years ending on March 31, 2009 amounting to Rs.303.23 Million had been written back during the financial year ended March 31, 2010 as the same was no longer required.  
For the purpose of the restated consolidated summary statements, provisions no longer required, written back has been adjusted in the respective years to which the transaction pertains to.

#### **Note 12**

##### **Adjustments of expenses incurred during construction period**

The entities in the Group, which were in the project stage during the year ended March 31, 2010, had grouped and disclosed all the expenditure during the construction stage pending allocation under Expenditure During Construction Period Allocation (net) ('EDCP'). Such entities had drawn up their statement of profit and loss during the year ended March 31, 2010 and accordingly, an amount of Rs. 139.10 Million pertaining to earlier years were charged off in the year ended March 31, 2010. The amount are now adjusted with the statement of profit and loss for the year ended March 31, 2009 to the extent of Rs. 93.92 Million and opening reserves as on April 1, 2008 to the extent of Rs. 45.18 Million.

#### **Note 13**

##### **Adjustments to income and expenses pertaining to GREL post cessation of active construction of the plant**

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 had 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 Group has put on hold the active construction work of the plant with effect from July 1, 2012. 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 Group has approached the MCA seeking clarification / relaxation on applicability of the aforementioned paragraphs to the gas availability situation. The management of the Group is confident of obtaining necessary clarification / relaxation allowing such capitalisation. Pending receipt of requisite clarification / relaxation, the Group had capitalised aforesaid expenses amounting to Rs. 2,823.86 Million and Rs. 1,836.70 Million (net off Rs. 77.12 Million and Rs. 32.00 Million pertaining to other income) for the period July 1, 2012 to March 31, 2013 and for the six-month period ended September 30, 2013 respectively towards cost of the plant under construction. The statutory auditors of GREL have qualified their Audit report in this regard stating that such capitalisation of expenses is not in accordance with the relevant Accounting Standards.

For the purpose of the restated consolidated summary statements, the capitalisation of expenses have been appropriately adjusted in the respective year to which the transaction pertains to.

#### **Note 14**

##### **Adjustment of deferred tax asset of GVPGL**

GVPGL is entitled to claim tax holiday for any 10 consecutive years out of 15 years, from the year of commencement of commercial operations in 2006-07, under Section 80IA of the IT Act with regard to income from generation of power. Considering that GVPGL had brought forward business loss of Rs. 1,337.10 Million and unabsorbed depreciation of Rs. 5,794.10 Million as at April 1, 2009 under the IT Act, the management, based on the projected future taxable income and tax planning strategies, expected to avail such tax holiday from the assessment year 2015-16.

During the year ended March 31, 2010, based on an expert opinion, GVPGL had recognised deferred tax asset amounting to Rs. 1,470.01 Million 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 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, 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 Ministry of Petroleum and Natural Gas, Government of India, vide their letter dated November 18, 2009.

As at April 1, 2012, GVPGL had carried forward a deferred tax asset, net of deferred tax liability of Rs. 376.92 Million. During the year ended March 31, 2013, the natural gas supplies from KG D-6 basin had dropped significantly resulting in losses for the said year. In the absence of virtual certainty supported by convincing evidence of future taxable profits to GVPGL, for set off of unabsorbed depreciation and carry forward losses, the management had recognised deferred tax asset only to the extent of deferred tax liability in the financial statements of GVPGL for the year ended March 31, 2013, thus resulting in write down of the carried forward deferred tax asset of Rs. 376.92 Million.

For the purpose of the restated consolidated summary statements, such write down of deferred tax asset have been appropriately adjusted in the respective year to which the transaction pertains to.

#### **Note 15**

##### **Provision for doubtful receivables towards inter corporate deposits along with accrued interest thereon**

During the year ended March 31, 2010, GEL had given inter corporate deposits of Rs. 520.00 Million at an interest rate of 8.00% p.a. During the period ended September 30, 2013, GEL has written off the outstanding balance of Rs. 10.00 Million of inter corporate deposits and interest accrued thereon of Rs. 47.62 Million which is considered as irrecoverable.

For the purpose of the restated consolidated summary statements, the aforesaid write-off has been appropriately adjusted in the respective years to which such transaction pertains to.

#### **Note 16**

##### **Tax adjustments of earlier years of GPCL**

In GPCL, short or excess provision for taxes provided in each of the financial years has been adjusted in the respective financial years for which the taxes were under / over provided and as tabulated below:

Particulars					Rs. in Million
	For the year ended				Adjustments in Surplus in the statement of profit and loss as on April 1, 2008
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	
Tax for earlier years					
Tax for earlier years provided in March 2012 adjusted to respective years	1.66	(1.38)	(0.10)	-	(0.18)
Tax for earlier years provided in March 2011 adjusted to respective years	-	3.74	-	-	(3.74)
Tax for earlier years provided in March 2010 adjusted to respective years	-	-	50.69	(7.40)	(43.29)
Tax for earlier years reversed in March 2009 adjusted to respective years	-	-	-	(7.82)	7.82
Total	1.66	2.36	50.59	(15.22)	(39.39)

### **Note 17**

#### **Tax adjustments of earlier years of GEL**

In GEL, short or excess provision of prior taxes provided in each of the financial years has been adjusted in the respective financial years for which the taxes were under / over provided and as tabulated below:

					Rs. in Million
Particulars	For the year ended				Adjustments in Surplus in the statement of profit and loss as on April 1, 2008
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	
Tax for earlier years					
Tax for earlier years provided in March 2012 adjusted to respective years	(9.20)	-	(0.75)	3.21	6.74
Tax for earlier years provided in March 2011 adjusted to respective years	-	2.87	-	-	(2.87)
Tax for earlier years provided in March 2010 adjusted to respective years	-	-	18.68	(5.10)	(13.58)
Total	(9.20)	2.87	17.93	(1.89)	(9.71)

### **Note 18**

#### **Tax adjustments of earlier years of GCSPL**

In GCSPL, short or excess provision of prior taxes provided in each of the financial years has been adjusted in the respective financial years for which the taxes were under or over provided.

### **Note 19**

#### **Tax adjustments of earlier years of GKEL**

GKEL was charging off income tax on profit on sale of mutual funds to statement of profit and loss upto year ended March 31, 2010 amounting to Rs. 5.02 Million which was transferred to capital work in progress during the year ended March 31, 2011 as its corresponding income was being reduced from the cost of the project in terms of an expert opinion.

For the purpose of the restated consolidated summary statements, the taxes have been appropriately adjusted in the respective year to which the transaction pertains to.

### **Note 20**

#### **Tax impact of adjustments**

GEL, GVPGL, GPCL and GACEPL are under tax holiday period under section 80IA under IT Act, 1961, and hence the management believes that there is no tax impact arising out of the material adjustments in the restated consolidated summary statements in respective years. Adjustment to the expenses incurred during the construction



period will not have any tax impact as all the project companies are under construction and not having taxable income during the respective years.

### **3. Non adjusting items**

Audit qualifications for the respective period / years, which do not require any corrective adjustments in the restated consolidated summary statements are as follows:

#### **i. Qualifications in the Auditors' Report:**

##### **1. Auditors' report for the six-month period ended September 30, 2013 included the following qualification:**

- a) As detailed in Note 46 to the accompanying consolidated interim financial statements, the accompanying consolidated interim financial statements do not include cash flow statement for the comparable six-month period ended September 30, 2012, which is not in compliance with paragraph 18 of AS 25 [notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013].

##### **Text of note 46 in the notes to the consolidated financial statements of the Group for the six-month period ended September 30, 2013**

Paragraph 18 of AS - 25 - 'Interim Financial Reporting', requires the interim financial statements to include cash flow statement cumulatively for the current financial year to date with a comparable year to-date period of the immediately preceding financial year. However, these consolidated interim financial statements do not include cash flow statement for the six-month period ended September 30, 2012.

#### **ii. Modifications in the Auditors' Report:**

##### **1. Auditors' report for the six-period ended September 30, 2013 included the following emphasis of matter:**

- a) We draw attention to Note 33 (d) to the accompanying consolidated interim financial statements for the six-month period ended September 30, 2013 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 interim financial statements. 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.

##### **Text of note 33 (d) in the notes to the consolidated interim financial statements of the Group for the six-month period ended September 30, 2013**

"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 TAGENDCO 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 TAGENDCO. GPCL had received a favourable Order from TNERC on April 16, 2010 and in pursuance of the Order, GPCL filed its claim on April 30, 2010 amounting to Rs. 4,816.80 Million and recognised Rs. 795.50 Million 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. 5,370.00 Million 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 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.

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 income 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 these consolidated interim financial statements. Further, GPCL has been legally advised that in view of the appeal filed by TAGENDCO against the Order of APTEL in Hon'ble Supreme Court, the entire matter is now subjudice and has not attained the finality."

- b) We draw attention to Note 33 (a) to the accompanying consolidated interim financial statements for the six-month period ended September 30, 2013 regarding (i) cessation of operations and losses incurred by the Company and GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiary 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. These interim financial statements of the Group do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

**Text of note 33 (a) to the notes to the consolidated interim financial statements of the Group for the six- month period ended September 30, 2013**

"The Group is 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, 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. Further, the Gas Sales and Purchase Agreements ('GSPA') for supply of natural gas in GEL and GVPGL expire on March 31, 2014. 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 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 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 the COD as stated aforesaid and these gas based power generating companies would meet their financial obligations as they arise. As at September 30, 2013, the Group has accumulated losses of Rs. 10,735.16 Million which has resulted in erosion of its entire net worth. However, subsequent to September 30, 2013, the Company issued equity shares to GEPML, a fellow subsidiary as detailed in note 45 below. Further, on March 12, 2014, the Company has converted 495,602,521 cumulative and non-cumulative redeemable preference shares amounting to Rs. 4,956.03 Million issued to GIL and unsecured loans of Rs. 14,764.60 Million received from GIL into equity shares of Rs. 10 each at a premium of Rs. 17.50 per share. As a result 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 September 30, 2013 is appropriate and these consolidated interim financial statements of the Group do not include any adjustments that might result from the outcome of this uncertainty."

**2. Auditors' report for the year ended March 31, 2013 included the following emphasis of matter:**

- a) We draw attention to Note 32 (d) to the accompanying consolidated financial statements for the year ended March 31, 2013 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 Electricity Board, 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. 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, 2012 as income in its 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.

**Text of note 32 (d) in the notes to the consolidated financial statements of the Group for the year ended March 31, 2013**

"GPCL, a subsidiary, 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 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 TNEB. 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. 4,816.80 Million and recognised Rs. 795.50 Million as income in the books of account.

TNEB filed a petition against TNERC Order in Appellate Tribunal for Electricity ('APTEL'). In terms of an interim Order on November 19, 2010 from APTEL, TNEB deposited Rs. 5,370.00

Million 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 TNEB 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.

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, 2012 as income in its income 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 TNEB 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 these consolidated financial statements. Further, GPCL has been legally advised that in view of the appeal filed by TNEB against the Order of APTEL in Hon'ble Supreme Court, the entire matter is now subjudice and has not attained the finality."

- b) We draw attention to Note 32 (a) to the accompanying consolidated financial statements for the year ended March 31, 2013 regarding (i) losses incurred by Company, GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiary 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, a subsidiary of the Company pending linkage of natural gas supply. Based on business plans and valuation assessment, the management of the Group is of the view that the carrying value of the net assets in the Company, GVPGL and GREL as at March 31, 2013 is appropriate. However, 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 as such the accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

**Text of note 32 (a) in the notes to the consolidated financial statements of the Group for the year ended March 31, 2013**

"The Group is 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, 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. 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 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 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 the COD as stated aforesaid and these gas based power generating companies would meet their financial obligations as they arise. As at September 30, 2013, the Group has accumulated losses of Rs. 10,735.16 Million which has resulted in erosion of its entire net worth. However, subsequent to September 30, 2013, the Company issued equity shares to GEPML, a fellow subsidiary as detailed in note 45 below. Further, on March 12, 2014, the Company has converted 495,602,521 cumulative and non-cumulative redeemable preference shares amounting to Rs. 4,956.03 Million issued to GIL and unsecured loans of Rs. 14,764.60 Million received from GIL into equity shares of Rs. 10 each at a premium of Rs. 17.50 per share. As a result the management of the Company considers that the going concern assumption and the carrying value of the net assets of the aforesaid entities as at September 30, 2013 is appropriate and these consolidated interim financial statements of the Group do not include any adjustments that might result from the outcome of this uncertainty."

**3. Auditors' report for the year ended March 31, 2012 included the following emphasis of matter:**

Without qualifying our opinion, we draw attention to note 31 (b) to the consolidated financial statements 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 and Tamil Nadu Electricity Board, is sub-judice before the Hon'ble Supreme Court of India and has not attained the finality.

**Text of note 31(b) in the notes to the consolidated financial statements of the Group for the year ended March 31, 2012**

"In case of GPCL, claims/ counterclaims arising out of the PPA and Land Lease Agreement (LLA) in respect of the dues recoverable from Tamil Nadu Electricity Board ('TNEB') 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 TNEB respectively were pending settlement / reconciliation with TNEB. In this regard, GPCL had approached Tamil Nadu Electricity Regulatory Commission (TNERC) to resolve the aforementioned claims/ counterclaims. A favourable order was received from TNERC on April 16, 2010 and in pursuance of the order, GPCL had filed its claim on April 30, 2010 amounting to Rs. 4,816.78 Million and recognised Rs. 795.50 Million as income.

TNEB filed a petition against TNERC order in Appellate Tribunal for Electricity (APTEL). In terms of an interim Order on November 19, 2010 from APTEL, TNEB deposited Rs. 5,370.02 Million (March 31, 2011: Rs. 2,800.00 Million) including interest on delayed payment of 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 TNEB in respect of the benefits earned, if any, by GPCL with regard to delayed payment towards fuel supply that are not in terms of Fuel Supply Agreement ('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 FSA.

In accordance with the Group's accounting policy, pending acceptance of claims by TNEB and considering adjudication of petition is pending before the Hon'ble Supreme Court, the Group has not recognised the balance claim of Rs. 4,021.28 Million.

In accordance with the above, the amount received towards claim as aforementioned and claim towards Land Lease Rentals after the date of Order is being disclosed as advance from customer in these consolidated financial statements of the Group pending adjudication of petition before the Hon'ble Supreme Court. Further GPCL has been legally advised that in view of appeal filed by TNEB against the order of APTEL in Hon'ble Supreme Court, the entire matter is now sub-judice and has not attained the finality."

**iii. Change in estimated useful life of fixed assets**

During the year ended March 31, 2012, the Group had revised the estimated useful life of its fixed assets from minimum rate prescribed under Schedule XIV of the Act to the rates prescribed under CERC regulations for companies engaged in the business of generation and sale of energy. Accordingly, the written down value of fixed assets as at April 1, 2011, is being depreciated on a prospective basis over the remaining estimated useful life. This change in accounting estimate had resulted in decrease in depreciation and amortisation expenses and corresponding decrease in loss for the year ended March 31, 2012 by Rs. 153.71 Million.

The above being in nature of change in estimate arising out of change of regulations, the same has not been considered for the purpose of restatement.

**iv. Impairment of assets in a subsidiary**

The Group has an investment of Rs. 1,679.38 Million and has given a loan of Rs. 2,221.54 Million to HEGL. During the year ended March 31, 2013, the Group has 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 has made an impairment provision of Rs. 2,506.66 Million towards the carrying value of the net assets of HEGL (including goodwill on consolidation of Rs. 979.99 Million) which was disclosed as an exceptional item in the consolidated financial statements of the Group for the year ended March 31, 2013.

During the six-month period ended September 30, 2013, the sale transaction has been completed for one of the coal mines after obtaining the requisite approvals and the Group has realized a profit of Rs. 370.21 Million on such sale which has been disclosed as an 'exceptional item' in the consolidated interim financial statements of the Group for the six-month period ended September 30, 2013. Subsequent to September 30, 2013 the Group has completed the sale transaction for the other mine after obtaining the requisite regulatory approvals.

**v. Non adjusting other matters in the audit report for the six-month period ended September 30, 2013**

The comparable consolidated interim financial information for the six-month period ended and as at September 30, 2012 is unaudited and certified by the management of the Company.

#### 4. Contingent liabilities, capital and other commitments:

##### i. Contingent liabilities :

##### a) Contingent liabilities not provided for

Rs. in Million						
Particulars	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Matters relating to income tax under dispute	6.77	6.77	18.86	24.06	0.32	0.32
Matters relating to indirect taxes under dispute	6,239.47	6,239.47	6.66	81.95	46.03	46.03
Arrears of cumulative preference dividend (refer note j below)	422.12	318.61	111.38	63.45	32.59	1.53
Letter of credit availed by the Group company	-	-	187.20	-	-	-
Bank guarantees outstanding	12,761.17	9,695.74	3,896.87	2,745.71	681.70	-
Claims against the Group not acknowledged as debts	1,058.67	86.68	120.52	24.16	0.78	-
Corporate guarantee issued on behalf of a fellow subsidiary	600.00	1,370.00	-	-	-	-
Pledge of fixed deposits of the Group towards loan availed by a fellow subsidiary	750.00	250.00	400.00	-	-	-

Others in addition to Annexure IV (4)(i)(a) above

- b) During the year ended March 31, 2010, GVPGL was granted a refund of customs duty of Rs. 690.96 Million 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. 111.96 Million, charged from the date of capitalisation till the date of grant of such refund, was credited to the statement of profit and loss for the year ended March 31, 2010. GVPGL received a refund of Rs. 591.06 Million.

During the year ended March 31, 2011, GVPGL 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. 99.90 Million, 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. 23.96 Million, 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.

During the year ended March 31, 2012, GVPGL received a further intimation from DGFT for cancellation of duty drawback refund Order of Rs. 591.06 Million 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. 591.06 Million already received by GVPGL, in these restated consolidated summary statements of the Group.

GVPGL has filed a writ petition with the Hon'ble High Court of Delhi in November 2011 as regards the aforesaid matter, which is pending settlement as at September 30, 2013.

- c) During the year ended March 31, 2012, GVPGL received a demand of Rs. 482.14 Million for the period September 2006 to November 2011 from the Chief Electrical Inspectorate, Government of Andhra Pradesh

(‘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 Rules’) in respect of payment of electricity duty are not applicable to GVPGL. Accordingly, electricity duty liability of Rs. 583.00 Million (March 31, 2013: Rs. 572.73 Million, March 31, 2012: Rs. 520.24 Million, March 31, 2011: Rs. 351.31 Million, March 31, 2010: Rs. 170.63 Million, March 31, 2009: Rs. 129.95 Million) for the period September 2006 to September 2013 has been considered as a contingent liability and accordingly no adjustment have been made in these restated consolidated summary statements of the Group.

- d) 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. 110.62 Million 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 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.146.11 Million (March 31, 2013 : Rs.146.11 Million, March 31, 2012 : Rs. 123.59 Million, March 31, 2011 : Rs. 57.62 Million, March 31, 2010 : Rs. Nil, March 31, 2009 : Rs. Nil) for the period from June 2010 to September 30, 2013 has been considered as a contingent liability and accordingly no adjustment have been made in these restated consolidated summary statements of the Group.

- e) GEL had entered into a PPA with KPTCL for supply of energy during the period December 15, 1997 to July 7, 2008. GEL had a FSA with a fuel supplier towards purchase of Naphtha for generation of electricity during the aforementioned period. 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. 2,961.64 Million along with an interest of Rs. 55.54 Million 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 has been disputed by GEL in its reply dated February 15, 2013.

During the period ended September 30, 2013, 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. The Company 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 restated consolidated summary statements of the Group and has been considered as a contingent liability as at September 30, 2013.

- f) The Deputy Commissioner of Commercial Taxes, Bhuvaneshwar demanded Rs. 1,502.32 Million (including penalty of Rs. 1,001.55 Million) (March 31, 2013: Rs. 1,502.32 Million (including penalty of Rs. 1,001.55 Million), March 31, 2012 : Rs. 1,294.32 Million, March 31, 2011: Rs. 133.59 Million, March 31, 2010 : Rs. Nil, March 31, 2009 : Rs. Nil) for non- payment of entry tax on imported plant and machinery worth Rs. 24,640.49 Million during the financial year 2008-09 to financial year 2012-13 from outside India as per Orissa Entry Tax Act, 1999. GKEL has deposited Rs. 154.21 Million (March 31, 2013: Rs 134.21 Million, March 31, 2012 : Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010 : Rs. Nil, March 31, 2009 : Rs. Nil) 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 no further financial implication will arise on account of aforesaid matter and accordingly, no further adjustments have been made in these restated consolidated summary statements of the Group and has been considered as a contingent liability as at September 30, 2013.

- g) During the year ended March 31, 2011, GPCL had received a refund of customs duty of Rs. 295.70 Million which was paid earlier towards the import of the plant and machinery, which was passed on to TAGENDCO as a pass through as per the terms of the PPA. During the year ended March 31, 2012, GPCL 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 the liability, if any, is to be recovered from TAGENDCO, the ultimate beneficiary of the refund received earlier. However, pending settlement of the matter, the same has been considered as a contingent liability and accordingly no adjustment have been made in these restated consolidated summary statements of the Group.
- h) Certain entities in the Group have entered into Gas Transportation / Transmission Agreements with the fuel transporters 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 Regulatory Board ('PNGRB'), the said fuel transporters are levying and accordingly these entities are recording the ship or pay charges at lower rate as compared to the agreed rate. The fuel transporters have filed a writ petition before the Appellate Tribunal for Electricity, New Delhi against the said order. Accordingly, an amount of Rs. 80.86 Million (March 31, 2013: Rs. Nil, March 31, 2012 : Rs. Nil, March 31, 2011 : Rs. Nil, March 31, 2010 : Rs. Nil, March 31, 2009 : Rs. Nil), being the differential amount between the agreed rate and the rate as per the PNGRB order has been considered as a contingent liability as at September 30, 2013.
- i) GKEL has entered into a PPA with PTC India Limited ('PTC') and PTC has entered in turn with Uttar Haryana Bijli Vitran Nigam Limited ('UHBVNL') and Dakshin Haryana Bijli Vitran Nigam Limited. ('DHBVNL'). There has been a delay in supply of power by GKEL and the matter is under sub-judice with the CERC inter alia for extension of time for supply of power. There has been no demand from PTC or UHBVNL and DHBVNL for the claim/ liquidated damages. The management of the Group is confident of obtaining a favorable order from CERC and accordingly is of the view that there will not be any liability on GKEL. Further, the management of the Group believes that the liabilities, if any that may arise on GKEL are recoverable from the EPC contractor as per the terms of the EPC agreement.
- j) The arrears of cumulative dividend on redeemable cumulative preference shares held by GIL of Rs. 138.94 Million as at September 30, 2013 have been waived off by GIL in their class meeting held on March 01, 2014 for the purpose of variation in the rights of such preference shares and giving consent for conversion of these preference shares into equity shares.
- k) 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 Hadrat 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. 417.37 Million (IDR 78,750.00 Million). Further, the lawsuit 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 restated consolidated summary statements and as such the amount of Rs. 417.37 Million is considered as a contingent liability as at September 30, 2013.
- l) Refer note 9 of Annexure IV, as regards contingent liabilities of jointly controlled entities.

- m) Also refer note 6(d) of Annexure IV, as regards deferred consideration payable to the erstwhile shareholders of PTDSU.

## ii. Capital commitments and other commitments

### 1. Capital commitments

Particulars	Rs. in Million					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Estimated value of contracts remaining to be executed on capital account, not provided for (net of advances)	23,970.94	46,067.13	78,978.01	112,543.07	106,957.67	40,759.45

### 2. Other commitments

- (i) Certain entities in the Group 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, and 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.
- (ii) Certain entities in the Group have entered into FSAs 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.
- (iii) One of the overseas entities in the Group and the Government of Indonesia ('Government') have entered into a 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 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.
- (iv) One of the overseas entities (as the buyer) and its jointly controlled entity (as the seller) have entered into a Coal Sale Agreement for purchase and sale of coal, whereby the buyer entity and seller entity have committed to, take delivery and to deliver, respectively, 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, and shall not sell any coal to any person domiciled or incorporated in the country in which the seller entity operates.
- (v) Certain entities in the Group have entered into Long Term Assured Part 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 agreement. The entities have also committed to pay incentives on attainment of certain parameters by the sub-contractors.
- (vi) 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.

- (vii) The Group has provided commitments to fund the cost overruns over and above the estimated project cost or cash deficiency, if any, to the lenders of its subsidiaries with project under construction, to the extent as defined in the agreements executed with the respective lenders.
- (viii) Refer Annexure V, for commitments arising out of convertible preference shares.
- (ix) Shares of the certain subsidiaries / jointly controlled entities have been pledged as security towards loan facilities sanctioned to the Group.

## 5. Investments

The following long term unquoted investments included in Annexure XII have been pledged as security towards loan facilities sanctioned to the Group and the investee companies:

(Number of equity shares of Rs. 10 each fully paid up)

Particulars	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
GMR Jadcherla Expressways Limited (Formerly known as GMR Jadcherla Expressways Private Limited) ('GJEPL')	-	-	-	-	-	1,731,728
GMR Pochanpalli Expressways Private Limited ('GPEPL')	-	-	-	-	-	4,140,000
GMR Ulundurpet Expressways Private Limited ('GUEPL')	-	-	-	-	-	9,003,375
GMR Chennai Outer Ring Road Private Limited ('GCCRPL')	780,000	780,000	780,000	780,000	-	-
GMR Tambaram Tindivanam Expressways Private Limited ('GTTEPL')	250,000	250,000	250,000	250,000	250,000	250,000
GMR Tuni Anakapalli Expressways Private Limited ('GTAEPL')	250,000	250,000	250,000	250,000	250,000	250,000
Delhi International Airport Private Limited ('DIAL')	99,324,324	99,324,324	99,324,324	48,648,649	29,957,204	29,957,204
GACEPL	24,222,593	24,222,593	24,222,593	24,222,593	24,222,593	24,222,534

## 6. Other investments

- a) The Group has an investment of Rs. 19,448.00 Million (including investment in equity share capital of Rs. 15,302.00 Million and subordinate loan of Rs. 4,146.00 Million) in GCHEPL as at September 30, 2013 and has also provided corporate / bank guarantee towards loan taken by GCHEPL from the project lenders. GCHEPL is in advanced stage of construction of 1,370 MW coal based thermal power plant at Raipur district, Chhattisgarh and is awaiting linkage of domestic coal. GEL has obtained provisional mega power status certificate from the Ministry of Power, GOI, vide letter dated September 8, 2011. Further the Group expects certain delays in the completion of construction and cost overruns

including additional claims from the EPC contractor which is pending settlement as at September 30, 2013. As per the management of GCHEPL, the additional claims are not expected to be material. Despite the aforementioned circumstances, 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 of the view that the carrying value of the net assets of GCHEPL as at September 30, 2013 is appropriate.

- b) The Company along with its subsidiaries acquired PTDSU for a consideration of USD 40.00 Million 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 restated consolidated summary statements in respect of such consideration. Further, the consolidated financial statements of PTDSU and its subsidiaries PT Barasentosa Lestari ('PTBSL') and PT Duta Sarana Internusa ('PTDSI') as at September 30, 2013 have accumulated deficit of Rs. 260.55 Million (USD 4.12 Million) (March 31, 2013: USD 4.04 Million, March 31, 2012: USD 3.50 Million, March 31, 2011: USD 2.75 Million, March 31, 2010: USD 2.17 Million and March 31, 2009: USD 2.43 Million). 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 September 30, 2013 is appropriate.
- c) As at September 30, 2013, EMCO has accumulated loss of Rs. 2,770.28 Million which has resulted in substantial 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 on a going concern basis.
- d) As at September 30, 2013, the Group has an investment of Rs. 24.35 Million in the equity shares of RCMEPL and has provided bank guarantees of Rs. 221.72 Million 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 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 direct 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 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 writ petition filed 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 restated consolidated summary statements of the Group in this regard.

## 7. Derivative instruments and un-hedged foreign currency exposure

a) Forward contracts / cross currency swaps outstanding as at balance sheet date are as follows:

Particulars	Entity	Currency	Amount in foreign currency in Million						Rs. in Million					
			September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Hedge of payables with respect to fuel purchases	GEL	USD	-	-	7.50	1.00	-	-	-	-	386.48	45.14	-	-
Forward contract against payment for offshore supplies and discounted letter of credit	GKEL	CNY	284.56	-	728.80	2,795.53	-	-	2,947.79	-	5,033.60	19,307.20	-	-
		USD	32.95	-	24.20	-	-	-	2,083.76	-	1,247.00	-	-	-
Cross currency swap against external commercial borrowings	GKEL	USD	15.00	15.00	-	-	-	-	948.60	822.00	-	-	-	-
Forward contract for hedging of highly probable future cash outflows	EMCO	USD	-	-	1.00	-	-	-	-	-	51.53	-	-	-
Forward contract for hedging of repayment of loan	ATSCL	USD	16.58	16.58	-	-	-	-	1,049.14	909.12	-	-	-	-
	MTSCL	USD	16.63	-	-	-	-	-	1,051.37	-	-	-	-	-
	GREL	USD	51.99	-	-	-	-	-	3,287.57	-	-	-	-	-

**b) Interest Rate Swap ('IRS') outstanding as at September 30, 2013:**

- i. During the year ended March 31, 2013, ATSCCL has entered into an IRS contract with a bank from floating rate of interest to fixed rate of interest against its foreign currency loan amounting to USD 16.58 Million 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 and net gain/loss on the underlying loan is not expected to be material and accordingly no adjustment have been made in these restated consolidated summary statements of the Group.
- ii. During the period ended September 30, 2013, MTSCCL has entered into an IRS contract with a bank from floating rate of interest to fixed rate of interest against its foreign currency loan amounting to USD 16.63 Million covering the period from May 8, 2013 to May 9, 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 and net gain/loss on the underlying loan is not expected to be material and accordingly no adjustment have been made in these restated consolidated summary statements of the Group.

**c) Un-hedged foreign currency is as follows:**

**(Foreign currency and equivalent Indian Rupee in Million)**

<b>Currency</b>	<b>Financial period / year ended</b>	<b>Fixed assets, non-current investments and current investments</b>	<b>Trade receivables, inventories, long term and short term advances and other non-current and current assets</b>	<b>Trade payables, other long term and current liabilities and long term and short term provisions</b>	<b>Cash and balances with banks</b>	<b>Long-term borrowings, short term borrowings and current maturities of long term borrowings</b>
United States Dollar	September 30, 2013	516.30	40.25	431.02	15.16	991.78
	March 31, 2013	520.19	42.06	354.05	4.82	991.05
	March 31, 2012	519.00	74.88	204.44	8.70	1,140.00
	March 31, 2011	144.50	16.16	83.28	4.95	184.85
	March 31, 2010	114.24	23.47	5.17	-	80.02
	March 31, 2009	42.01	0.22	1.28	32.18	71.36
Canadian Dollar	September 30, 2013	1.16	22.16	21.29	2.41	-
	March 31, 2013	3.20	30.20	7.95	4.08	-
	March 31, 2012	52.15	15.30	8.50	6.32	-
	March 31, 2011	63.11	19.76	14.00	9.27	-
	March 31, 2010	-	-	-	-	-
	March 31, 2009	-	-	-	-	-

Currency	Financial period / year ended	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	Cash and balances with banks	Long-term borrowings, short term borrowings and current maturities of long term borrowings
Chinese Yuan	September 30, 2013	-	0.09	-	0.03	-
	March 31, 2013	-	0.09	-	0.82	-
	March 31, 2012	-	0.03	-	0.83	-
	March 31, 2011	-	0.27	-	-	-
	March 31, 2010	-	-	0.02	-	-
	March 31, 2009	-	-	-	-	-
Nepalese Rupee	September 30, 2013	1,113.02	2.40	16.52	0.51	-
	March 31, 2013	1,073.57	2.49	17.01	22.20	-
	March 31, 2012	908.51	26.11	20.49	28.70	-
	March 31, 2011	963.64	8.60	15.06	57.68	-
	March 31, 2010	798.11	12.36	66.01	-	-
	March 31, 2009	221.99	5.57	18.04	23.82	-
Indonesian Rupiah	September 30, 2013	322,128.51	191,502.26	33,862.55	159,373.16	73,641.87
	March 31, 2013	244,940.01	328,295.89	62,318.67	258,504.50	-
	March 31, 2012	217,209.92	211,892.19	106,430.15	564,735.32	-
	March 31, 2011	195.66	-	-	1,004.81	-
	March 31, 2010	994.377	183.46	-	-	-
	March 31, 2009	-	-	-	-	-
Euro	September 30, 2013	-	-	0.65	-	-
	March 31, 2013	-	-	1.44	-	-
	March 31, 2012	-	-	0.30	-	-
	March 31, 2011	-	-	0.41	-	-
	March 31, 2010	-	-	-	-	-
	March 31, 2009	-	-	-	-	-

Currency	Financial period / year ended	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	Cash and balances with banks	Long-term borrowings, short term borrowings and current maturities of long term borrowings
Danish Krone	September 30, 2013	-	-	-	-	-
	March 31, 2013	-	-	-	-	-
	March 31, 2012	-	-	0.03	-	-
	March 31, 2011	-	-	-	-	-
	March 31, 2010	-	-	-	-	-
	March 31, 2009	-	-	-	-	-
Singapore Dollar	September 30, 2013	-	-	-	-	6.45
	March 31, 2013	-	-	0.16	-	-
	March 31, 2012	-	-	-	-	-
	March 31, 2011	-	-	-	-	-
	March 31, 2010	-	-	-	-	-
	March 31, 2009	-	-	-	-	-
Equivalent Indian Rupees	September 30, 2013	35,563.94	5,037.32	28,817.96	2,057.92	63,182.23
	March 31, 2013	30,713.99	5,751.17	20,292.24	1,944.63	54,306.65
	March 31, 2012	31,315.67	5,931.47	11,643.22	4,162.52	58,773.12
	March 31, 2011	9,952.63	1,611.60	3,949.13	689.97	8,317.14
	March 31, 2010	5,678.82	1,081.74	59.93	-	3,647.42
	March 31, 2009	2,310.48	14.73	77.43	1,680.33	3,693.45



## 8. Deferred Tax

Deferred tax liability ('DTL') / asset ('DTA') comprises mainly of the following:

Rs. in Million

Sl. No.	Particulars	September 30, 2013		March 31, 2013		March 31, 2012		March 31, 2011		March 31, 2010		March 31, 2009	
		DTA	DTL	DTA	DTL	DTA	DTL	DTA	DTL	DTA	DTL	DTA	DTL
	<b><u>Deferred tax liability :</u></b>												
1	Depreciation	-	485.24	-	446.57	-	264.82	-	58.51	-	-	-	-
2	Others	1.42	-	1.59	-	1.01	-	-	-	-	-	-	-
	<b>Sub – total (A)</b>	<b>1.42</b>	<b>485.24</b>	<b>1.59</b>	<b>446.57</b>	<b>1.01</b>	<b>264.82</b>	<b>-</b>	<b>58.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Deferred tax liability (net)	-	483.82	-	444.98	-	263.81	-	58.51	-	-	-	-
	<b><u>Deferred tax asset:</u></b>												
1	Depreciation	-	678.79	-	707.14	-	777.68	-	758.62	-	728.62	-	-
2	Carry forward losses / unabsorbed depreciation	746.84	-	746.26	-	793.69	-	854.61	-	1,093.10	-	-	-
3	Others	16.39	-	13.63	-	9.43	-	2.35	-	-	-	-	-
	<b>Sub – total (B)</b>	<b>763.23</b>	<b>678.79</b>	<b>759.89</b>	<b>707.14</b>	<b>803.12</b>	<b>777.68</b>	<b>856.96</b>	<b>758.62</b>	<b>1,093.10</b>	<b>728.62</b>	<b>-</b>	<b>-</b>
	Deferred tax asset (net)	84.44	-	52.75	-	25.44	-	98.34	-	364.48	-	-	-
	<b>Total (A+B)</b>	<b>764.65</b>	<b>1,164.03</b>	<b>761.48</b>	<b>1,153.71</b>	<b>804.13</b>	<b>1,042.50</b>	<b>856.96</b>	<b>817.13</b>	<b>1,093.10</b>	<b>728.62</b>	<b>-</b>	<b>-</b>
	Deferred tax (asset) / liability (net)	-	399.38	-	392.23	-	238.37	(39.83)	-	(364.48)	-	-	-
	Change for the period / year	-	7.15	-	153.86	-	278.20	-	324.65	-	364.48	-	-
	Foreign currency translation reserve	-	4.15	-	(3.99)	-	0.18	-	-	-	-	-	-
	Deferred tax asset / (liability) on account of acquisition during the period / year	-	-	-	-	-	18.38	-	-	-	-	-	-
	Charge/(credit) during the period / year	-	11.30	-	149.87	-	296.76	-	324.65	-	(364.48)	-	-

- (a) In case of PTBSL, deferred tax asset has not been recognised on unabsorbed losses on the grounds of prudence in view of PTBSL management's assessment of future profitability.
- (b) Refer note 14 of Annexure IV(2) on 'Material adjustments' for details of deferred tax asset of GVPGL.

## 9. Information on jointly controlled entities as per Accounting Standard – 27

Name of the Jointly controlled entity	Country of incorporation	Percentage of effective ownership (directly or indirectly) as on					
		September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
RCMEPL	India	17.39%	17.39%	17.39%	17.39%	-	-
NML <sup>5</sup>	South Africa	27.92%	27.92%	27.92%	27.92%	-	-
TMR <sup>5,6</sup>	South Africa	-	27.92%	27.92%	27.92%	-	-
PTGEMS <sup>1</sup>	Indonesia	28.50%	28.50%	28.50%	-	-	-
RCI <sup>2</sup>	Indonesia	28.22%	28.22%	28.22%	-	-	-
KIM <sup>2</sup>	Indonesia	28.50%	28.50%	28.50%	-	-	-
TKS <sup>2</sup>	Indonesia	19.95%	19.95%	19.95%	-	-	-
MAL <sup>2,3</sup>	Indonesia	-	-	28.50%	-	-	-
BIB <sup>2</sup>	Indonesia	27.96%	27.96%	27.96%	-	-	-
KCP <sup>2</sup>	Indonesia	28.50%	28.50%	28.50%	-	-	-
BBU <sup>2</sup>	Indonesia	28.50%	28.50%	28.50%	-	-	-
BHBA <sup>2</sup>	Indonesia	28.50%	28.50%	28.50%	-	-	-
BNP <sup>2</sup>	Indonesia	28.50%	28.50%	28.50%	-	-	-
TBBU <sup>2</sup>	Indonesia	28.44%	28.44%	28.44%	-	-	-
NIP <sup>2,3</sup>	Indonesia	-	-	28.50%	-	-	-
GEMSCR <sup>4</sup>	Singapore	28.50%	28.50%	-	-	-	-

1. Joint venture agreement executed during the year ended March 31, 2012.
2. Became jointly controlled entities consequent to PTGEMS becoming jointly controlled entity during the year ended March 31, 2012.
3. Jointly controlled entity ceased during the year ended March 31, 2013 on account of dilution of the shareholding of PTGEMS and its subsidiaries.
4. Jointly controlled entity incorporated during the year ended March 31, 2013.
5. Became jointly controlled entities pursuant to HEGL becoming a subsidiary during the year ended March 31, 2011.
6. Ceased to be a jointly controlled entity during the period ended September 30, 2013.

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 jointly controlled entities, as included in these restated consolidated summary statements of the Group are as follows:

Rs. in Million						
Particulars	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Non-current assets</b>						
Fixed assets	2,381.35	1,814.73	755.77	0.33	-	-
Capital work-in-progress and Intangible assets under development	898.75	994.28	553.73	75.82	-	-
Non current investments	0.30	0.53	-	-	-	-
Deferred tax asset (net)	81.93	51.29	23.74	-	-	-
Long term loans and advances	160.57	163.80	167.63	-	-	-
Other non-current assets	18.10	11.56	5.09	-	-	-
<b>Current assets</b>						
Current investments	-	-	0.22	-	-	-
Inventories	264.81	176.54	165.81	-	-	-
Trade receivables	1,222.84	893.28	413.19	-	-	-
Cash and bank balances	1,101.38	1,557.83	3,243.42	8.53	-	-
Short term loans and advances	276.58	210.34	448.09	0.17	-	-
Other current assets	0.05	0.37	0.04	0.77	-	-
<b>Non-current liabilities</b>						
Long term borrowings	-	-	1.69	84.17	-	-
Other long term liabilities	-	-	0.03	-	-	-
Long term provisions	15.05	13.52	6.86	-	-	-
<b>Current liabilities</b>						
Short term borrowings	289.50	181.10	35.45	-	-	-
Trade payables	1,009.37	493.30	203.22	-	-	-
Other current liabilities	-	125.52	179.72	2.63	-	-
Short term provisions	103.52	108.22	223.61	-	-	-
<b>Income</b>						
Revenue from operations (mining operations)	3,211.02	6,766.96	578.10	-	-	-
Other income	70.01	214.88	22.76	0.09	-	-
<b>Expenses</b>						
Sub-contracting charges	2,490.51	5,289.78	415.17	-	-	-
Employee benefits expenses	122.28	256.71	47.21	-	-	-
Other expenses	371.91	759.98	83.78	14.43	-	-
Finance costs	5.35	10.74	4.30	-	-	-
Depreciation and amortisation expenses	129.66	208.68	2.46	-	-	-
Tax expenses / (reversals)	36.68	74.67	(0.11)	(1.53)	-	-
<b>Other Matters</b>						
Capital commitments	2.23	0.86	-	-	-	-
Contingent liabilities- Bank guarantees outstanding	221.72	221.72	221.72	221.72	-	-
Reserves / (deficit) as at April 1, Add: Group's share of profit / (loss) for the period / year	416.52	35.24	(12.81)	-	-	-
Reserves / (deficit) as at September 30 / March 31,	124.64	381.28	48.05	(12.81)	-	-
	541.16	416.52	35.24	(12.81)	-	-

**10. Segment reporting:**

- a) The segment reporting of the Group has been prepared in accordance with AS 17 on Segment Reporting.
- b) The Group is engaged in generation of power and mining business. It considers mining and exploration activity as complementary to the generation of power and therefore being subject to the same risks and returns. Accordingly, the Group's business activity falls within the single business segment for which no further disclosures are required for the period / year ended September 30, 2013, March 31, 2013, March 31, 2012 and March 31, 2011. The Group was also engaged in the business of development and operation of roadways during the years ended March 31, 2010 and March 31, 2009, which was discontinued during the year ended March 31, 2010.
- c) For the purpose of reporting, business segments are primary segments and the geographical segment is a secondary segment.
- d) Geographical segment is categorised as 'India' and 'Outside India' and is based on the domicile of the customers.
- e) The various business segments comprises of the following companies:

**GMR ENERGY LIMITED**
**Annexure IV - Notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows**
**A) Business segments**

Rs. in Million										
Particulars	Power - Continued Operations		Roads - discontinued Operations		Inter Segment		Unallocated		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
<b>Revenue</b>										
Revenue from operations	19,184.03	18,742.68	111.31	48.92	-	-	-	-	19,295.34	18,791.60
<b>Total revenue (a)</b>	<b>19,184.03</b>	<b>18,742.68</b>	<b>111.31</b>	<b>48.92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,295.34</b>	<b>18,791.60</b>
Other income (excluding interest income) (b)	818.28	336.18	142.80	0.23	-	-	-	-	961.08	336.41
<b>Expenditure</b>										
Consumption of fuel	13,832.18	13,449.85	-	-	-	-	-	-	13,832.18	13,449.85
Sub-contracting expenses	589.01	557.63	23.09	12.76	-	-	-	-	612.10	570.39
Consumption of stores and spares	130.73	201.29	-	-	-	-	-	-	130.73	201.29
Employee benefit expenses	318.95	129.61	5.79	2.62	-	-	-	-	324.74	132.23
Other expenses	1,405.91	1,358.08	14.47	5.08	-	-	-	-	1,420.38	1,363.16
Depreciation / amortisation	881.53	1,454.40	58.14	21.32	-	-	-	-	939.67	1,475.72
<b>Total expenditure (c)</b>	<b>17,158.31</b>	<b>17,150.86</b>	<b>101.49</b>	<b>41.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,259.80</b>	<b>17,192.64</b>
<b>Segment results before exceptional items (d) = (a) + (b) - (c)</b>	<b>2,844.00</b>	<b>1,928.00</b>	<b>152.62</b>	<b>7.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,996.62</b>	<b>1,935.37</b>
Exceptional items (e)	-	-	-	-	-	-	-	-	-	-
<b>Segment results after exceptional items (f) = (d) - (e)</b>	<b>2,844.00</b>	<b>1,928.00</b>	<b>152.62</b>	<b>7.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,996.62</b>	<b>1,935.37</b>
<b>Unallocated income / (expenses)</b>										
Finance costs	-	-	-	-	-	-	1,240.25	1,292.92	1,240.25	1,292.92
Interest income	-	-	-	-	-	-	320.62	370.37	320.62	370.37
<b>Finance costs (net) (g)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>919.63</b>	<b>922.55</b>	<b>919.63</b>	<b>922.55</b>
<b>Profit / (loss) before tax, minority interest and share of (loss)/ profit from associates(h) = (f) -(g)</b>	<b>2,844.00</b>	<b>1,928.00</b>	<b>152.62</b>	<b>7.37</b>	<b>-</b>	<b>-</b>	<b>(919.63)</b>	<b>(922.55)</b>	<b>2,076.99</b>	<b>1,012.82</b>
Tax expenses (i)	-	-	-	-	-	-	(144.32)	296.26	(144.32)	296.26
<b>Net profit / (loss) for the period / year prior to minority interest and share of (loss)/ profit from associates(j) = (h) - (i)</b>	<b>2,844.00</b>	<b>1,928.00</b>	<b>152.62</b>	<b>7.37</b>	<b>-</b>	<b>-</b>	<b>(775.31)</b>	<b>(1,218.81)</b>	<b>2,221.31</b>	<b>716.56</b>

Rs. in Million										
Particulars	Power - Continued Operations		Roads - discontinued Operations		Inter Segment		Unallocated		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Segment assets	59,011.57	35,619.33	-	6,202.99	-	(474.95)			59,011.57	41,347.37
Unallocated segment assets							4,574.29	3,636.55	4,574.29	3,636.55
Segment liabilities	2,864.23	1,748.17	-	113.21	-	-			2,864.23	1,861.38
Unallocated segment liabilities							35,704.78	23,883.77	35,704.78	23,883.77
Capital expenditure	19,032.08	6,850.39	1.31	2,989.13	-	-	-	-	19,033.39	9,839.52
Depreciation / amortisation	881.53	1,454.40	58.14	21.32	-	-	-	-	939.67	1,475.72
Other non cash expenses	-	213.34	-	-	-	-	-	-	-	213.34

**GMR ENERGY LIMITED****Annexure IV - Notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows****B) Geographical segments****Revenue:****Rs. in Million**

Particulars	Revenue					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Within India</b>						
Continuing operations	10,183.43	13,771.08	20,404.50	18,908.27	19,184.03	18,742.68
Discontinuing operations	-	-	-	-	111.31	48.92
	<b>10,183.43</b>	<b>13,771.08</b>	<b>20,404.50</b>	<b>18,908.27</b>	<b>19,295.34</b>	<b>18,791.60</b>
<b>Outside India</b>						
Continuing operations	3,331.99	6,766.96	578.12	-	-	-
Discontinuing operations	0.08	1,030.47	1,414.43	751.72	-	-
	<b>3,332.07</b>	<b>7,797.43</b>	<b>1,992.55</b>	<b>751.72</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>13,515.50</b>	<b>21,568.51</b>	<b>22,397.05</b>	<b>19,659.99</b>	<b>19,295.34</b>	<b>18,791.60</b>

**Total assets:****Rs. in Million**

Particulars	Assets					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Within India</b>						
Continuing operations	285,476.50	252,355.87	191,862.68	105,873.33	59,332.16	34,498.50
Discontinuing operations	-	-	-	-	-	6,203.72
	<b>285,476.50</b>	<b>252,355.87</b>	<b>191,862.68</b>	<b>105,873.33</b>	<b>59,332.16</b>	<b>40,702.22</b>
<b>Outside India</b>						
Continuing operations	40,366.58	35,200.28	35,609.95	6,559.42	4,253.70	4,281.70
Discontinuing operations	1,457.63	1,991.53	4,757.46	4,277.84	-	-
	<b>41,824.21</b>	<b>37,191.81</b>	<b>40,367.41</b>	<b>10,837.26</b>	<b>4,253.70</b>	<b>4,281.70</b>
<b>Total</b>	<b>327,300.71</b>	<b>289,547.68</b>	<b>232,230.09</b>	<b>116,710.59</b>	<b>63,585.86</b>	<b>44,983.92</b>

**Capital expenditure:****Rs. in Million**

Particulars	Capital Expenditure					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Within India</b>						
Continuing operations	25,827.14	62,309.51	80,985.82	43,667.77	18,321.12	6,509.35
Discontinuing operations	-	-	-	-	1.31	2,989.13
	<b>25,827.14</b>	<b>62,309.51</b>	<b>80,985.82</b>	<b>43,667.77</b>	<b>18,322.43</b>	<b>9,498.48</b>
<b>Outside India</b>						
Continuing operations	1,300.23	2,405.11	1,586.27	1,447.23	710.96	341.04
Discontinuing operations	-	260.48	1,654.38	1,210.26	-	-
	<b>1,300.23</b>	<b>2,665.59</b>	<b>3,240.65</b>	<b>2,657.49</b>	<b>710.96</b>	<b>341.04</b>
<b>Total</b>	<b>27,127.37</b>	<b>64,975.10</b>	<b>84,226.47</b>	<b>46,325.26</b>	<b>19,033.39</b>	<b>9,839.52</b>

11. 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 thereafter, 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 show cause notice/ 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.

## 12. Discontinued operations

- a) Refer Annexure IV(3)(iv) as regards divestment of the key coal mines in HEGL.
- b) During the year ended March 31, 2010, the Group had diluted its holdings in GACEPL with effect from November 19, 2009. Pursuant to such dilution, the operations of the Group had discontinued its operations in the roads sector. The investment of the Group in GACEPL post such dilution has been disclosed as long term investments and is included in Annexure XII. The Group has earned a profit of Rs. 142.15 Million on account of the aforesaid dilution and has been included under 'Other income' in Annexure XIX.

The revenue, expenses, the carrying amounts of the total assets and total liabilities and the cash flows of discontinuing operations with regard to HEGL and GACEPL are tabulated below:

- c) Profit / (loss) from discontinuing operations for the period / years ended

(Rs. in Million)

Particulars	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Income</b>						
<b>Revenue from operations:</b>						
Sales / income from operations	0.08	1,030.47	1,414.43	751.72	111.31	48.92
Other income	5.65	5.28	58.96	124.97	142.80	4.32
<b>Total</b>	<b>5.73</b>	<b>1,035.75</b>	<b>1,473.39</b>	<b>876.69</b>	<b>254.11</b>	<b>53.24</b>
<b>Expenses</b>						
Sub-contracting expenses	32.64	943.56	1,001.15	799.38	23.09	12.76
Employee benefits expenses	56.60	150.62	135.16	67.77	5.79	2.62
Other expenses	338.31	1,005.14	1,213.55	153.45	14.47	5.09
Depreciation and amortisation expenses	2.74	73.25	132.78	23.65	58.14	21.32
Finance costs	22.43	59.72	8.83	69.20	208.94	91.13
<b>Total</b>	<b>452.72</b>	<b>2,232.29</b>	<b>2,491.47</b>	<b>1,113.45</b>	<b>310.43</b>	<b>132.92</b>
<b>Exceptional items</b>						
Loss on impairment of assets	-	2,506.66	-	-	-	-
Profit on sale of assets held for sale	370.21	-	-	-	-	-
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss) / profit from associates</b>	<b>(76.78)</b>	<b>(3,703.20)</b>	<b>(1,018.08)</b>	<b>(236.76)</b>	<b>(56.32)</b>	<b>(79.68)</b>

<b>Tax expenses</b>						
Current tax	-	-	9.41	13.42	-	-
Fringe benefit tax	-	-	-	-	-	0.58
<b>Restated (loss) / profit after tax expenses and before minority interest and share of (loss) / profit from associates</b>	<b>(76.78)</b>	<b>(3,703.20)</b>	<b>(1,027.49)</b>	<b>(250.18)</b>	<b>(56.32)</b>	<b>(80.26)</b>
Share of (loss) / profit of associates	-	-	-	(90.56)	(227.60)	-
Minority interest - share of loss	-	279.93	489.72	102.82	159.24	39.33
<b>Restated (loss) / profit after minority interest and share of (loss) / profit from associates</b>	<b>(76.78)</b>	<b>(3,423.27)</b>	<b>(537.77)</b>	<b>(237.92)</b>	<b>(124.68)</b>	<b>(40.93)</b>

The carrying amounts of the total assets and total liabilities attributable to the discontinuing operations are as follows:

	<b>September 30, 2013</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Total assets	1,457.63	1,991.53	4,757.46	4,277.84	-	6,203.72
Total liabilities	1,369.98	1,803.73	1,654.38	1,210.26	-	5,352.74
<b>Net assets</b>	<b>87.65</b>	<b>187.80</b>	<b>3,103.08</b>	<b>3,067.58</b>	<b>-</b>	<b>850.98</b>

Net cash flows attributable to the discontinuing operations are as tabulated below:

	<b>September 30, 2013</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Cash flows (used in) / from operating activities	(653.74)	(838.83)	286.27	(373.58)	52.05	102.84
Cash flows (used in) / from investing activities	1,752.69	(372.14)	(911.87)	5.24	11.18	(1,818.26)
Cash flows from / (used in) financing activities	(942.59)	898.13	1,518.42	234.74	(65.93)	1,659.34
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>156.36</b>	<b>(312.84)</b>	<b>892.82</b>	<b>(133.60)</b>	<b>2.70</b>	<b>(56.08)</b>

13. The Company has received Rs. 5,423.93 Million from GEPML, a fellow subsidiary as share application money. On October 21, 2013 the Company has issued 80,954,162 equity shares of Rs. 10 each to GEPML at a premium of Rs. 57.00 each based on valuation report obtained by the management.
14. The consolidated financial statements for the year ended March 31, 2010 and March 31, 2009 were audited by firms of Chartered Accountants other than S.R. Batliboi & Associates LLP.
15. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the restated consolidated summary statements of the Group have been rounded off or truncated as deemed appropriate by the management of the Group.



**GMR Energy Limited**  
**Annexure V - Restated consolidated summary statement of share capital**

Particulars	As at									
	September 30, 2013		March 31, 2013		March 31, 2012		March 31, 2011		March 31, 2010	
	Number	Rs. in Million	Number	Rs. in Million	Number	Rs. in Million	Number	Rs. in Million	Number	Rs. in Million
<b>Authorised share capital</b>										
Equity shares of Rs. 10 each	1,650,000,000	16,500.00	900,000,000	9,000.00	900,000,000	9,000.00	900,000,000	9,000.00	900,000,000	9,000.00
Preference shares of Rs. 10 each	800,000,000	8,000.00	800,000,000	8,000.00	600,000,000	6,000.00	900,000,000	9,000.00	900,000,000	9,000.00
Preference shares of Rs. 1,000 each	14,000,000	14,000.00	14,000,000	14,000.00	14,000,000	14,000.00	-	-	-	-
<b>Issued, subscribed and fully paid-up shares</b>										
(i) Equity shares of Rs. 10 each <sup>2,5</sup>	718,198,026	7,181.98	718,198,026	7,181.98	718,197,026	7,181.98	718,197,026	7,181.98	586,933,428	5,869.33
(ii) 1% non-cumulative redeemable preference shares of Rs.10 each <sup>3,4,5</sup>	215,109,146	2,151.09	215,109,146	2,151.09	121,359,147	1,213.59	121,359,147	1,213.59	572,649,596	5,726.50
(iii) 0.0001% non-cumulative redeemable preference shares of Rs.10 each <sup>6</sup>	171,475,000	1,714.75	171,475,000	1,714.75	180,500,000	1,805.00	190,000,000	1,900.00	-	-
(iv) 1% cumulative redeemable preference shares (CRPS) of Rs.10 each <sup>7,8</sup>	280,493,375	2,804.93	280,493,375	2,804.93	265,493,375	2,654.93	265,493,375	2,654.93	265,493,375	2,654.93
(v) Compulsorily convertible cumulative preference shares (CCCPS) of Rs.1,000 each <sup>9</sup>	13,950,000	13,950.00	13,950,000	13,950.00	13,950,000	13,950.00	-	-	-	-
<b>Total issued, subscribed and fully paid-up share capital</b>		<b>27,802.75</b>		<b>27,802.75</b>		<b>26,955.50</b>		<b>26,900.50</b>		<b>14,250.76</b>

## Notes:

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. GEL has only one class of equity shares having a par value of Rs.10 per share. Every member holding equity shares therein shall have voting rights in proportion to their share of the paid up equity share capital. GEL declares and pays dividend in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting. In the event of liquidation of GEL, the holders of equity shares would be entitled to receive remaining assets of GEL, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
3. GEL has issued 121,359,147, 1% non-cumulative redeemable preference shares of Rs. 10 each on November 19, 2008. The preference shares were non convertible and were redeemable at par after ten years from the date of allotment. On October 31, 2012, the tenure had been extended to fourteen years. 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. Subsequent to the period ended September 30, 2013, these shares have been converted into 44,130,598 equity shares of Rs. 10 each at a premium of Rs. 17.50 per share after obtaining the consent of GIL, the holders of the aforesaid preference shares for variation in the rights attached to 1% non-cumulative redeemable preference shares of Rs. 10 each fully paid up, at the class meeting of such preference share holders held on March 01, 2014 by granting an option to convert such preference shares into equity shares and approval of the equity share holders of GEL by special resolution dated March 12, 2014.
4. GEL has issued 77,083,333 and 16,666,666, 1% non-cumulative redeemable preference shares of Rs.10 each at a premium of Rs 14 each on July 04, 2012 and August 28, 2012 respectively. The preference shares were non convertible and redeemable at a premium of Rs. 14 on the face value of the preference shares after ten years from the date of allotment subject to the consent of the shareholders of CCCPS. 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. Subsequent to the period ended September 30, 2013, these shares have been converted into 34,090,908 equity shares of Rs 10 each at security premium of Rs 17.50 per share after obtaining the consent of GIL, the holders of the aforesaid preference shares for variation in the rights attached to 1% non-cumulative redeemable preference shares of Rs. 10 each fully paid up, at the class meeting of such share holders held on March 01, 2014 by granting an option to convert such preference shares into equity shares and approval of the equity share holders of GEL by special resolution dated March 12, 2014.
5. During the year ended March 31, 2010, GEL issued 131,263,598 equity shares of Rs.10 each fully paid up amounting to Rs. 1,312.64 Million along with a securities premium aggregating to Rs. 5,502.87 Million as follows:
  - i. 29,476,974 equity shares of Rs.10 each fully paid up amounting to Rs. 294.77 Million along with a securities premium of Rs.1,238.03 Million have been issued to the GIL out of the contribution received by GEL towards share application money.
  - ii. 451,290,449 non-cumulative redeemable preference shares of Rs.10 each amounting to Rs. 4,512.90 Million have been converted into 86,786,624 equity shares of Rs.10 each fully paid up amounting to Rs. 867.87 Million along with a securities premium of Rs. 364.50 Million.
  - iii. 15,000,000 equity shares of Rs.10 each fully paid up amounting to Rs. 150.00 Million along with a securities premium of Rs. 619.80 Million have been issued to Welfare Trust for GMR Group Employees.
6. During the year ended March 31, 2010, GEL issued 200,000,000, 0.0001% non-cumulative redeemable preference shares of Rs. 10 each fully paid up amounting to Rs. 2,000.00 Million along with a securities premium of Rs. 1,000.00 Million to ICICI Bank Limited ('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% 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% p.a. or ICICI Bank Benchmark Advance Rate plus the applicable liquidity premium plus 0.25% p.a., whichever is higher. 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. GEL transfers the face value of the preference shares redeemed to capital redemption reserve as per the requirements of section 80 of the Act.

7. GEL issued 265,493,375, 1% CRPS of Rs.10 each on March 14, 2009. The preference shares were non convertible and were redeemable at par after ten years from the date of allotment. On October 31, 2012, the tenure had been extended to fourteen years. The preference shareholders have a right to attend General Meetings of GEL and vote on resolution 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. Subsequent to the period ended September 30, 2013, these shares have been converted into 96,543,045 equity shares of 10 each at security premium of Rs 17.50 per share after obtaining the consent of GIL, the holders of the aforesaid preference shares for variation in the rights attached to 1% CRPS of Rs.10 each fully paid up, at the class meeting of such share holders held on March 01, 2014 by granting an option to convert such preference shares into equity shares and approval of the equity share holders of GEL by special resolution dated March 12, 2014.
8. GEL issued 15,000,000, 1% CRPS of Rs.10 each on October 04, 2011. The preference shares were non convertible and were redeemable at par after ten years from the date of allotment. 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. Subsequent to the period ended September 30, 2013, these shares have been converted into 5,454,545 equity shares of Rs 10 each at security premium of Rs 17.50 per share after obtaining the consent of GIL, the holders of the aforesaid preference shares for variation in the rights attached to 1% CRPS of Rs.10 each fully paid up, at the class meeting of such share holders held on March 01, 2014 by granting an option to convert such preference shares into equity shares and approval of the equity share holders of GEL by special resolution dated March 12, 2014.
9. 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 GMR Infrastructure Limited ('GIL') to purchase the preference shares or if converted, the equity shares in GEL at an agreed upon IRR. In case GIL fails 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.

Subsequent to September 30, 2013, 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 CCPS in GEL and a new investor GKFF Capital has subscribed to additional 325,000 CCPS of Rs.1,000 each (collectively referred to as 'Portion B Securities').

As per the Amended SSA and Share Purchase Agreement ('SPA') between the investors, GEL and other GMR Group Companies, 7,050,000 CCPS with a face value of Rs. 7,050 Million ('Portion A Securities') have been

bought by GMR Renewable Energy Limited and GMR Energy Project (Mauritius) Limited ('GEPML') for a consideration of Rs.11,360 Million. 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. 12,806 Million ("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.

The preference shareholders had 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. The holders are entitled to dividend, if dividend is paid to other class of preference shareholders.

10. During the year ended March 31, 2011, the Company has issued 1,000 equity shares of Rs. 10.00 each to IDFC Private Equity Fund III along with security premium of Rs. 0.04 Million.
11. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

GMR Energy Limited

Annexure VI - Restated consolidated summary statement of reserves and surplus

Particulars	As at					
	September 30, 2013 Rs. in Million	March 31, 2013 Rs. in Million	March 31, 2012 Rs. in Million	March 31, 2011 Rs. in Million	March 31, 2010 Rs. in Million	March 31, 2009 Rs. in Million
<b>A Capital redemption reserve</b>						
Balance as per the last financial statements	285.25	195.00	100.00	-	-	-
Add: Amount transferred from surplus / (deficit) balance in the statement of profit and loss <sup>2,3</sup>	-	90.25	95.00	100.00	-	-
<b>Closing balance</b>	<b>285.25</b>	<b>285.25</b>	<b>195.00</b>	<b>100.00</b>	<b>-</b>	<b>-</b>
<b>B Securities premium account <sup>2,6</sup></b>						
Balance as per the last financial statements	2,393.22	4,049.22	4,773.12	5,411.05	-	-
Add: Received during the period / year on issue of equity shares	-	-	-	0.04	6,502.87	-
Add: Received during the period / year on issue of preference shares	-	1,312.50	-	-	-	-
Less: Utilised towards debenture redemption premium (net of taxes)	1,257.37	2,477.59	270.25	-	434.79	-
Less: Utilised towards preference redemption premium and redemption of preference shares issued to ICICI	180.54	418.09	441.50	462.35	143.83	-
Less: Utilised towards security issue expenses (net of taxes)	36.11	72.82	12.15	175.62	513.20	-
<b>Closing balance</b>	<b>919.20</b>	<b>2,393.22</b>	<b>4,049.22</b>	<b>4,773.12</b>	<b>5,411.05</b>	<b>-</b>
<b>C Debenture redemption reserve</b>						
Balance as per the last financial statements	-	-	-	318.06	106.60	-
Add: Amount transferred from surplus / (deficit) balance in the consolidated statement of profit and loss	-	-	-	-	211.46	106.60
Less: Transfer to general reserve on redemption of debentures	-	-	-	318.06	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>318.06</b>	<b>106.60</b>
<b>D Employee stock option outstanding</b>						
Balance as per the last financial statements	9.56	9.56	11.31	-	-	-
Add: Gross employee stock options on account of acquisitions during the period / year	-	-	-	11.31	-	-
Less: Gross employee stock options forfeited during the period / year	-	-	1.75	-	-	-
<b>Closing balance</b>	<b>9.56</b>	<b>9.56</b>	<b>9.56</b>	<b>11.31</b>	<b>-</b>	<b>-</b>
<b>E General reserve</b>						
Balance as per the last financial statements	318.06	318.06	318.06	-	-	3.01
Less: Utilised towards foreign exchange fluctuations on long term monetary liabilities relating to acquisition of depreciable fixed assets hitherto recognised in the statement of profit and loss adjusted to the carrying value of depreciable fixed assets	-	-	-	-	-	3.01
Add: Transfer from debenture redemption reserve on redemption of debentures	-	-	-	318.06	-	-
<b>Closing balance</b>	<b>318.06</b>	<b>318.06</b>	<b>318.06</b>	<b>318.06</b>	<b>-</b>	<b>-</b>
<b>F Foreign currency translation reserve</b>						
Balance as per the last financial statements	1,068.54	1,496.08	730.26	385.98	(66.68)	0.07
Movement during the period / year	(872.55)	(427.54)	765.82	344.28	452.66	(66.75)
<b>Closing balance</b>	<b>195.99</b>	<b>1,068.54</b>	<b>1,496.08</b>	<b>730.26</b>	<b>385.98</b>	<b>(66.68)</b>
<b>G Foreign currency monetary item translation difference account</b>						
Balance as per the last financial statements	-	-	-	(5.26)	68.70	(24.14)
Movement during the period / year	-	-	-	5.26	(73.96)	92.84
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5.26)</b>	<b>68.70</b>
<b>H Surplus/ (deficit) in the statement of profit and loss</b>						
Balance as per last financial statements	(8,490.79)	1,236.43	2,180.20	2,242.38	863.52	540.24
Less: Utilised towards foreign exchange fluctuations on long term monetary liabilities relating to acquisition of depreciable fixed assets hitherto recognised in the consolidated statement of profit and loss adjusted to the carrying value of depreciable fixed assets	-	-	-	-	-	154.68
(Loss)/ profit for the period / year	(8,633.01)	(9,636.97)	(848.77)	92.67	1,590.32	584.56
<b>Less: Appropriations</b>						
Dividend on ICICI preference shares for the year ended March 31, 2013 (Rs.1,715) <sup>5</sup>	-	0.00	-	-	-	-
Tax on dividend for the year ended March 31, 2013 (Rs.291) <sup>5</sup>	-	0.00	-	-	-	-
Dividend on ICICI preference shares for the year ended March 31, 2012 (Rs.1,805) <sup>4</sup>	-	0.00	-	-	-	-
Tax on dividend for the year ended March 31, 2012 (Rs.294) <sup>4</sup>	-	0.00	-	-	-	-
Dividend on CCCPS	-	-	-	6.96	-	-
Interim dividend on CCCPS	-	-	-	4.13	-	-
Tax on dividend on CCCPS	-	-	-	43.76	-	-
Transfer to debenture redemption reserve	-	-	-	-	211.46	106.60
Transfer to capital redemption reserve	-	90.25	95.00	100.00	-	-
<b>Total appropriations</b>	<b>-</b>	<b>90.25</b>	<b>95.00</b>	<b>154.85</b>	<b>211.46</b>	<b>106.60</b>
<b>Net surplus / (deficit) in the statement of profit and loss</b>	<b>(17,123.80)</b>	<b>(8,490.79)</b>	<b>1,236.43</b>	<b>2,180.20</b>	<b>2,242.38</b>	<b>863.52</b>
<b>I Total reserves and surplus (I = A + B + C + D + E + F + G + H)</b>	<b>(15,395.74)</b>	<b>(4,416.16)</b>	<b>7,304.35</b>	<b>8,112.95</b>	<b>8,352.21</b>	<b>972.14</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. 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. 2,000.00 Million along with a securities premium of Rs. 1,000.00 Million 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. GEL transfers the face value of the preference shares redeemed to capital redemption reserve as per the requirements of section 80 of the Act.
3. The transfer to capital redemption reserve during the year ended March 31, 2013 is from the surplus balance as at April 1, 2012 in the statement of profit and loss.
4. Pertains to dividend declared for the year ended March 31, 2012 towards preference shares held by ICICI in the Annual General Meeting held on September 29, 2012 and has been recognised in the financial statements for the year ended March 31, 2013.
5. GEL has proposed dividend towards preference shares held by ICICI for the year ended March 31, 2013 out of the surplus as at April 1, 2012 in the statement of profit and loss.
6. Securities premium includes Rs. 2,169.88 Million (March 31, 2013: Rs. 2,169.88 Million, March 31, 2012: Rs. 902.50 Million, March 31, 2011: Rs. 950.00 Million; March 31, 2010: Rs. 1,000.00 Million; March 31, 2009: Rs. Nil) arising on issue of redeemable preference shares to ICICI and GIL, which has been utilised towards redemption premium on preference shares and debentures and security issue expenses. The Company is confident that sufficient balance of securities premium will be available at the time of redemption of the preference shares of ICICI and GIL.
7. Refer Annexure IV(2) for material adjustments.
8. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**
**Annexure VII - Restated consolidated summary statement of long-term borrowings**

Rs. in Million

Particulars	Long-term borrowings						Current maturities of long-term borrowings					
	As at						As at					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Bonds/ debentures												
Secured, redeemable, non-convertible debentures of Rs. 982,500 each (March 31, 2013: Rs. 987,500, March 31, 2012: Rs. 997,500) <sup>2</sup>	7,780.00	7,820.00	7,900.00	-	-	-	80.00	80.00	80.00	-	-	-
Unsecured redeemable non-convertible debentures of Rs. 982,500 each (March 31, 2013: Rs. 987,500, March 31, 2012: Rs. 997,500) <sup>3</sup>	9,725.00	9,775.00	3,456.25	-	-	-	100.00	100.00	35.00	-	-	-
Secured, redeemable, non-convertible debentures of Rs.1,000,000 each <sup>4</sup>	-	-	-	-	4,250.00	4,250.00	-	-	-	-	-	-
Term loans												
Indian rupee term loan from financial institutions (secured) <sup>5</sup>	14,723.49	14,403.01	6,693.20	10,537.08	1,948.02	1,549.65	558.40	416.71	3,750.00	-	343.33	561.00
Indian rupee term loan from financial institutions (unsecured) <sup>6</sup>	7,000.00	7,000.00	-	-	-	-	-	-	-	-	-	-
Indian rupee term loan from banks (secured) <sup>5</sup>	83,865.96	71,502.12	31,530.94	11,220.31	9,381.12	8,076.96	3,007.52	2,994.46	1,650.71	1,474.16	191.29	46.01
Indian rupee term loan from banks (unsecured) <sup>6</sup>	750.00	1,000.00	-	-	-	-	250.00	-	3,500.00	3,500.00	-	1,487.08
Indian rupee term loan from others (secured) <sup>7</sup>	-	-	-	-	339.71	350.00	-	-	-	-	10.29	-
Foreign currency loan from financial institutions (secured) <sup>8</sup>	-	-	-	537.70	663.60	771.75	-	-	-	79.66	20.10	-
Foreign currency loan from banks (secured) <sup>8</sup>	35,885.23	29,135.25	26,619.35	2,694.14	2,930.17	2,921.70	2,541.86	3,413.12	687.07	131.64	33.55	-
Foreign currency loan from banks (unsecured) <sup>8</sup>	-	-	1.70	-	-	-	-	-	-	-	-	-
Foreign currency loan from others (secured) <sup>8</sup>	3,162.00	-	-	-	-	-	-	-	-	-	-	-
Suppliers' credit (unsecured) <sup>9</sup>	1,090.00	1,090.00	1,090.00	610.00	610.00	610.00	-	-	-	-	-	-
Bills discounted (secured) <sup>10</sup>	-	-	-	-	-	-	1,347.00	1,347.00	1,347.00	1,347.00	-	-
Other loans and advances												
Finance lease obligation (secured) <sup>11</sup>	5.17	6.02	7.57	9.25	16.26	26.71	5.33	7.72	7.81	9.52	15.06	15.57
Negative grant (unsecured) <sup>12</sup>	-	-	-	-	-	1,188.31	-	-	-	-	-	-
Loans from intermediate Holding Company (unsecured) <sup>13</sup>	13,134.62	15,679.62	14,690.00	8,000.00	8,000.00	-	3,565.00	800.00	800.00	-	-	-
<b>The above amount includes</b>	<b>177,121.47</b>	<b>157,411.02</b>	<b>91,989.01</b>	<b>33,608.48</b>	<b>28,138.88</b>	<b>19,745.08</b>	<b>11,455.11</b>	<b>9,159.01</b>	<b>11,857.59</b>	<b>6,541.98</b>	<b>613.62</b>	<b>2,109.66</b>
Secured borrowings	142,259.85	122,866.40	72,751.06	24,998.48	19,528.88	17,946.77	7,540.11	8,259.01	7,522.59	3,041.98	613.62	622.58
Unsecured borrowings	34,861.62	34,544.62	19,237.95	8,610.00	8,610.00	1,798.31	3,915.00	900.00	4,335.00	3,500.00	-	1,487.08
Amount disclosed under the head 'Other current liabilities' (Annexure VIII) <sup>14</sup>	-	-	-	-	-	-	(11,455.11)	(9,159.01)	(11,857.59)	(6,541.98)	(613.62)	(2,109.66)
<b>Total</b>	<b>177,121.47</b>	<b>157,411.02</b>	<b>91,989.01</b>	<b>33,608.48</b>	<b>28,138.88</b>	<b>19,745.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes:**

- The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
- During the year ended March 31, 2012, GEL has issued 8,000 secured, redeemable and non-convertible debentures ('NCD') of Rs. 1.00 Million each to 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 GMR Renewable Energy Limited ('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 excess cash flow account, as defined in the subscription agreement executed between GEL and ICICI (e) exclusive charge over Debt Service and Reserve Account ('DSRA') maintained by GEL with ICICI. The debentures are redeemable at a premium yielding 14.25% p.a. till March 2013 and after March 2013 with a yield of base rate of ICICI plus 4.25% p.a. in thirty seven quarterly unequal installments starting from March 2012. As at September 30, 2013, GEL has partially redeemed these debentures and the revised face value of these debentures after redemption is Rs. 0.98 Million (Rs. 982,500) (March 31, 2013: Rs. 0.99 Million (Rs. 987,500) , March 31, 2012: Rs. 1.00 Million (Rs. 997,500)) per debenture. These secured, redeemable and non convertible debentures are listed on the Wholesale Debt Segment of National Stock Exchange of India Limited.
- During the year ended March 31, 2012, GEL had entered into an agreement with GIL to issue 7,000 unsecured, redeemable, NCD of Rs. 1.00 Million each ('Tranche 1'). During the year ended March 31, 2013, GEL had further entered into an agreement with GIL to issue 3,000 unsecured, redeemable NCD of Rs. 1.00 Million each ('Tranche

2'). These debentures are redeemable at a premium yielding 14.50% p.a. till March 2013 and after March 2013 with a yield of base rate of ICICI plus 4.50% p.a. The Tranche 1 is redeemable in thirty seven quarterly unequal installments starting from March 2012 and Tranche 2 is redeemable in thirty six quarterly unequal installments starting from June 2012. As at September 30, 2013, GEL has partially redeemed these debentures and the revised face value of these debentures after redemption is Rs. 0.98 Million (Rs. 982,500) (March 31, 2013: Rs. 0.99 Million (Rs. 987,500) , March 31, 2012: Rs. 1.00 Million (Rs. 997,500)) per debenture.

4. During the year ended March 2009, GEL had issued 4,250 secured, redeemable NCD of Rs. 1.00 Million each to Axis Bank Limited which were due for redemption on October 2013. These debentures were secured by a subservient charge on all the movable assets of GEL both present and future. Additionally these were secured by a subservient charge by way of equitable mortgage by constructive delivery of title deeds of GEL's immovable properties. These debentures bear an overall interest cost at the rate of 17.00% p.a. till September 2011 and 19.00% p.a. thereafter (including coupon rate 6.00% towards redemption premium and processing fees.) The debentures were prepaid by GEL during the year ended March 31, 2011.

5.(i) Secured Indian rupee term loans from banks and financial institutions of Rs. 26,099.98 Million (March 31, 2013: Rs. 25,603.68 Million, March 31, 2012: Rs. 5,346.04 Million, March 31, 2011: Rs. 1,975.00 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) 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 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, 70.09% of the loan was repayable in 43 equal quarterly installments commencing from September 2013 and the balance of 29.91% was repayable by a single instalment in June 2024. However, pursuant to the amendments to the agreements during the period ended September 30, 2013, 70.09% of the loan is repayable in 43 equal quarterly installments commencing from August 2014 and the balance of 29.91% is repayable by a single instalment in May 2025.

(ii) Secured Indian rupee term loan from banks and financial institutions of Rs. 30,287.57 Million (March 31, 2013: Rs. 30,753.27 Million, March 31, 2012: Rs. 10,317.58 Million, March 31, 2011: Rs. 6,466.90 Million, March 31, 2010: Rs. 5,000.00 Million and March 31, 2009: Rs. Nil) of GKEL are secured by first mortgage and charge by way of registered mortgage in favour of the lenders / security trustees of all immovable properties of GKEL, present and future / a first charge by way of hypothecation of all GKEL's movable 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 Trust and Retention Account ('TRA') including 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 of Rs. 34,050.00 Million and working capital lenders for an amount acceptable to the lenders. The interest rate ranges from 11.50% to 14.50 % p.a. As at March 31, 2012, the loans were repayable in 48 equal quarterly installments 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. However, pursuant to the negotiations with the lenders during the year ended March 31, 2013, the installment repayment has started from September 2013. Further, if the amount disbursed is less than the sum agreed as per the agreement, the installment of repayment of loan shall stand reduced proportionately.

(iii) Secured Indian rupee term loans from financial institutions of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. 3,750.00 Million, March 31, 2011: Rs. 6,000.00 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of SJK are secured by way of pledge of the shares held by GEL in the equity share capital of SJK, representing 51% of the total paid up equity share capital of SJK and also, irrevocable and unconditional corporate guarantee of



GEL. The rate of interest ranges from 10.50% to 12.40% p.a. The loan has been repaid in May 2012.

- (iv) Secured Indian rupee term loans from banks and financial institutions of Rs. 23,973.08 Million (March 31, 2013: Rs. 22,131.59 Million, March 31, 2012: Rs.16,936.20 Million, March 31, 2011: Rs 6,988.80 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) 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. 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. Further, secured by way of pledge of 251.68 Million equity shares of GREL held by GEL. The rate of interest for loans from banks is the base rate of the 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 for loans from financial institutions is 12.84% p.a. As at April 1, 2012 these loans were repayable in 46 unequal quarterly installments commencing from April 2013. However, as per the amendment agreement dated March 25, 2013 the secured Indian rupee term loans from banks of Rs. 18,746.60 Million are repayable in 50 equated quarterly installments commencing from October 2015 and secured Indian rupee term loans from financial institutions of Rs. 5,226.48 Million are repayable in 50 equated quarterly installments commencing from October 2016.
- (v) Secured Indian rupee term loans from banks and financial institutions of Rs. 13,384.52 Million (March 31, 2013: Rs. 7,415.83 Million, March 31, 2012: Rs. 3,276.10 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GCHEPL are secured by way of a first ranking charge on all the movables including current assets, all bank accounts, all rights, title, interest, benefits, claims, and demand of GCHEPL in project documents, all clearances, licenses, permits, approvals, consents, letters of credit, guarantees, all insurance contracts, all intellectual property etc and immovable property at Warora, Maharashtra and in the State of Chhattisgarh. The loan has a tenure of ten to fifteen years. The loan carries an interest rate of 13.25% to 13.50% 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 installments commencing from March 2015 and the balance of 30% of by a single installment in March 2025, except for one lender to whom the loan is repayable in 60 equal quarterly installments commencing from March 2015.
- (vi) Secured Indian rupee term loans from banks of Rs. 144.50 Million (March 31, 2013: Rs. 144.50 Million, March 31, 2012: Rs.144.50 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of ATSCCL 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, movable current assets both present and future, pledge of shares representing 30% of the total equity share capital of ATSCCL, all rights, titles, permits, and interests of ATSCCL 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 monthly installments commencing from March 2014.
- (vii) Secured Indian rupee term loans from banks of Rs. 886.50 Million (March 31, 2013: Rs. 886.50 Million, March 31, 2012: Rs. 200.00 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of MTSCCL 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, movable current assets both present and future, pledge of shares representing 30% of the total equity shares of MTSCCL, all rights, titles, permits, and interests of MTSCCL 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 monthly installments commencing from March 2014.
- (viii) Secured Indian rupee term loans from banks and financial institutions of Rs. 2,038.60 Million (March 31, 2013: Rs. 2,115.80 Million, March 31, 2012: Rs.1,840.00 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GGSPPL are secured by way of pledge of shares aggregating to 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 institutions is 12.60% p.a. The loans from banks are repayable in 47 unequal quarterly installments commencing from July 2012 and the loan from financial institution is repayable as bullet payment in January 2024.
- (ix) Secured Indian rupee term loan from a bank of Rs. 240.62 Million (March 31, 2013: Rs. 265.13 Million, March

31, 2012: Rs. 314.42 Million, March 31, 2011: Rs 360.45 Million, March 31, 2010: Rs. 405.36 Million and March 31, 2009: Rs. 398.48 Million) of GEL is secured by way of an equitable mortgage of immovable properties comprising of land and building acquired with the loan proceeds. The rate of interest is BPLR minus 1.00% p.a. The loan was repayable in 120 equated installments of Rs.7.43 Million each till August 2011. With effect from September 2011, the loan is repayable in 87 monthly installments of Rs. 4.08 Million each along with interest.

(x) Secured Indian rupee term loan from financial institutions of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. 15.00 Million) of GEL were secured by second charge on all the intangibles, and cash flows, both present and future, in the form of dividends and management / consultancy fees from subsidiary companies and a joint mortgage of the immovable properties ranking pari passu. Further secured by second charge on the movable properties, both present and future, rights, title, interests, benefits, claims and demand in the operating cash flows, treasury income, revenues / receivables and by way of pledge of 27.23 Million equity shares held in a subsidiary company and 32.61 Million equity shares of GEL held by GIL. The rate of interest ranges from 10.00% to 10.50 % p.a.

(xi) Secured Indian rupee term loans from banks of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs.1,500.00 Million, March 31, 2011: 1,440.41 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GBHHPL were secured by a corporate guarantee of GEL and subservient charge on movable fixed and current assets of the GBHHPL. The rate of interest is base rate plus 2.45% p.a. The loan has been repaid in full during the year ended March 31, 2013.

(xii) Secured Indian rupee term loans from financial institutions amounting to Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs.702.00 Million and March 31, 2009: Rs.1,248.00 Million) taken by GPCL were secured by way of equitable mortgage by deposit of the title deeds of the leasehold land of GPCL and were also secured by a charge on all buildings, structures and plant and machinery including movable plant and machinery, spares tools, cash flows, receivables, book debts, intangibles, goodwill, uncalled capital and rights, title under the project documents, clearances/permits, insurance contracts, proceeds and by pledge of 99 Million equity shares of GPCL held by GEL. The rate of interest was 13.64% p.a.

(xiii) Secured Indian rupee term loans from banks and financial institutions amounting to Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs.5,756.40 Million and March 31, 2009: Rs.5,756.40 Million) taken by GVPGL were secured by way of pari passu first charge on all the immovable and movable assets of GVPGL including movable plant and machinery, machinery spares, tools and accessories, furnitures, fixtures, vehicles and all other movables assets, all cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising, all intangibles including but not limited to goodwill, uncalled capital, both present and future. Further secured by the right, title, interest, benefits, claims and demands of GVPGL in respect of the project documents, clearances, letter of credit, guarantee, performance bond provided by any party to the project documents, insurance contracts and insurance proceeds both present and future, secured by first charge on the TRA and other reserves and all other bank accounts of GVPGL, wherever maintained. Further secured by pledge of 141.02 Million equity shares of GVPGL held by GEL.

Indian rupee term loan from banks and financial institutions were repayable in 34 quarterly installments commencing from January 2011. During the year ended March 31, 2011, the repayment was rescheduled to 34 quarterly installments commencing from July 2010. GVPGL has prepaid all the rupee term loans during the year ended March 31, 2011. Indian rupee term loans carried an interest rate of 10.50% to 12.50% p.a.

(xiv) Secured Indian rupee term loans from banks amounting to Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs.2,815.74 Million) taken by GACEPL were 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 trust and retention account and other accounts. Further secured by pledge of 23.27 Million equity shares and 24.22 Million equity shares of GACEPL held by GIL and GEL respectively. These loans carried interest rate of bank rate plus spread approved by banks and were repayable in 48 unequal quarterly installments.

(xv) Secured Indian rupee term loans from banks Rs. 2,600.00 Million (March 31, 2013 : Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs.Nil) of EMCO are secured by a second pari passu charge on all the assets of EMCO. Further, secured by a corporate guarantee provided by GEL and pledge of 26% shares of EMCO held by GEL. The loans carry an interest rate of 13.25% p.a and are repayable at the end of three years from the date of drawdown through a single instalment.

(xvi) Secured Indian rupee term loans from banks of Rs. 2,500.00 Million (March 31, 2013 : Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs.Nil) of GPCL is secured by first ranking charge over all current assets including inventory, book debts, bank accounts and investments of GPCL and exclusive charge over DSRA of GPCL. The beneficial interest in the security shall rank pari passu among rupee lender and lenders participating towards the bank borrowings for the working capital requirements of GPCL. The loans carry an interest rate of 13.35% to 13.60% p.a. and are repayable in 8 equal quarterly instalments commencing from the end of 15 months from the date of first disbursement i.e. July 2013.

6. (i) Unsecured Indian rupee term loan from a financial institution of Rs. 7,000.00 Million (March 31, 2013: Rs. 7,000.00 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GEL, which is repayable in 6 equal instalments after fifth year from the date of first disbursement carries an interest of 12.00% p.a. payable quarterly. The loan is secured by way of first pari - passu charge on the land of Kakinada SEZ Private Limited ('KSPL'), a fellow subsidiary and corporate guarantee of GIL.

(ii) Unsecured Indian rupee term loans from banks of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs.3,500.00 Million, March 31, 2011: Rs 3,500.00 Million, March 31, 2010: Rs. Nil and March 31, 2009: 1,487.08 Million) of GEL carry an interest rate of 8.00% to 15.00% p.a. The loans were repayable after one year from the date of disbursement and have been repaid during the year ended March 31, 2013.

(iii) Unsecured Indian rupee term loan taken from a bank of Rs. 1,000.00 Million (March 31, 2013: Rs. 1,000.00 Million, March 31, 2012: Rs. Nil, , March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GEL is repayable in four equal quarterly instalments at the end of 15 months from the date of first disbursement. The loans carry base rate of the bank plus 1.75% p.a.

7. Secured Indian rupee term loans from others amounting to Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. 350.00 Million and March 31, 2009: Rs. 350.00 Million) taken by GVPGL were secured by way of pari passu first charge on all the immovable and movable assets of GVPGL including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movables assets, all cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising, all intangibles including but not limited to goodwill, uncalled capital, both present and future. Further secured by the right, title, interest, benefits, claims and demands of GVPGL in respect of the project documents, clearances, letter of credit, guarantee, performance bond provided by any party to the project documents, insurance contracts and insurance proceeds both present and future, secured by first charge on the TRA and other reserves and all other bank accounts of GVPGL, wherever maintained. Further the loans were secured by way of pledge of 141.02 Million equity shares of GVPGL held by GEL.

Indian rupee term loan from others were repayable in 34 quarterly installments commencing from January 2011. During the year ended March 31, 2011, the repayment was rescheduled to 34 quarterly installments commencing from July 2010. GVPGL has prepaid all the rupee term loans from others during the year ended March 31, 2011. Indian rupee term loans from others carried an interest rate of 10.50% to 12.50% p.a.

8.(i) Secured foreign currency loans from banks and financial institutions of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs.1,637.53 Million, March 31, 2010: Rs.1,824.22 Million and March 31, 2009: Rs. 2,047.05 Million), of GVPGL were secured by way of pari passu first charge on all the immovable and movable assets of GVPGL including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movables assets, all cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising, all intangibles including but not limited to goodwill, uncalled capital, both present and future. Further secured by the right, title, interest, benefits, claims and demands of GVPGL in respect of the project documents, clearances, letter of credit, guarantee, performance bond provided by any party to the project documents, insurance contracts and insurance proceeds both present and future, secured by

first charge on the TRA and other reserves and all other bank accounts of GVPGL, wherever maintained. Further the loans were secured by way of pledge of 141.02 Million equity shares of GVPGL held by GEL. The rate of interest was one to six months LIBOR plus 3.50% to 7.00%. Foreign currency loan from banks and financial institutions were repayable in 34 equal quarterly installments commencing from July 2010. GVPGL has prepaid all the foreign currency loan from banks and financial institutions during the year ended March 31, 2012.

- (ii) Secured foreign currency loans from banks of Rs. 1,686.48 Million (March 31, 2013: Rs.1,461.41 Million, March 31, 2012: Rs. 2,061.20 Million, March 31, 2011: Rs 1,805.60 Million, March 31, 2010: Rs.1,823.20 Million and March 31, 2009: Rs.1,646.40 Million) 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 GIL to retain 51% direct ownership and control in GEL. Further secured by way of irrevocable and unconditional guarantee by GIL and charge over escrow of cash flows from PTDSU, PTDSI, PTBSL and PT including dividends and cash sweeps. The rate of interest is LIBOR plus 550 basis points ('bps'). The loan is repayable in 3 annual equal installments commencing from February 2013.
- (iii) Secured foreign currency loan from banks of Rs. 29,690.59 Million (March 31, 2013: Rs. 25,744.54 Million, March 31, 2012: Rs. 24,219.10 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GCRPL are secured by a charge on all tangible and intangible assets of GCRPL and charge on the shares of GCRPL held by GEL and GIL. Further, secured by way of guarantee by GIL and a non-disposable undertaking with respect to shares held in PTGEMS by GCRPL. The rate of interest is three month LIBOR plus 4.25% p.a. 5.00% of the loans are repayable 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 utilisation date and the final installment of 75% on the maturity date i.e. in October 2016.
- (iv) Secured foreign currency loans from banks of Rs. 178.68 Million (March 31, 2013: Rs. 1,364.50 Million, March 31, 2012: Rs.1,026.12 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of HEGL are secured by way of charge on all the assets of HEGL and is further guaranteed by GIL. The loan bears interest at LIBOR plus 400 bps to 450 bps p.a, with tenure of 6 years from first drawdown date i.e. July 2011 with repayment starting from third year onwards. Pursuant to the agreements entered into for the sale of certain mines of HEGL and its subsidiaries/jointly controlled entities during the year ended March 31, 2013, the loan had been disclosed as current maturities of long term borrowings. HEGL has repaid a portion of the loan out of the proceeds of sale of Eloff and Kendel mines.
- (v) Unsecured foreign currency loan from bank Rs. Nil (March 31, 2013: Rs.Nil, March 31, 2012: Rs.1.70 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of KIM carried an interest rate of 14.50% p.a. The loan was repayable in 5 unequal installments over the next 5 years, but has been repaid during the year ended March 31, 2013.
- (vi) Secured foreign currency loan from bank of Rs. 1,049.14 Million (March 31, 2013: Rs. 909.12 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of ATSCS are 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 ATSCS; and (d) all rights, titles, permits and interests of ATSCS 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. ATSCS has entered into interest rate 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 installment in December 2017.
- (vii) Secured foreign currency loans from banks of Rs. 3,506.02 Million (March 31, 2013: Rs. 3,068.80 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) 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 equipments) 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 its 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 the shares on repayment of half the loans subject to the compliance of conditions put forth by the lenders. The rate of interest for each interest period is the percentage p.a. which is aggregate of the applicable margin and six months LIBOR calculated at two business days prior to the relevant interest period i.e., 5.1449%. GKEL has to repay 1% 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. GKEL has paid USD 0.56 Million as the first principal installment during this period.

- (viii) Secured foreign currency loan from bank of Rs. 1,051.37 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of MTSCCL are 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 MTSCCL, and (d) all rights, titles, permits and interests of MTSCCL 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. MTSCCL has entered into interest rate swap 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.
- (ix) Secured foreign currency loan from others of Rs. 3,162.00 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GCHEPL are secured 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 whatever 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, 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 constituting 51% of the share capital which shall be reduced to 26% on repayment of half of the loans subject to the compliance of conditions put forth by the consortium of rupee term lenders. The loans carry an interest rate of six months USD LIBOR plus margin of 215 bps p.a. payable monthly and are to be repaid in 68 unequal quarterly instalments from April 2015 to January 2032.
- (x) Secured foreign currency loan from banks of Rs. 1,264.81 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of PTBSL are secured by charge over insurances, inventory, plant and machinery, receivables of PTBSL and further secured by corporate guarantee from GIL. The loans carry 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.
- 9. (i) Unsecured supplier credit of Rs. 610.00 Million (March 31, 2013: Rs. 610.00 Million, March 31, 2012: Rs. 610.00 Million, March 31, 2011: Rs. 610.00 Million, March 31, 2010: Rs. 610.00 Million and March 31, 2009: Rs. 610.00 Million) of GVPGL is interest free and is repayable in a single installment 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'). The assignee on acceptance by GVPGL may convert the above facility into fully convertible debentures at par to be issued by GVPGL.
- (ii) Unsecured suppliers credit of Rs. 480.00 Million (March 31, 2013: Rs. 480.00 Million, March 31, 2012: Rs. 480.00 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GGSPPL is interest free and represents retention money repayable after 15 years.

10. Secured bills discounted of Rs. 1,347.00 Million (March 31, 2013: Rs. 1,347.00 Million, March 31, 2012: Rs.1,347.00 Million, March 31, 2011: 1,347.00 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GEL are secured by first charge over the current assets of GEL and second charge over the entire fixed assets of GEL. The security would be shared on a pari passu basis with existing charge holders. The amount was repayable on April 2013 and has been further renewed till April 2014.
11. Finance lease obligations of Rs. 10.50 Million (March 31, 2013: Rs. 13.74 Million, March 31, 2012: Rs. 15.38 Million, March 31, 2011: Rs. 18.77 Million, March 31, 2010: Rs.31.32 Million and March 31, 2009: Rs. 42.28 Million) are secured by underlying assets taken on finance lease arrangements. The lease term is of 5 years and carries an interest from 8.50% to 10.00% p.a.
12. In accordance with the terms of the concession agreement entered into with National Highway Authority of India (NHAI) by GACEPL dated November 16, 2005, GACEPL has an obligation to pay an amount of Rs. 1,747.52 Million by way of negative grant to NHAI over the concession period. GACEPL accordingly paid aggregate amount of Rs. 559.21 Million till March 31, 2009 towards negative grant to NHAI. The balance amount payable over the concession period has been included in unsecured long term borrowings.
13. (i) GEL had taken a loan of Rs 8,000.00 Million from GIL in December 2009 which was repayable in 10 equal annual installments commencing from December 10, 2012. The loan carried an interest rate of 6.00% p.a. till July 31, 2010 and 11.75% p.a thereafter. As per the amendment agreement entered between the parties during August 2013 the interest rate has been revised to 0% p.a. GEL has made a prepayment of Rs. 5,350.00 Million during the year ended March 31, 2013. The loan outstanding as at September 30, 2013 of Rs. 1,850.00 Million (March 31, 2013: Rs. 1,850.00 Million, March 31, 2012: Rs. 8,000.00 Million, March 31, 2011: Rs. 8,000.00 Million, March 31, 2010: Rs. 8,000.00 Million and March 31, 2009: Rs. Nil) is repayable in 3 unequal annual installments.
- (ii) GEL has taken a loan from GIL of Rs. 4,650.00 Million (March 31, 2013: Rs. 4,650.00 Million, March 31, 2012: Rs. 4,650.00 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) which is repayable as per mutually agreed terms and is secondary to the CCCPS and NCD issued by GEL to ICICI. The loan is interest free.
- (iii) GEL had taken a loan from GIL of Rs. 1,640.00 Million (March 31, 2013: Rs. 1,640.00 Million, March 31, 2012: Rs. 1,640.00 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) which was repayable either by way of a bullet payment on April 2013 or as mutually agreed between the parties. During the year ended March 31, 2013 the repayment of the same has been extended by a year and the interest rate was 8.50% p.a. which was subsequently revised to 15.25% p.a. and 0% p.a. during December 2012 and August 2013 respectively.
- (iv) During the year ended March 31, 2012, GEL had taken a loan from GIL of Rs. 1,200.00 Million which was repayable either by way of a bullet payment after 15 months from the date of loan or as mutually agreed between the parties. During the year ended March 31, 2013, GEL has repaid Rs. 186.38 Million and the loan outstanding as at September 30, 2013 of Rs.1,013.62 Million (March 31, 2013: Rs 1,013.62 Million, March 31, 2012: Rs. 1,200.00 Million) has been made secondary to the NCD and CCCPS issued by GEL to ICICI . The loan is interest free.
- (v) GEL has taken a loan from GIL of Rs. 1,513.00 Million (March 31, 2013: Rs. 1,513.00 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) which is repayable in 8 equal quarterly installments after completion of 36 months from the date of disbursement. The loan carried an interest of 16.50% p.a. which has been revised to 0% p.a. during August 2013. GIL has a put option to recall the loan at the end of the 36 months from the date of the first disbursement and every year thereafter by providing a 15 days prior notice.
- (vi) GEL has taken loans from GIL of Rs. 2,153.00 Million (March 31, 2013: Rs. 2,183.00 Millions, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) which are repayable after 10 years from their respective date of disbursements or as mutually agreed between the parties. These loans were taken at an interest rate of 10.00% p.a to 12.00% p.a. which were subsequently revised to 15.25% p.a. and 0% p.a. during December 2012 and August 2013 respectively.

- (vii) GEL has taken loan from GIL of Rs. 200.00 Million (March 31, 2013: Rs. 200.00 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) which is repayable within three years from the date of disbursement. The loan was taken at an interest rate of 12.00% p.a. which was subsequently revised to 15.25% p.a. and 0% p.a. during December 2012 and August 2013 respectively.
- (viii) GEL has taken a loan from GIL of Rs. 2,350.00 Million (March 31, 2013: Rs. 2,350.00 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) which is repayable either after three years from the date of disbursement or as mutually agreed between the parties. The loan is interest free.
- (ix) GEL has taken a loan from GIL of Rs. 810.00 Million (March 31, 2013: Rs. 1,080.00 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) which is repayable after three years from the date of disbursement and is secondary to the CCCPS issued by GEL. The loan is interest free.
- (x) GEL has taken a loan from GIL of Rs. 520.00 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) is repayable after 13 months from the date of disbursement or as mutually agreed. The loan carried interest at 15.25% p.a. which has been converted into interest free loan during August 2013.
14. The current maturities of long term borrowings i.e. payable within 1 year have been disclosed under other current liabilities.
15. Subsequent to the interim period ended September 30, 2013, long-term borrowings from GIL amounting to Rs. 14,764.60 Million have been converted into 536,894,545 equity shares of Rs. 10 each at a premium of Rs 17.50 per share.
16. For details of transactions with related parties, please refer Annexure XXIV.
17. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

Particulars	Non current						Current					
	As at						As at					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>A. Trade payables</b>	173.42	201.56	113.07	-	245.10	10.03	6,285.12	6,069.58	4,674.54	3,308.47	1,798.35	1,034.98
<b>Sub-total (A)</b>	<b>173.42</b>	<b>201.56</b>	<b>113.07</b>	<b>-</b>	<b>245.10</b>	<b>10.03</b>	<b>6,285.12</b>	<b>6,069.58</b>	<b>4,674.54</b>	<b>3,308.47</b>	<b>1,798.35</b>	<b>1,034.98</b>
<b>B. Other liabilities</b>												
Current maturities of long-term borrowings (refer Annexure VII)	-	-	-	-	-	-	11,455.11	9,159.01	11,857.59	6,541.98	613.62	2,109.66
Interest accrued but not due on borrowings	-	-	-	-	-	-	2,236.29	1,421.04	1,181.39	383.20	15.20	20.33
Advance received from customers	-	-	-	-	-	-	5,681.06	5,953.52	5,497.19	2,849.58	-	-
Advance received from fellow subsidiary	-	-	-	-	-	-	405.55	961.85	-	-	-	-
Advance received for sale of fixed assets (refer Annexure IV(3)(iv))	-	-	-	-	-	-	1,113.73	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	460.50	457.97	415.01	-	-	-
Non trade payables (includes retention money and capital creditors)	10,472.86	5,414.59	1,668.98	1,303.27	6.37	0.25	28,362.03	25,449.48	17,326.75	4,746.55	497.87	663.25
Book overdraft	-	-	-	-	-	-	-	5.58	194.47	0.60	11.00	6.20
Other liabilities	-	-	-	-	-	-	15.32	61.61	12.73	-	-	-
Statutory dues payable	-	-	-	-	-	-	132.36	183.06	240.61	256.93	221.26	129.64
<b>Sub-total (B)</b>	<b>10,472.86</b>	<b>5,414.59</b>	<b>1,668.98</b>	<b>1,303.27</b>	<b>6.37</b>	<b>0.25</b>	<b>49,861.95</b>	<b>43,653.12</b>	<b>36,725.74</b>	<b>14,778.84</b>	<b>1,358.95</b>	<b>2,929.08</b>
<b>Total (A + B)</b>	<b>10,646.28</b>	<b>5,616.15</b>	<b>1,782.05</b>	<b>1,303.27</b>	<b>251.47</b>	<b>10.28</b>	<b>56,147.07</b>	<b>49,722.70</b>	<b>41,400.28</b>	<b>18,087.31</b>	<b>3,157.30</b>	<b>3,964.06</b>

## Notes:

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. GPCL, a subsidiary, approached TNERC to resolve the claims / counterclaims arising out of the PPA and LLA in respect of the dues recoverable from TAGENDCO 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 TAGENDCO. GPCL had received a favourable Order from TNERC on April 16, 2010 and in pursuance of the Order, GPCL filed its claim on April 30, 2010 amounting to Rs. 4,816.80 Million and recognised Rs. 795.50 Million as income in the books of account.

TAGENDCO filed a petition against TNERC Order in APTEL. In terms of an interim Order on November 19, 2010 from APTEL, TAGENDCO deposited Rs. 5,370.00 Million 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 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.

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 income 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 these restated consolidated summary statement. Further, GPCL has been legally advised that in view of the appeal filed by TAGENDCO against the Order of APTEL in Hon'ble Supreme Court, the entire matter is now subjudice and has not attained the finality.

3. Refer Annexure IV(2) for material adjustments.
4. For details of transactions with related parties, please refer Annexure XXIV.
5. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.



GMR Energy Limited

Annexure IX - Restated consolidated summary statement of provisions

Rs. in Million

Particulars	Long-term						Short-term					
	As at						As at					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Provision for employee benefits</b>												
Provision for gratuity	-	-	-	5.45	-	-	-	-	-	0.95	1.90	-
Provision for leave benefits	-	-	-	-	-	-	101.24	102.89	75.99	50.68	27.96	9.13
Provision for other employee benefits	14.14	-	-	-	-	-	169.53	248.15	236.07	154.67	48.78	7.90
<b>Sub-total (A)</b>	<b>14.14</b>	<b>-</b>	<b>-</b>	<b>5.45</b>	<b>-</b>	<b>-</b>	<b>270.77</b>	<b>351.04</b>	<b>312.06</b>	<b>206.30</b>	<b>78.64</b>	<b>17.03</b>
<b>Other provisions</b>												
Provision for taxation (net)	-	-	-	-	-	-	175.01	116.44	209.40	7.36	-	-
Provision for debenture redemption premium	-	-	-	-	-	-	41.04	179.02	21.81	-	544.91	110.12
Provision for preference shares redemption premium	-	-	-	-	-	-	302.88	122.33	129.46	101.66	143.83	-
Provision for operation and maintenance (net of advances)	15.05	13.52	140.44	20.95	-	-	160.55	225.97	27.72	18.31	5.64	-
Provision for preference dividend (March 31, 2013: Rs. 1,715)	-	-	-	-	-	-	-	0.00	-	6.96	-	-
Provision for tax on proposed preference dividend (March 31, 2013: Rs. 291)	-	-	-	-	-	-	-	0.00	-	1.13	-	-
<b>Sub-total (B)</b>	<b>15.05</b>	<b>13.52</b>	<b>140.44</b>	<b>20.95</b>	<b>-</b>	<b>-</b>	<b>679.48</b>	<b>643.76</b>	<b>388.39</b>	<b>135.42</b>	<b>694.38</b>	<b>110.12</b>
<b>Total (A + B)</b>	<b>29.19</b>	<b>13.52</b>	<b>140.44</b>	<b>26.40</b>	<b>-</b>	<b>-</b>	<b>950.25</b>	<b>994.80</b>	<b>700.45</b>	<b>341.72</b>	<b>773.02</b>	<b>127.15</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2. Refer Annexure IV(2) for material adjustments.

3. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**
**Annexure X - Restated consolidated summary statement of short-term borrowings**
**Rs. in Million**

Particulars	As at					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Bonds (unsecured) <sup>2</sup>	-	-	34.47	-	-	-
Letters of credit / Bills discounted (secured) <sup>3</sup>	36,548.45	35,701.42	51,830.00	18,512.09	1,648.61	834.46
Letters of credit / Bills discounted (unsecured) <sup>4</sup>	474.90	881.00	-	-	-	-
Indian rupee short term loans from banks / cash credit (secured) <sup>5</sup>	5,199.92	1,900.00	-	2,550.00	99.73	55.84
Indian rupee short term loans from banks (unsecured) <sup>6</sup>	-	-	1,500.00	2,500.00	4,500.00	-
Indian rupee short term loans from related parties (unsecured) <sup>7</sup>	11,108.40	6,185.60	2,732.48	-	-	1,008.28
Cash credit from banks (secured) <sup>8</sup>	372.61	420.90	-	-	-	-
Bank overdraft (secured) <sup>9</sup>	208.55	208.90	0.40	-	-	-
Foreign currency short term loans from banks (secured) <sup>10</sup>	3,287.57	-	-	-	-	-
<b>Total</b>	<b>57,200.40</b>	<b>45,297.82</b>	<b>56,097.35</b>	<b>23,562.09</b>	<b>6,248.34</b>	<b>1,898.58</b>
<b>The above amount includes</b>						
Secured borrowings	45,617.10	38,231.22	51,830.40	21,062.09	1,748.34	890.30
Unsecured borrowings	11,583.30	7,066.60	4,266.95	2,500.00	4,500.00	1,008.28
<b>Total</b>	<b>57,200.40</b>	<b>45,297.82</b>	<b>56,097.35</b>	<b>23,562.09</b>	<b>6,248.34</b>	<b>1,898.58</b>

**Notes:**

- The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
- Convertible bonds of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. 34.47 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) had been issued by MAL to PT Bumi Kencana Eka Sakti (BKES) pursuant to an agreement between MAL and BKES. The convertible bonds were repayable on the maturity date which is within twelve months from the date of agreement and carried an interest of 12.00% p.a. Further, BKES had the right to convert the bonds, whether in part or in whole, the value of the bonds to be compensated with the conversion shares with nominal value of Indonesian Rp.1.00 Million per share at any time before maturity date. The convertible bonds were repaid during the year ended March 31, 2013.
- (i) Domestic letters of credit of Rs.16,955.35 Million (March 31, 2013: Rs. 14,519.96 Million, March 31, 2012: Rs. 10,744.70 Million, March 31, 2011: Rs. 6,105.20 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) and foreign letters of credit of Rs. 15,948.19 Million (March 31, 2013: Rs. 13,819.75 Million, March 31, 2012: Rs.7,834.10 Million, March 31, 2011: Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GCHEPL are sub limit to Indian 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 Indian rupee term loans of GCHEPL. The security details of the rupee term loans have been disclosed in Annexure VII. These letters of credit have been discounted with banks. The rate of interest of domestic letters of credit ranges from 9.52% to 11.75% p.a. and foreign letters of credit ranges from 0.99% to 4.05% p.a.
- (ii) Domestic letters of credit of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. 2,377.90 Million, March 31, 2011: Rs. 475.90 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) and foreign letters of credit of Rs. 2,760.88 Million (March 31, 2013: Rs. 2,392.42 Million, March 31, 2012: Rs. 10,280.80 Million, March 31, 2011: Rs. 924.80 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GKEL are sub limit to Indian rupee term loans as per the facility agreement entered into by GKEL and are secured in the same manner and terms and conditions as that of Indian rupee term loans of GKEL. The security details of the rupee term loans have been disclosed in Annexure VII. These letters of credit have been discounted with banks. The rate of interest of domestic letters of credit ranges from 9.62% to 10.79% p.a. and foreign letters of credit ranges from 0.85% to 4.43% p.a.
- (iii) Domestic letters of credit of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. 5,048.50 Million, March 31, 2011: Rs. 1,584.70 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) and foreign letters of credit of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. 7,629.60 Million, March 31, 2011: Rs. 807.90 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of EMCO are sub limit to Indian rupee term loans as per the

facility agreement entered into by EMCO and are secured in the same manner and terms and conditions as that of Indian rupee term loans of EMCO. During the year ended March 31, 2013, the letters of credit have been converted to rupee term loan as per the terms of the agreement. The security details of the rupee term loans have been disclosed in Annexure VII. These letters of credit have been discounted with banks. The rate of interest for domestic letters of credit ranges from 7.55% to 12.00% p.a. and foreign letters of credit ranges from 0.85% to 4.00% p.a.

(iv) Domestic letters of credit of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. 3,486.10 Million, March 31, 2011: Rs. 5,471.90 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) and foreign letters of credit of Rs. 645.78 Million (March 31, 2013: Rs. 4,359.15 Million, March 31, 2012: Rs. 4,202.10 Million, March 31, 2011: Rs. 3,141.69 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GREL are sub limit to Indian rupee term loans as per the facility agreement availed by GREL and are secured in the same manner and terms and conditions as that of Indian rupee term loans of GREL. The security details of the rupee term loans have been disclosed in Annexure VII. These letters of credit have been discounted with banks. The rate of interest of domestic letters of credit ranges from 8.00% to 11.30% p.a. and foreign letters of credit ranges from 0.87% to 3.05% p.a.

(v) Bills discounted of Rs. 238.25 Million (March 31, 2013: Rs. 610.14 Million, March 31, 2012: Rs. 226.20 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil) of GEL represents letters of credit from a bank which is secured by second charge on the present and future current assets of GEL. These letters of credit have been discounted with various banks for payment to the gas vendors for the supply of natural gas. The rate of interest ranges from 11.75% to 13.00% p.a.

(vi) Bills discounted of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. 1,648.61 Million, March 31, 2009: Rs. 834.46 Million) represents letters of credit issued by IDBI Bank Limited which was secured by first pari-passu charge on the entire current assets of GEL and second charge on entire fixed assets of GEL. The rate of interest rate ranges from 6.10% to 13.00% p.a.

4.(i) Domestic letters of credit of Rs. 185.40 Million (March 31, 2013: Rs. 699.90 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GVPGL are secured by corporate guarantee given by GIL. The rate of interest ranges from 10.25% to 12.00% p.a.

(ii) Unsecured bills of Rs. 289.50 Million (March 31, 2013: Rs. 181.10 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of PTGEMS were discounted with banks against trade receivables from coal sales. The rate of interest ranges from 2.25% to 2.85% p.a.

5.(i) Secured Indian rupee short term loans from banks of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. 2,550.00 Million, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GBHPL are secured by a subservient charge on movable, fixed and current assets of GBHPL. The rate of interest is base rate of the lender plus 2.00% p.a.

(ii) Cash credit from banks of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. 99.73 Million and March 31, 2009: Rs. Nil) of GPCL was secured by way of first charge on current assets, raw materials, stores and spares, bills receivables, book debts and other movables of GPCL both present and future. The rate of interest was the base rate of the lender plus 4.75% p.a.

(iii) Cash credit from banks of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs.55.84 Million) of GVPGL is secured by hypothecation of stocks and book debt, both present and future, and further secured by creation of a joint mortgage by deposit of title deeds in respect of immovable properties together with all plant and machinery attached to the earth. The rate of interest ranges from 11.50% to 12.50% p.a.

(iv) Secured Indian rupee short term loans from banks of Rs. 1,899.92 Million (March 31, 2013: Rs. 1,900.00 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GEL are secured against fixed deposits of GVPGL and GPCL. The rate of interest ranges from 9.75% to 10.45% p.a.

- (v) Secured Indian rupee short term loans from banks of Rs. 3,300.00 Million (March 31, 2013: Rs Nil, March 31, 2012: Rs Nil, March 31, 2011: Rs Nil, March 31, 2010: Rs Nil, March 31, 2009: Rs Nil) are secured against fixed deposits of the Company and are repayable in eight equal quarterly instalments from the end of 36th month from the date of first disbursement. 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. The loans carry interest at base rate plus 1.25% p.a.
6. Unsecured Indian rupee short term loans from banks includes Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012 : Rs. 1,500.00 Million, March 31, 2011: Rs. 2,500.00 Million, March 31, 2010 : Rs. 4,500.00 Million and March 31, 2009: Rs.Nil) of GEL. The rate of interest ranges from 9.00% to 11.00% p.a.
- 7.(i) Unsecured short term loan from related parties of GCRPL from GMR Infrastructure (Mauritius) Limited ('GIML'), a fellow subsidiary, of Rs. 505.92 Million (March 31, 2013: Rs. 2,904.40 Million, March 31, 2012: Rs. 2,732.48 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) carries an interest rate of 1.00% p.a.
- (ii) Unsecured short term loan from related parties of Rs. 3,170.50 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GCRPL availed from GMR Infrastructure Singapore Pte. Limited ('GISPL'), a fellow subsidiary carries an interest rate of 1.00% to 2.00% p.a.
- (iii) Unsecured short term loan from related parties of Rs. 150.50 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GCRPL availed from GEMSCR, a jointly controlled entity of the Group is interest free.
- (iv) Unsecured short term loan from related parties of Rs. 2,075.00 Million (March 31, 2013: Rs. 1,365.00 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) availed by the Company from GIL carried an interest rate of 15.25% p.a. to 16.00% p.a. till August 2013. Loans amounting to Rs. 1,325.00 Million have been converted into interest free loans there after.
- (v) Unsecured short term loan from related parties of Rs. 758.93 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) availed by GEML from GIML is interest free.
- (vi) Unsecured short term loan from related parties of Rs. 412.05 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) availed by GEML from GMR Airport Developers International Limited ('GADLIL'), a fellow subsidiary carries interest at 1.30% p.a.
- (vii) Unsecured short term loan from related parties of Rs. Nil (March 31, 2013: Rs. 430.00 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) availed by GBHHPL from GIL carried an interest of 12.00% p.a. and was repaid during the period ended September 30, 2013.
- (viii) Unsecured short term loan from related parties of Rs. Nil (March 31, 2013: Rs. 13.70 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) availed by GENBV from GMR Energy Project Mauritius Limited, ('GEPML') carried an interest of 0.30% p.a. and was repaid during the period ended September 30, 2013.
- (ix) Unsecured loan from related parties of Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. 1,008.28 Million) of GACEPL was taken from GMR Airports Limited ('GAL'). The rate of interest was 8.25% p.a.
- (x) Unsecured short term loan from related parties of Rs. 500.00 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) availed by GBHPL from GIL carries an interest of 12.00% p.a.

- (xi) Unsecured short term loans from related parties of Rs. 3,535.50 Million (March 31, 2013: Rs. 1,472.50 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) have been sanctioned by fellow subsidiaries to the Company and carry an interest rate of 10.00% p.a. to 13.70% p.a.
- 8.(i) Cash credit availed from a bank of Rs. Nil (March 31, 2013: Rs. 236.54 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) by GEL was secured by first pari-passu charge on entire current assets of GEL and second pari-passu charge on the entire fixed assets of GEL. The loan carried interest at bank base rate plus 2.00% p.a.
- (ii) Cash Credit from a bank of Rs. 250.88 Million (March 31, 2013: Rs.184.36 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) by EMCO is 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 consumables, book debts, operating cash flows, receivables, revenues whatsoever in nature, present and future of EMCO. Further secured by pledge of shares representing 51% of the total paid up equity share capital 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 rate of interest is base rate of the lender plus 2.25% p.a.
- (iii) Cash Credit availed from bank of Rs. 121.73 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil ) by GKEL is secured by way of pari-passu first charge on all project assets, inventories, book debts, current assets of GKEL. The rate of interest is 13.00% to 13.25% p.a.
9. Bank overdraft of Rs. 208.55 Million (March 31, 2013: Rs. 208.90 Million, March 31, 2012: Rs 0.40 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GPCL is secured by way of first charge on inventories and book debts (current assets) 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 the bank borrowings for the working capital requirements. The rate of interest ranges from 13.00% to 15.00% p.a.
10. Secured foreign currency loans from banks of Rs. 3,287.57 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) of GREL are sub limit to rupee term loans as per the facility agreement availed 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 Annexure VII. The loan carries an interest at 6 months LIBOR plus 350 bps.
11. For details of transactions with related parties, please refer Annexure XXIV.
12. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

GMR Energy Limited  
Annexure XIA - Restated consolidated summary statement of fixed assets  
Tangible assets

Particulars	Freehold Land	Leasehold Land	Buildings	Leasehold Improvements	Plant and Machinery	Office Equipments (including computers and electrical equipments)	Furniture and Fixtures	Vehicles	Leased assets - plant and machinery	Leased assets - office equipment	Leased assets - vehicles	Rs. in Million
												Total
<b>Gross block (at cost)</b>												
As at April 1, 2008	139.55	-	2,338.48	-	25,877.37	117.73	34.05	40.20	-	53.91	-	28,601.29
Additions	3.07	-	-	-	4.71	29.95	29.33	7.12	24.62	-	-	98.80
Addition on inclusion of subsidiaries / jointly controlled entities	-	-	-	-	2.60	1.86	1.15	0.08	-	-	-	5.69
Exchange differences	-	-	39.29	-	349.77	-	-	-	-	-	-	389.06
Disposals	-	-	(10.98)	-	(151.09)	(0.23)	-	-	-	-	-	(162.30)
<b>As at March 31, 2009</b>	<b>142.62</b>	<b>-</b>	<b>2,366.79</b>	<b>-</b>	<b>26,083.36</b>	<b>149.31</b>	<b>64.53</b>	<b>47.40</b>	<b>24.62</b>	<b>53.91</b>	<b>-</b>	<b>28,932.54</b>
Additions	68.30	648.78	673.08	-	172.71	38.64	4.17	6.51	-	-	-	1,612.19
Addition on inclusion of subsidiaries / jointly controlled entities	187.96	82.73	-	-	-	1.00	0.72	0.04	-	-	-	272.45
Exchange differences	-	-	(16.88)	-	(151.51)	-	-	-	-	-	-	(168.39)
Disposals	-	-	(15.70)	-	(152.17)	(4.58)	(0.94)	(2.47)	-	-	-	(175.86)
Deletion on exclusion of subsidiaries / jointly controlled entities	-	-	-	-	(2.61)	(8.82)	(0.97)	(5.55)	-	-	-	(17.95)
Other adjustments	-	-	-	-	1.57	(6.68)	0.08	(0.08)	-	-	-	(5.11)
<b>As at March 31, 2010</b>	<b>398.88</b>	<b>731.51</b>	<b>3,007.29</b>	<b>-</b>	<b>25,951.35</b>	<b>168.87</b>	<b>67.59</b>	<b>45.85</b>	<b>24.62</b>	<b>53.91</b>	<b>-</b>	<b>30,449.87</b>
Additions	403.22	4.75	29.97	-	6,012.43	81.11	59.38	13.05	-	-	-	6,603.91
Addition on inclusion of subsidiaries / jointly controlled entities	-	46.84	31.67	11.09	899.32	8.21	3.74	13.36	-	-	-	1,014.23
Borrowing costs	-	-	-	-	100.83	-	-	-	-	-	-	100.83
Exchange differences	-	-	(6.63)	0.12	(106.30)	(0.64)	(0.12)	0.15	-	-	-	(113.42)
Disposals	-	-	-	-	(2.58)	(1.52)	(30.93)	(1.43)	-	-	-	(36.46)
Other adjustments	-	-	(0.02)	-	-	-	-	-	-	-	-	(0.02)
<b>As at March 31, 2011</b>	<b>802.10</b>	<b>783.10</b>	<b>3,062.28</b>	<b>11.21</b>	<b>32,855.05</b>	<b>256.03</b>	<b>99.66</b>	<b>70.98</b>	<b>24.62</b>	<b>53.91</b>	<b>-</b>	<b>38,018.94</b>
Additions	191.32	208.05	237.73	345.33	3,564.02	75.11	40.39	12.94	-	-	-	4,674.89
Addition on inclusion of subsidiaries / jointly controlled entities	2.66	0.16	100.39	-	116.66	-	30.43	12.40	-	-	0.97	263.67
Exchange differences	0.04	-	22.11	1.81	61.64	7.27	4.38	3.09	-	-	0.01	100.35
Disposals	-	(3.61)	(3.71)	-	(2.19)	(2.00)	(1.00)	(3.25)	-	-	-	(15.76)
<b>As at March 31, 2012</b>	<b>996.12</b>	<b>987.70</b>	<b>3,418.80</b>	<b>358.35</b>	<b>36,595.18</b>	<b>336.41</b>	<b>173.86</b>	<b>96.16</b>	<b>24.62</b>	<b>53.91</b>	<b>0.98</b>	<b>43,042.09</b>
Additions	74.83	247.70	4,264.36	4.01	17,773.09	39.02	24.10	13.07	-	-	-	22,440.18
Borrowing costs	-	-	385.53	-	1,529.05	-	-	-	-	-	-	1,914.58
Exchange differences	(0.05)	(1.07)	24.36	0.72	902.08	8.73	10.57	12.54	-	-	0.02	957.90
Disposals	-	-	-	-	(45.73)	(0.20)	(1.06)	(0.35)	-	-	-	(47.34)
Transferred to assets held for sale	-	-	-	-	(1,025.29)	-	-	-	-	-	-	(1,025.29)
<b>As at March 31, 2013</b>	<b>1,070.90</b>	<b>1,234.33</b>	<b>8,093.05</b>	<b>363.08</b>	<b>55,728.38</b>	<b>383.96</b>	<b>207.47</b>	<b>121.42</b>	<b>24.62</b>	<b>53.91</b>	<b>1.00</b>	<b>67,282.12</b>
Additions	0.07	136.39	2,599.09	-	30,750.51	15.83	13.08	3.29	-	-	-	33,428.26
Borrowing costs	-	-	259.18	-	3,816.60	-	-	-	-	-	-	4,075.78
Exchange differences	0.22	22.55	31.75	(1.55)	1,568.85	5.89	7.49	(1.12)	-	-	(0.01)	1,634.07
Disposals	-	-	(1.88)	-	-	(9.82)	(1.78)	(15.84)	-	-	-	(29.32)
Transferred to assets held for sale	-	-	(15.62)	-	-	(9.72)	(14.48)	(15.00)	-	-	(0.65)	(55.47)
Other adjustments	-	47.59	-	-	-	-	-	-	-	(53.91)	-	(6.32)
<b>As at September 30, 2013</b>	<b>1,071.19</b>	<b>1,440.86</b>	<b>10,875.57</b>	<b>361.53</b>	<b>91,864.34</b>	<b>386.14</b>	<b>211.78</b>	<b>92.75</b>	<b>24.62</b>	<b>-</b>	<b>0.34</b>	<b>106,329.12</b>

GMR Energy Limited  
Annexure XIA - Restated consolidated summary statement of fixed assets  
Tangible assets

Particulars	Freehold Land	Leasehold Land	Buildings	Leasehold Improvements	Plant and Machinery	Office Equipments (including computers and electrical equipments)	Furniture and Fixtures	Vehicles	Leased assets - plant and machinery	Leased assets - office equipment	Leased assets - vehicles	Total
<b>Accumulated depreciation</b>												
As at April 1, 2008	-	-	529.82	-	14,328.86	45.18	18.45	7.77	-	1.25	-	14,931.33
Charge for the year	-	-	121.34	-	1,299.37	17.47	2.64	4.09	0.11	14.71	-	1,499.73
Depreciation on inclusion of subsidiaries / jointly controlled entities	-	-	-	-	0.08	0.04	0.01	-	-	-	-	0.13
Disposals	-	-	-	-	(0.26)	(0.09)	-	-	-	-	-	(0.35)
<b>As at March 31, 2009</b>	-	-	<b>651.16</b>	-	<b>15,628.05</b>	<b>62.60</b>	<b>21.10</b>	<b>11.86</b>	<b>0.11</b>	<b>15.96</b>	-	<b>16,390.84</b>
Charge for the year	-	-	128.07	-	715.50	16.23	3.29	3.96	4.92	14.68	-	886.65
Depreciation on inclusion of subsidiaries / jointly controlled entities	-	-	-	-	-	0.10	0.06	-	-	-	-	0.16
Exchange differences	-	-	-	-	(0.12)	-	-	-	-	-	-	(0.12)
Disposals	-	-	1.17	-	(0.36)	(4.04)	(0.76)	(0.50)	-	-	-	(4.49)
Deletion on exclusion of subsidiaries / jointly controlled entities	-	-	-	-	(0.13)	(4.12)	(0.33)	(0.83)	-	-	-	(5.41)
<b>As at March 31, 2010</b>	-	-	<b>780.40</b>	-	<b>16,342.94</b>	<b>70.77</b>	<b>23.36</b>	<b>14.49</b>	<b>5.03</b>	<b>30.64</b>	-	<b>17,267.63</b>
Charge for the year	-	-	131.18	0.36	935.72	22.16	9.50	4.85	2.48	14.68	-	1,121.93
Depreciation on inclusion of subsidiaries / jointly controlled entities	-	-	2.88	8.35	77.62	6.27	2.33	4.74	-	-	-	102.19
Exchange differences	-	-	(0.02)	0.85	44.82	3.27	2.99	0.62	-	-	-	52.53
Disposals	-	-	-	-	(1.81)	(0.16)	(4.92)	(0.54)	-	-	-	(7.43)
Other adjustments	-	-	-	-	-	(0.41)	0.01	-	-	-	-	(0.40)
<b>As at March 31, 2011</b>	-	-	<b>914.44</b>	<b>9.56</b>	<b>17,400.29</b>	<b>101.90</b>	<b>33.27</b>	<b>24.16</b>	<b>7.51</b>	<b>45.32</b>	-	<b>18,536.45</b>
Charge for the year	-	-	190.67	2.03	946.15	35.00	10.57	8.15	4.92	8.59	0.05	1,206.13
Depreciation on inclusion of subsidiaries / jointly controlled entities	-	-	4.62	-	9.64	-	14.62	2.67	-	-	0.82	32.37
Exchange differences	-	-	1.63	1.51	(15.39)	2.82	1.99	1.25	-	-	0.05	(6.14)
Disposals	-	-	(0.09)	-	(1.08)	(0.76)	(0.13)	(1.75)	-	-	-	(3.81)
<b>As at March 31, 2012</b>	-	-	<b>1,111.27</b>	<b>13.10</b>	<b>18,339.61</b>	<b>138.96</b>	<b>60.32</b>	<b>34.48</b>	<b>12.43</b>	<b>53.91</b>	<b>0.92</b>	<b>19,765.00</b>
Charge for the year	-	15.75	182.28	6.15	1,127.76	40.43	20.23	12.49	4.90	-	0.13	1,410.12
Exchange differences	-	(0.49)	1.85	-	5.94	7.18	3.79	3.72	-	-	(0.05)	21.94
Disposals	-	-	-	-	(1.05)	(0.08)	(0.70)	(0.21)	-	-	-	(2.04)
Transferred to assets held for sale	-	-	-	-	(207.35)	-	-	-	-	-	-	(207.35)
<b>As at March 31, 2013</b>	-	<b>15.26</b>	<b>1,295.40</b>	<b>19.25</b>	<b>19,264.91</b>	<b>186.49</b>	<b>83.64</b>	<b>50.48</b>	<b>17.33</b>	<b>53.91</b>	<b>1.00</b>	<b>20,987.67</b>
Charge for the period	-	21.10	219.25	3.50	1,610.39	21.15	11.34	5.34	2.49	-	-	1,894.56
Exchange differences	-	3.92	3.36	(1.35)	1.64	4.15	3.83	(0.64)	-	-	(0.01)	14.90
Disposals	-	-	(1.20)	-	-	(7.03)	(1.65)	(1.22)	-	-	-	(21.10)
Transferred to assets held for sale	-	-	(12.55)	-	-	(9.24)	(6.81)	(4.85)	-	-	(0.65)	(34.10)
Other adjustments	-	63.05	-	-	-	-	-	-	-	(53.91)	-	9.14
<b>As at September 30, 2013</b>	-	<b>103.33</b>	<b>1,504.26</b>	<b>21.40</b>	<b>20,876.94</b>	<b>195.52</b>	<b>90.35</b>	<b>39.11</b>	<b>19.82</b>	-	<b>0.34</b>	<b>22,851.07</b>
<b>Net Block</b>												
As at March 31, 2009	142.62	-	1,715.63	-	10,455.31	86.71	43.43	35.54	24.51	37.95	-	12,541.70
As at March 31, 2010	398.88	731.51	2,226.89	-	9,608.41	98.10	44.23	31.36	19.59	23.27	-	13,182.24
As at March 31, 2011	802.10	783.10	2,147.84	1.65	15,454.76	154.13	66.29	46.82	17.11	8.59	-	19,482.49
As at March 31, 2012	996.12	987.70	2,307.53	345.25	18,255.57	197.45	113.54	61.68	12.19	-	0.06	23,277.09
As at March 31, 2013	1,070.90	1,219.07	6,797.65	343.83	36,463.47	197.47	123.83	70.94	7.29	-	-	46,294.45
As at September 30, 2013	1,071.19	1,337.53	9,371.31	340.13	70,987.40	190.62	121.43	53.64	4.80	-	-	83,478.05

Rs. in Million

## Notes:

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. Building with a gross book value of Rs. 1,095.13 Million (March 31, 2013: Rs. 1,095.13 Million, March 31, 2012: Rs. 1,095.13 Million, March 31, 2011: Rs. 1,095.13 Million, March 31, 2010: Rs. 1,095.13 Million, March 31, 2009: Rs. 1,095.13 Million ) relating to GPCL and Rs. 4,061.88 Million (March 31, 2013: Rs. 3,348.48 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil) relating to EMCO is on leasehold land.
3. Leasehold land taken from Government Authorities in case of certain subsidiaries shall be amortised over the remaining period of lease term from the date of commercial operation of the respective plant.
4. Foreign exchange differences in gross block:
  - a. Foreign exchange gain of Rs. 10.95 Million (March 31, 2013: Rs. 52.14 Million, foreign exchange loss, March 31, 2012: Rs. 22.07 Million, foreign exchange loss, March 31, 2011: Rs. 46.25 Million, foreign exchange loss, March 31, 2010: Rs. 0.32 Million, foreign exchange gain, March 31, 2009: Rs. Nil) is 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 : 'The effects of changes in foreign exchange rates' ('AS 11').
  - b. Foreign exchange loss of Rs. 1,623.12 Million (March 31, 2013: Rs. 1,010.04 Million, foreign exchange loss, March 31, 2012: Rs. 122.42 Million, foreign exchange loss, March 31, 2011: Rs. 67.17 Million foreign exchange gain, March 31, 2010: Rs. 168.71 Million, foreign exchange gain, March 31, 2009: Rs. 389.06 Million, foreign exchange loss) is in respect of exchange differences is arising on foreign currency monetary items relating to the acquisition of depreciable assets.
5. Foreign exchange differences in accumulated depreciation represents foreign exchange loss of Rs. 14.90 Million (March 31, 2013: Rs. 21.94 Million, foreign exchange loss, March 31, 2012 Rs. 6.14 Million, foreign exchange gain, March 31, 2011 : Rs. 52.53 Million, , foreign exchange loss, March 31, 2010: Rs. 0.12 Million, foreign exchange gain, March 31, 2009: Rs. Nil), is on account of the effect of translation of accumulated depreciation of tangible assets held by foreign entities which are consolidated as non integral foreign operations as per the requirements of AS 11.
6. Depreciation for the period / year includes Rs. 8.57 Million (March 31, 2013: Rs. 35.31 Million ,March 31, 2012 Rs. 19.24 Million, March 31, 2011: Rs. 10.22 Million, March 31, 2010: Rs. 16.81 Million, March 31, 2009: Rs. 12.37 Million) relating to certain consolidated entities in the project stage which is included in Annexure XIC and Annexure XID.
7. A first exclusive charge on the barge mounted plant of GEL has been offered as a security in connection with a rupee term loan availed by GIL from Life Insurance Corporation of India Limited ('LIC') .
8. Other adjustments of Rs. 37.09 Million in gross block of leasehold land during the period ended September 30, 2013 represents refund received from Maharashtra Industrial Development Corporation ('MIDC') in respect of EMCO.
9. Other adjustments in Gross block and accumulated depreciation of leased office equipments during the period ended September 30, 2013 represents deletion of office equipments pursuant to the completion of finance lease period.
10. Other adjustments of Rs. 84.68 Million in gross block and Rs. 63.05 Million in accumulated depreciation of leasehold land during the period ended September 30, 2013 represents reclassification of leasehold land from prepaid expenses in a jointly controlled entity.
11. EMCO has declared commercial operations of first phase of project constituting the unit of 300 MW on March 19, 2013 and second phase of the project on September 01, 2013. Accordingly the buildings, plant and machinery have been capitalised on these dates based on the completion certificate as certified by the technical team of



EMCO. Claims / counter claims arising out of the project related contracts including Engineering, Procurement and Construction ('EPC') contracts and other vendors on account of delays in commissioning of the project or other reasons is pending settlement / negotiations with the concerned vendors. The management believes that any adjustment on account of aforesaid claims / counter claims by the vendors would be adjusted to the cost of fixed assets.

12. Refer Annexure IV(2) for material adjustments.

13. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR ENERGY LIMITED**
**Annexure XIB - Restated consolidated summary statement of fixed assets**
**Intangible assets**
**Rs. in Million**

Particulars	Goodwill on consolidation	Mining properties (including deferred exploration and stripping costs)	Capitalised software	Carriage Ways	Total
<b>Gross block (at cost)</b>					
As at April 1, 2008	327.22	-	32.08	-	359.30
Additions	1,972.95	-	51.24	6,158.16	8,182.35
<b>As at March 31, 2009</b>	<b>2,300.17</b>	<b>-</b>	<b>83.32</b>	<b>6,158.16</b>	<b>8,541.65</b>
Additions	1,839.04	-	9.48	-	1,848.52
Exchange differences	(240.67)	-	-	-	(240.67)
Deletion on exclusion of subsidiaries / jointly controlled entities	-	-	(4.58)	(6,158.16)	(6,162.74)
Other adjustments	-	-	5.13	-	5.13
<b>As at March 31, 2010</b>	<b>3,898.54</b>	<b>-</b>	<b>93.35</b>	<b>-</b>	<b>3,991.89</b>
Additions	-	266.70	14.43	-	281.13
Addition on inclusion of subsidiaries / jointly controlled entities	825.16	471.70	-	-	1,296.86
Exchange differences	77.97	(34.30)	-	-	43.67
<b>As at March 31, 2011</b>	<b>4,801.67</b>	<b>704.10</b>	<b>107.78</b>	<b>-</b>	<b>5,613.55</b>
Additions	-	810.20	19.79	-	829.99
Addition on inclusion of subsidiaries / jointly controlled entities	21,580.32	460.80	18.34	-	22,059.46
Exchange differences	821.01	(13.93)	0.28	-	807.36
<b>As at March 31, 2012</b>	<b>27,203.00</b>	<b>1,961.17</b>	<b>146.19</b>	<b>-</b>	<b>29,310.36</b>
Additions	-	1,304.12	57.96	-	1,362.08
Addition on inclusion of subsidiaries / jointly controlled entities	84.38	-	-	-	84.38
Exchange differences	1,227.86	(65.00)	0.60	-	1,163.46
Transferred to assets held for sale	-	(906.75)	-	-	(906.75)
<b>As at March 31, 2013</b>	<b>28,515.24</b>	<b>2,293.54</b>	<b>204.75</b>	<b>-</b>	<b>31,013.53</b>
Additions	-	477.59	2.39	-	479.98
Exchange differences	3,332.07	101.88	1.58	-	3,435.53
<b>As at September 30, 2013</b>	<b>31,847.31</b>	<b>2,873.01</b>	<b>208.72</b>	<b>-</b>	<b>34,929.04</b>
<b>Accumulated amortisation</b>					
As at April 1, 2008	-	-	7.77	-	7.77
Charge for the year	-	-	8.07	20.29	28.36
<b>As at March 31, 2009</b>	<b>-</b>	<b>-</b>	<b>15.84</b>	<b>20.29</b>	<b>36.13</b>
Charge for the year	-	-	13.45	56.62	70.07
Deletion on exclusion of subsidiaries / jointly controlled entities	-	-	(1.42)	(76.91)	(78.33)
<b>As at March 31, 2010</b>	<b>-</b>	<b>-</b>	<b>27.87</b>	<b>-</b>	<b>27.87</b>
Charge for the year	-	24.40	15.55	-	39.95
Amortisation on inclusion of subsidiaries / jointly controlled	-	19.90	-	-	19.90
Exchange differences	-	(1.60)	-	-	(1.60)
Other adjustments	-	-	0.43	-	0.43
<b>As at March 31, 2011</b>	<b>-</b>	<b>42.70</b>	<b>43.85</b>	<b>-</b>	<b>86.55</b>
Charge for the year	-	16.10	17.10	-	33.20
Amortisation on inclusion of subsidiaries / jointly controlled	-	71.10	-	-	71.10
Exchange differences	-	1.20	3.56	-	4.76
<b>As at March 31, 2012</b>	<b>-</b>	<b>131.10</b>	<b>64.51</b>	<b>-</b>	<b>195.61</b>
Charge for the year	-	181.65	28.49	-	210.14
Exchange differences	-	34.83	0.30	-	35.13
Assets written off	-	292.74	-	-	292.74
Transferred to assets held for sale	-	(389.46)	-	-	(389.46)
<b>As at March 31, 2013</b>	<b>-</b>	<b>250.86</b>	<b>93.30</b>	<b>-</b>	<b>344.16</b>
Charge for the period	-	89.06	16.77	-	105.83
Exchange differences	-	21.56	0.72	-	22.28
<b>As at September 30, 2013</b>	<b>-</b>	<b>361.48</b>	<b>110.79</b>	<b>-</b>	<b>472.27</b>
<b>Accumulated impairment</b>					
As at April 1, 2008	-	-	-	-	-
Charge for the year	-	-	-	-	-
<b>As at March 31, 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	-	-	-	-	-
<b>As at March 31, 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	-	-	-	-	-
<b>As at March 31, 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	-	-	-	-	-
<b>As at March 31, 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	979.99	999.32	-	-	1,979.31
<b>As at March 31, 2013</b>	<b>979.99</b>	<b>999.32</b>	<b>-</b>	<b>-</b>	<b>1,979.31</b>
Charge for the period	-	-	-	-	-
<b>As at September 30, 2013</b>	<b>979.99</b>	<b>999.32</b>	<b>-</b>	<b>-</b>	<b>1,979.31</b>
<b>As at March 31, 2009</b>	<b>2,300.17</b>	<b>-</b>	<b>67.48</b>	<b>6,137.87</b>	<b>8,505.52</b>
<b>As at March 31, 2010</b>	<b>3,898.54</b>	<b>-</b>	<b>65.48</b>	<b>-</b>	<b>3,964.02</b>
<b>As at March 31, 2011</b>	<b>4,801.67</b>	<b>661.40</b>	<b>63.93</b>	<b>-</b>	<b>5,527.00</b>
<b>As at March 31, 2012</b>	<b>27,203.00</b>	<b>1,830.07</b>	<b>81.68</b>	<b>-</b>	<b>29,114.75</b>
<b>As at March 31, 2013</b>	<b>27,535.25</b>	<b>1,043.36</b>	<b>111.45</b>	<b>-</b>	<b>28,690.06</b>
<b>As at September 30, 2013</b>	<b>30,867.32</b>	<b>1,512.21</b>	<b>97.93</b>	<b>-</b>	<b>32,477.46</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. Carriage ways is mainly on intangible asset of GACEPL, being the right to operate and maintain the highways on build, operate and transfer basis. GACEPL ceased to be a subsidiary with effect from November 13, 2009.
3. Foreign exchange difference in goodwill on consolidation represents translation gain of Rs.3,332.07 Million (March 31, 2013: Rs. 1,227.86 Million foreign exchange gain, March 31, 2012: Rs. 821.01 Million foreign exchange gain, March 31, 2011: Rs. 77.97 Million foreign exchange gain, March 31, 2010: Rs. 240.67 Million foreign exchange loss, March 31, 2009: Rs. Nil) on account of consolidation of foreign subsidiaries / jointly controlled entities which are consolidated as non integral foreign operations as per the requirements of AS 11.
4. Foreign exchange differences in gross block represents foreign exchange gain of Rs. 103.46 Million (March 31, 2013: Rs. 64.40 Million foreign exchange loss, March 31, 2012: Rs. 13.65 Million foreign exchange loss, March 31, 2011: Rs. 34.30 Million foreign exchange loss, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil) 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.
5. Foreign exchange differences in accumulated amortisation represents foreign exchange loss of Rs. 22.28 Million (March 31, 2013: Rs. 35.13 Million foreign exchange loss, March 31, 2012: Rs. 4.76 Million foreign exchange loss, March 31, 2011: Rs. 1.60 Million foreign exchange gain, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil) on account of the effect of translation of accumulated amortisation of intangible assets held by foreign entities which are consolidated as non integral foreign operations as per the requirements of AS 11.
6. Additions on inclusion of subsidiaries / jointly controlled entities in goodwill during the year ended March 31, 2013 includes additional payment of Rs. 84.38 Million made to the erstwhile shareholders of HHPPL on the satisfaction of the conditions specified as per the share purchase agreement with the erstwhile shareholders of HHPPL. Additions on inclusion of subsidiaries/ jointly controlled entities in goodwill during the year ended March 31, 2012 includes goodwill of Rs. 21,010.32 Million on acquisition of PTGEMS and additional payment of Rs. 100.00 Million and Rs. 470.00 Million paid to erstwhile shareholders of EMCO and SJK respectively on the satisfaction of the conditions specified as per the share purchase agreements with the erstwhile shareholders of these Companies.
7. Amortisation for the period / year includes Rs. 4.27 Million (March 31, 2013: Rs. 12.12 Million, March 31, 2012: Rs. 11.40 Million, March 31, 2011: Rs. 13.00 Million, March 31, 2010: Rs. 0.12 Million, March 31, 2009: Rs. 0.13 Million) relating to certain consolidated entities in the project stage which is included in Annexure XIC and XID.
8. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**
**Annexure XIC - Restated consolidated summary statement of fixed assets**
**Capital work-in-progress**
**Rs. in Million**

Particulars	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Capital expenditure incurred on tangible assets	146,030.55	141,785.92	100,606.86	33,308.62	8,393.88	1,241.51
Salaries, wages and bonus	3,535.19	4,003.80	2,962.17	1,985.71	1,216.11	615.20
Contribution to provident and other funds	220.53	244.42	148.01	112.07	24.09	27.72
Staff welfare expenses	197.68	238.88	209.00	99.67	77.47	51.52
Rent	884.59	1,035.84	851.67	604.66	384.27	176.74
Rates and taxes	284.91	285.01	232.06	186.38	93.39	68.33
Repairs and maintenance - others	531.32	681.94	450.42	249.91	117.40	57.92
Insurance	441.78	493.99	388.37	167.19	139.31	19.08
Legal and professional fees	4,220.30	4,702.64	4,412.09	2,973.75	2,097.42	1,447.77
Travelling and conveyance	1,562.10	1,747.42	1,481.69	1,084.72	889.14	431.33
Communication costs	101.29	117.45	99.20	72.97	53.44	31.10
Depreciation of tangible assets	92.69	83.05	47.05	27.67	15.38	3.57
Amortisation of intangible assets	57.35	49.37	37.22	25.96	14.52	10.62
Trial run cost	1,851.07	1,658.38	-	-	-	-
Finance costs	24,986.52	23,049.33	12,693.24	5,103.44	2,252.96	512.93
Exchange differences (net)	6,477.31	3,743.18	1,538.70	(227.15)	(0.57)	0.19
Miscellaneous expenses	1,395.51	1,925.95	1,370.04	1,024.52	499.52	239.22
(i)	<b>192,870.69</b>	<b>185,846.57</b>	<b>127,527.79</b>	<b>46,800.09</b>	<b>16,267.73</b>	<b>4,934.75</b>
<b>Less: Other income</b>						
Restated (loss) / profit before exceptional items, tax expenses, minority interest and share of (loss) / profit of associates (iii = i - ii)	861.05	711.20	273.71	100.85	1.13	4.23
Income from current investments	-	-	-	-	6.89	11.68
Net gain on sale of current investments and dividend income from current investments	329.46	321.54	210.78	47.17	14.78	0.29
Miscellaneous income (net of expenses directly attributable to such income Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil))	302.89	137.35	26.75	28.78	7.53	1.60
(ii)	<b>1,493.40</b>	<b>1,170.09</b>	<b>511.24</b>	<b>176.80</b>	<b>30.33</b>	<b>17.80</b>
<b>Less: Apportioned over the cost of tangible assets</b>	38,885.12	23,429.57	3,633.36	5,840.89	1,703.02	-
(iii)	<b>38,885.12</b>	<b>23,429.57</b>	<b>3,633.36</b>	<b>5,840.89</b>	<b>1,703.02</b>	<b>-</b>
<b>TOTAL (i - ii - iii)</b>	<b>152,492.17</b>	<b>161,246.91</b>	<b>123,383.19</b>	<b>40,782.40</b>	<b>14,534.38</b>	<b>4,916.95</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. Refer Annexure IV(2) for material adjustments.
3. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**Annexure XID - Restated consolidated summary statement of fixed assets**  
**Intangible assets under development**

Rs. in Million						
Particulars	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Capital expenditure incurred on intangible assets	1,407.38	1,627.31	1,139.37	481.99	332.01	110.16
Salaries, wages and bonus	795.63	610.38	440.25	199.53	64.08	135.31
Staff welfare expenses	48.86	38.93	21.14	1.62	-	3.87
Rent	16.72	14.49	13.62	10.10	6.39	22.86
Repairs and maintenance - others	9.22	7.52	6.11	3.65	1.77	13.74
Rates and taxes	34.60	29.98	21.67	18.98	18.04	22.10
Legal and professional fees	1,022.50	820.86	684.63	351.93	232.98	81.06
Travelling and conveyance	108.93	85.59	61.87	30.93	8.60	140.26
Communication costs	20.06	15.30	10.34	5.02	1.39	6.59
Negative grant	-	-	-	-	-	1,747.52
Depreciation of tangible assets	0.57	0.32	2.89	2.89	2.89	7.75
Amortisation of intangible assets	-	-	0.01	0.01	-	-
Finance costs	57.72	27.06	22.60	14.47	5.23	297.29
Miscellaneous expenses	102.67	116.34	91.32	45.85	20.79	94.42
(i)	<b>3,624.86</b>	<b>3,394.08</b>	<b>2,515.82</b>	<b>1,166.97</b>	<b>694.17</b>	<b>2,682.93</b>
<b>Less: Other Income</b>						
Interest income on bank deposits	-	-	-	-	-	2.38
Income from current investments	-	-	-	-	-	9.12
Miscellaneous income (net of expenses directly attributable to such income Rs. Nil (March 31, 2013: Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil))	-	-	-	-	-	0.14
(ii)	-	-	-	-	-	<b>11.64</b>
<b>Less: Apportioned over the cost of intangible assets</b>	-	-	-	-	-	2,457.62
(iii)	-	-	-	-	-	<b>2,457.62</b>
<b>Less: Transferred to statement of profit and loss</b>	-	134.10	-	-	-	-
<b>Less: Transferred to assets held for sale</b>	-	153.71	-	-	-	-
(iv)	-	<b>287.81</b>	-	-	-	-
<b>TOTAL (i - ii - iii - iv)</b>	<b>3,624.86</b>	<b>3,106.27</b>	<b>2,515.82</b>	<b>1,166.97</b>	<b>694.17</b>	<b>213.67</b>

**Note:**

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

## GMR Energy Limited

## Annexure XII - Restated consolidated summary statement of non-current investments

Particulars	As at September 30, 2013		As at March 31, 2013		As at March 31, 2012		As at March 31, 2011		As at March 31, 2010		As at March 31, 2009	
	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million
<b>Long term investments (at cost)</b>												
<b>A. Investment in fellow subsidiaries - refer note 5 below</b>												
<b>In equity shares, other than trade, unquoted and fully paid up</b>												
GTTEPL <sup>6</sup> (Equity shares of Rs. 10 each)	270,000	2.70	270,000	2.70	270,000	2.70	270,000	2.70	270,000	2.70	270,000	2.70
GTAEPPL <sup>6</sup> (Equity shares of Rs. 10 each)	270,000	2.70	270,000	2.70	270,000	2.70	270,000	2.70	270,000	2.70	270,000	2.70
GIEPL <sup>6,13</sup> (Equity shares of Rs. 10 each)	589,125	5.89	589,125	5.89	5,419,949	54.20	5,419,949	54.20	5,419,949	54.20	11,782,500	117.83
GPEPL <sup>6</sup> (Equity shares of Rs. 10 each)	690,000	6.90	690,000	6.90	6,348,000	63.48	6,348,000	63.48	6,348,000	63.48	13,800,000	138.00
DIAL <sup>6,11</sup> (Equity shares of Rs. 10 each)	245,000,000	2,450.00	245,000,000	2,450.00	245,000,000	2,450.00	245,000,000	2,450.00	120,000,000	1,200.00	120,000,000	1,200.00
East Delhi Waste Processing Company Private Limited (EDWPCP) (Equity shares of Rs. 10 each)	-	-	-	-	-	-	-	-	5,840	0.06	-	-
GACEPL <sup>6,8,9</sup> (Equity shares of Rs. 10 each)	24,222,593	242.23	24,222,593	242.23	24,222,593	242.23	24,222,593	242.23	24,222,593	242.23	-	-
GCORRPL <sup>6</sup> (Equity shares of Rs. 10 each)	3,000,000	30.00	3,000,000	30.00	3,000,000	30.00	3,000,000	30.00	1,000	0.01	-	-
GUEPL <sup>6</sup> (Equity shares of Rs. 10 each)	993,750	9.94	993,750	9.94	9,142,500	91.43	9,142,500	91.43	9,142,500	91.43	19,875,000	198.75
<b>In preference shares, other than trade, unquoted and fully paid up</b>												
GCORRPL (Preference shares of Rs. 100 each)	1,200,000	120.00	1,200,000	120.00	1,200,000	120.00	1,200,000	120.00	-	-	-	-
<b>In equity shares, trade, unquoted and fully paid up</b>												
GMR Energy Trading Limited (GETL) (Equity shares of Rs. 10 each)	11,779,900	117.80	11,779,900	117.80	9,879,900	98.80	9,879,900	98.80	9,879,900	98.80	3,989,900	39.90
<b>B. Investment in associates, trade, unquoted and fully paid up</b>												
GCHEPL <sup>10</sup> (Equity shares of Rs. 10 each) Restated (loss) / profit before exceptional items, tax expenses, minority interest and share of (loss) / profit of associates (iii = i - ii)	-	-	-	-	-	-	-	-	-	-	4,500	0.05
<b>C. Investment in associates / body corporates, trade and quoted</b>												
HEGL <sup>7</sup> (Non assessable common shares representing 34.17% and 33.50% ownership interest as at March 31, 2010 and March 31, 2009 respectively). Less: Group's share of (loss) / profit of the associate	-	-	-	-	-	-	-	-	103,257,095	1,322.40	75,792,027	1,237.66
	-	-	-	-	-	-	-	-	-	(227.60)	-	-
<b>D. Investment in Other Companies</b>												
<b>In equity shares, trade, unquoted and fully paid up</b>												
Power Exchange India Limited (Equity shares of Rs. 10 each)	4,000,000	40.00	4,000,000	40.00	2,500,000	25.00	2,500,000	25.00	2,500,000	25.00	-	-
PT DSSP Power Sumsel (Equity shares with nominal value of Indonesia Rp 1 Million each)	2	0.19	2	0.22	2	0.24	-	-	-	-	-	-
MAL <sup>12</sup> (Equity Shares with nominal value of Indonesia Rp 1 Million each)	12,939	0.11	12,939	0.31	-	-	-	-	-	-	-	-
RCMEPL <sup>14</sup> (Equity shares of Re. 1 each)	-	-	-	-	-	-	-	-	10,434,864	10.44	5,217,432	5.22
<b>Total</b>		<b>3,028.46</b>		<b>3,028.69</b>		<b>3,180.78</b>		<b>3,180.54</b>		<b>2,885.85</b>		<b>2,942.81</b>
Less: current portion of long-term investments												
GIEPL <sup>13</sup>		5.89		5.89		-		-		-		-
DIAL <sup>11</sup>		2,450.00		-		-		-		-		-
<b>Total</b>		<b>572.57</b>		<b>3,022.80</b>		<b>3,180.78</b>		<b>3,180.54</b>		<b>2,885.85</b>		<b>2,942.81</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. Aggregate provision for diminution in the value of long term investments Rs 0.23 Million (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil).
3. Aggregate market value of non-current quoted investments Rs. Nil (March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. 319.33 Million, March 31, 2009: Rs. 744.15 Million).
4. Aggregate value of non-current unquoted investments Rs. 3,028.46 Million (including current portion of long-term investments) (net of provisions) (March 31, 2013: Rs. 3,028.69 Million, March 31, 2012: Rs. 3,180.78 Million, March 31, 2011: Rs. 3,180.54 Million, March 31, 2010: Rs. 1,791.05 Million, March 31, 2009: Rs. 1,705.15 Million).
5. The investments in equity shares of fellow subsidiaries have been funded by GIL against an agreement to pass on any benefits or losses out of investment to GIL and has been approved by the Board of Directors of GEL.
6. Refer Annexure IV(5) for details of investments pledged as security towards loan facilities sanctioned to GEL and the investee companies.
7. HEGL became a subsidiary with effect from July 12, 2010 and was an associate up to July 11, 2010.
8. GACEPL has been incurring losses since the commencement of commercial operations. The management believes that these losses are primarily attributable to a loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration. Based on an internal assessment and a legal opinion, the management is confident that GACEPL will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly, the management is of the view that the carrying value of the investments in GACEPL as at September 30, 2013 is appropriate.
9. GACEPL ceased to be a subsidiary with effect from November 13, 2009.
10. GCHEPL became a subsidiary with effect from November 25, 2009 and was an associate up to November 24, 2009.
11. With a view to restructure shareholding in airport business, the Group has transferred 245,000,000 equity shares of Rs. 10 each held in DIAL to GMR Airports Limited ('GAL') at cost on October 29, 2013. Accordingly the management has disclosed the investment as current portion of long term investments.
12. MAL became jointly controlled entity consequent to PTGEMS becoming jointly controlled entity of the group during the year ended March 31, 2012. Further, jointly controlled entity ceased during the year ended March 31, 2013.
13. The Company along with its Group Companies have entered into definitive sale agreements with private equity investors for divestment of its stake in GJEPL. Accordingly, the management has disclosed the investment as current portion of long term investments.
14. RCMEPL became a jointly controlled entity with effect from June 23, 2010.
15. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

GMR Energy Limited  
Annexure XIII - Restated consolidated summary statement of loans and advances

Rs. in Million

Particulars	Non-current						Current					
	As at						As at					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Capital advances</b>												
Unsecured, considered good	15,284.03	13,838.49	14,128.43	20,170.25	8,427.48	141.20	-	-	-	-	-	-
<b>Sub-total (A)</b>	<b>15,284.03</b>	<b>13,838.49</b>	<b>14,128.43</b>	<b>20,170.25</b>	<b>8,427.48</b>	<b>141.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Security deposits</b>												
Unsecured, considered good	920.34	1,028.08	1,103.34	894.58	1,317.96	1,196.82	199.16	55.53	11.18	88.91	34.60	-
<b>Sub-total (B)</b>	<b>920.34</b>	<b>1,028.08</b>	<b>1,103.34</b>	<b>894.58</b>	<b>1,317.96</b>	<b>1,196.82</b>	<b>199.16</b>	<b>55.53</b>	<b>11.18</b>	<b>88.91</b>	<b>34.60</b>	<b>-</b>
<b>Loans and advances to related parties</b>												
Unsecured, considered good	967.20	973.19	1,436.97	1,373.47	2,643.46	3,459.70	1,028.20	1,903.26	128.84	114.90	628.92	-
Unsecured, considered doubtful	493.20	493.20	-	-	-	-	-	-	-	-	-	-
Provision for doubtful advances	(493.20)	(493.20)	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (C)</b>	<b>967.20</b>	<b>973.19</b>	<b>1,436.97</b>	<b>1,373.47</b>	<b>2,643.46</b>	<b>3,459.70</b>	<b>1,028.20</b>	<b>1,903.26</b>	<b>128.84</b>	<b>114.90</b>	<b>628.92</b>	<b>-</b>
<b>Advances recoverable in cash or kind</b>												
Unsecured, considered good	1,105.08	894.40	855.93	957.87	448.00	566.89	990.68	801.58	1,175.96	387.48	134.18	34.87
<b>Sub-total (D)</b>	<b>1,105.08</b>	<b>894.40</b>	<b>855.93</b>	<b>957.87</b>	<b>448.00</b>	<b>566.89</b>	<b>990.68</b>	<b>801.58</b>	<b>1,175.96</b>	<b>387.48</b>	<b>134.18</b>	<b>34.87</b>
<b>Other loan and advances</b>												
Unsecured, considered good												
Advance income-tax(net)	194.77	214.88	126.23	161.72	110.55	123.57	-	-	-	-	-	-
Deposits / balances with statutory / government authorities	1,501.21	2,808.74	2,546.04	525.63	294.05	604.19	41.17	40.95	25.36	6.54	-	14.26
Prepaid expenses	6.34	27.56	12.42	10.92	28.45	-	581.67	341.47	767.90	802.20	146.36	120.70
Loans to others	11.96	0.08	538.62	941.76	-	-	12.45	101.21	166.78	-	510.38	-
Loans to employees	0.16	0.10	3.00	2.21	4.59	0.06	67.40	42.13	32.34	35.93	13.85	3.31
<b>Sub-total (E)</b>	<b>1,714.44</b>	<b>3,051.36</b>	<b>3,226.31</b>	<b>1,642.24</b>	<b>437.64</b>	<b>727.82</b>	<b>702.69</b>	<b>525.76</b>	<b>992.38</b>	<b>844.67</b>	<b>670.59</b>	<b>138.27</b>
<b>Unsecured, considered doubtful</b>												
Balances with statutory / government authorities	62.32	62.32	12.67	7.03	-	-	-	-	-	-	-	-
Provision for doubtful advances	(62.32)	(62.32)	(12.67)	(7.03)	-	-	-	-	-	-	-	-
<b>Sub-total (F)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A + B + C + D + E + F)</b>	<b>19,991.09</b>	<b>19,785.52</b>	<b>20,750.98</b>	<b>25,038.41</b>	<b>13,274.54</b>	<b>6,092.43</b>	<b>2,920.73</b>	<b>3,286.13</b>	<b>2,308.36</b>	<b>1,435.96</b>	<b>1,468.29</b>	<b>173.14</b>

Notes:

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. Refer Annexure IV(2) for material adjustments.
3. For details of transactions with related parties, please refer Annexure XXIV.
4. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.



GMR Energy Limited  
Annexure XIV - Restated consolidated summary statement of trade receivables

Rs. in Million

Particulars	Non-current						Current					
	As at						As at					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>												
Unsecured, considered good	447.62	447.62	447.62	447.62	447.62	-	888.27	2,243.03	2,036.95	956.20	764.24	303.71
Unsecured, considered doubtful	-	-	-	-	-	-	15.56	13.96	-	-	-	-
Provision for doubtful trade receivables	-	-	-	-	-	-	(15.56)	(13.96)	-	-	-	-
<b>Sub-total (A)</b>	<b>447.62</b>	<b>447.62</b>	<b>447.62</b>	<b>447.62</b>	<b>447.62</b>	<b>-</b>	<b>888.27</b>	<b>2,243.03</b>	<b>2,036.95</b>	<b>956.20</b>	<b>764.24</b>	<b>303.71</b>
<b>Other receivables</b>												
Unsecured, considered good	-	-	-	-	-	447.62	2,198.45	5,347.96	6,244.95	1,316.71	224.34	548.68
Unsecured, considered doubtful	-	-	-	-	-	-	0.36	2.84	-	32.18	-	-
Provision for doubtful receivables	-	-	-	-	-	-	(0.36)	(2.84)	-	(32.18)	-	-
<b>Sub-total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>447.62</b>	<b>2,198.45</b>	<b>5,347.96</b>	<b>6,244.95</b>	<b>1,316.71</b>	<b>224.34</b>	<b>548.68</b>
<b>Total (A + B)</b>	<b>447.62</b>	<b>447.62</b>	<b>447.62</b>	<b>447.62</b>	<b>447.62</b>	<b>447.62</b>	<b>3,086.72</b>	<b>7,590.99</b>	<b>8,281.90</b>	<b>2,272.91</b>	<b>988.58</b>	<b>852.39</b>

**Notes:**

- The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
- 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 01, 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. 447.62 Million.

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 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 Special Leave Petition ('SLP') before the Hon'ble Supreme Court of India to appeal against the said Order of the Hon'ble High Court of Karnataka, and has 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. 1,667.50 Million and made a counter claim of Rs. 2,235.30 Million against GEL on account of adverse impact suffered by the respondents. In response to counter claim made by the respondents, 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 a majority judgement directed for a tariff of Rs. 6.90/ 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 current period, respondents filed a review petition before KERC against the majority judgement 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 adjustments have been made in these restated consolidated summary statements pending final resolution of the matter.

3. As at September 30, 2013, GVPGL has total receivables of Rs. 109.78 Million (March 31, 2013: Rs 109.78 Million ,March 31, 2012: Rs. 109.78 Million, March 31, 2011: Rs. 89.34 Million (including unbilled revenue of Rs. 2.75 Million), March 31, 2010: Rs. Nil and March 31, 2009: Rs. Nil) 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. GVPGL has submitted the copies of bank challans and based on its internal assessment is confident of recovery of such receivables and accordingly, no provision towards such receivables has been made in the restated consolidated summary statements of the Group.
4. As at September 30, 2013 the Group has receivables (including unbilled revenue) from TAGENDCO aggregating to Rs. 2,205.18 Million (March 31, 2013: Rs. 7,225.60 Million , March 31, 2012: Rs. 8,507.60 Million, March 31, 2011: Rs. 2,784.00 Million, March 31, 2010 : Rs. 1,538.13 Million, March 31, 2009 : Rs. 1,175.16 Million). Based on an internal assessment, collections by the Group from TAGENDCO subsequent to the six-month period ended September 30, 2013 and various discussions that the Group had with TAGENDCO, the management of the Group is confident of recovery of such receivables and accordingly, no adjustment has been made in these restated consolidated summary statements of the Group.
5. Refer Annexure IV(2) for material adjustments.
6. For details of transactions with related parties, please refer Annexure XXIV.
7. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

GMR Energy Limited  
Annexure XV - Restated consolidated summary statement of other assets

Particulars	Non-current						Current					
	As at						As at					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b>Unsecured, considered good unless stated otherwise</b>												
Non-current bank balances (refer Annexure XVII)	4,426.10	3,583.40	3,586.71	69.96	52.81	1,659.64	-	-	-	-	-	-
<b>Sub-total (A)</b>	<b>4,426.10</b>	<b>3,583.40</b>	<b>3,586.71</b>	<b>69.96</b>	<b>52.81</b>	<b>1,659.64</b>		-	-	-	-	-
<b>Unamortised expenditure</b>												
Unamortised premium on forward contracts	-	-	-	-	-	-	234.10	-	-	-	-	-
Ancillary borrowing costs	2,146.44	1,979.57	2,023.91	983.65	270.30	-	253.36	159.87	166.93	73.21	15.21	-
<b>Sub-total (B)</b>	<b>2,146.44</b>	<b>1,979.57</b>	<b>2,023.91</b>	<b>983.65</b>	<b>270.30</b>	<b>-</b>	<b>487.46</b>	<b>159.87</b>	<b>166.93</b>	<b>73.21</b>	<b>15.21</b>	<b>-</b>
<b>Others</b>												
Interest accrued on fixed deposits	60.27	25.08	-	-	-	-	66.53	36.66	20.96	95.81	10.37	33.85
Interest accrued on current investments	-	-	-	-	-	-	-	-	-	55.65	2.18	16.06
Interest accrued on loan to related parties	-	-	-	-	-	-	211.75	132.63	0.75	14.77	-	-
Interest accrued on loan to others	-	-	-	35.10	-	-	2.30	7.69	0.19	-	-	-
Other than trade receivable, considered good	-	-	-	-	-	-	-	86.87	86.87	-	514.33	591.06
Other than trade receivable, considered doubtful	-	-	-	-	-	-	272.67	272.67	272.67	272.67	-	-
Provision towards claim recoverable	-	-	-	-	-	-	(272.67)	(272.67)	(272.67)	(272.67)	-	-
Non-trade receivables	0.92	-	-	-	-	-	501.46	113.27	20.72	-	105.68	86.89
Assets held for sale	-	-	-	-	-	-	1,241.39	1,488.94	-	-	-	-
Unbilled revenue	-	-	-	-	-	-	1,198.27	1,173.25	1,054.71	1,945.97	1,353.51	972.66
<b>Sub-total (C)</b>	<b>61.19</b>	<b>25.08</b>	<b>-</b>	<b>35.10</b>	<b>-</b>	<b>-</b>	<b>3,221.70</b>	<b>3,039.31</b>	<b>1,184.20</b>	<b>2,112.20</b>	<b>1,986.07</b>	<b>1,700.52</b>
<b>Total (A+B+C)</b>	<b>6,633.73</b>	<b>5,588.05</b>	<b>5,610.62</b>	<b>1,088.71</b>	<b>323.11</b>	<b>1,659.64</b>	<b>3,709.16</b>	<b>3,199.18</b>	<b>1,351.13</b>	<b>2,185.41</b>	<b>2,001.28</b>	<b>1,700.52</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. Refer Annexure IV(2) for material adjustments.
3. For details of transactions with related parties, please refer Annexure XXIV.
4. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**  
**Annexure XVI - Restated consolidated summary statement of current investments**

Particulars	As at September 30, 2013		As at March 31, 2013		As at March 31, 2012		As at March 31, 2011		As at March 31, 2010		As at March 31, 2009	
	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million
<b>Current portion of long term investments (valued at cost, unquoted)</b>												
GIEPL (refer Annexure XII)	589,125	5.89	589,125	5.89	-	-	-	-	-	-	-	-
DIAL (refer Annexure XII)	245,000,000	2,450.00	-	-	-	-	-	-	-	-	-	-
<b>Other than trade - quoted investments (valued at lower of cost and fair value)</b>												
<b>A. In equity shares of other companies</b>												
Aviva Corporation <sup>2.5</sup> (Common shares without par value)	4,000,000	24.02	4,000,000	20.42	4,000,000	30.35	4,000,000	38.18	-	-	-	-
Cumcira Silver (Common shares without par value)	2,116,451	6.00	2,116,451	8.13	-	-	-	-	-	-	-	-
Southern Andes Energy Inc. <sup>2.5</sup> (Common shares without par value)	-	-	-	-	4,704,219	39.14	4,704,219	97.95	-	-	-	-
<b>Other than trade - unquoted investments (valued at lower of cost and fair value)</b>												
<b>A. In mutual funds</b>												
IDFC Cash Fund Growth Regular Plan - Growth (Rs. 1,000 each)	34,119	50.75	88,362	125.82	-	-	-	-	-	-	-	-
IDBI Liquid Fund - Growth (Rs. 1,000 each)	-	-	20,805	26.15	-	-	-	-	-	-	-	-
LIC Nomura - Liquid Fund Growth Plan (Rs. 1,000 each)	-	-	9,408	20.00	-	-	-	-	-	-	-	-
ICICI Prudential Liquid Super Institutional Plan - Growth (Rs. 100)	-	-	-	-	3,459,811	548.29	1,748,314	253.09	3,675,435	500.00	-	-
Reliance Liquidity Fund - Growth Option (Rs. 10 each)	-	-	-	-	3,119,733	50.37	3,391,762	50.00	-	-	-	-
Birla Sun Life Cash Plus Institutional Premium Growth (Rs. 100)	-	-	-	-	259,109	44.47	-	-	-	-	-	-
Tata Liquid Fund SHIP - Appreciation (Rs. 1,000 each)	-	-	-	-	43,416	85.38	-	-	-	-	-	-
IDFC Cash Fund Super Institutional Plan C - Growth (Rs. 1,000)	-	-	-	-	191,750	250.00	-	-	-	-	-	-
IDFC Cash Fund Super Institutional Plan C - Growth (Rs. 10 each)	-	-	-	-	-	-	34,279,275	408.15	31,279,683	350.04	-	-
Birla Sun Life Cash Plus Institutional Premium - Growth (Rs. 10)	-	-	-	-	-	-	5,756,996	90.20	35,997,609	530.00	-	-
Kotak Liquid Institutional Premium - Growth (Rs. 10 each)	-	-	-	-	-	-	503,808	10.01	-	-	-	-
Religare Liquid Fund - Super Institutional - Growth (Rs. 1,000)	-	-	-	-	-	-	41,265	56.02	-	-	-	-
SBI Premier Liquid Fund Institutional - Growth (Rs. 10 each)	-	-	-	-	-	-	10,468,540	161.30	-	-	-	-
Axis Liquid Fund - Institutional Growth (Rs. 1,085 each)	-	-	-	-	-	-	80,573	87.40	-	-	-	-
Templeton India Treasury Management Account Super Institutional Plan - Growth (Rs. 1,000 each)	-	-	-	-	-	-	10,373	15.10	-	-	-	-
DSP Black Rock Liquidity Fund - Institutional plan - Growth (Rs. 1,000 each)	-	-	-	-	-	-	47,762	67.00	-	-	-	-
Birla Sun Life Cash Plus - Institutional Premium Plan - Daily	-	-	-	-	-	-	6,794,042	68.07	-	-	-	-
HDFC Liquid Fund Premium Plan Growth (Rs. 10 each)	-	-	-	-	-	-	-	-	34,438,542	635.17	-	-
UTI Treasury Advantage Fund Institutional Plan - Growth (Rs. 100)	-	-	-	-	-	-	-	-	26,055	32.22	-	-
UTI Fixed Income Interval Fund - Monthly Interval Plan II - Growth (Rs. 10 each)	-	-	-	-	-	-	-	-	25,000,000	250.00	-	-
BSL Savings Fund Institutional - Growth (Rs. 10 each)	-	-	-	-	-	-	-	-	5,886,331	102.86	-	-
ICICI Prudential Flexible Income Plan Premium - Growth (Rs. 100)	-	-	-	-	-	-	-	-	5,953,584	1,019.30	-	-
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	-	-	-	-	-	-	-	-	740,913	78.34	-	-
Birla Sun Life Savings Fund Institutional - Daily dividend (Rs. 10)	-	-	-	-	-	-	-	-	1,325,394	13.26	-	-
IDFC Cash Fund Super Institutional Plan C - Daily Dividend (Rs. 100)	-	-	-	-	-	-	-	-	3,381,759	33.83	-	-
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Scheme (Rs. 1,000 each)	-	-	-	-	-	-	-	-	18,164	18.17	-	-
Birla Sun Life Saving Fund Institutional - Growth (Rs. 10 each)	-	-	-	-	-	-	-	-	8,333,809	145.62	-	-
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Growth (Rs. 10 each)	-	-	-	-	-	-	-	-	53,592,549	584.95	-	-
ICICI Prudential Liquid Super Institutional Plan - Growth (Rs. 10)	-	-	-	-	-	-	-	-	-	-	12,322,669	160.00
UTI Cash Plan Institutional - Growth (Rs. 10 each)	-	-	-	-	-	-	-	-	-	-	927,839	22.82
UTI Money Market Fund - Growth (Rs. 10 each)	-	-	-	-	-	-	-	-	-	-	25,772,198	634.30

**GMR Energy Limited**  
**Annexure XVI - Restated consolidated summary statement of current investments**

Particulars	As at September 30, 2013		As at March 31, 2013		As at March 31, 2012		As at March 31, 2011		As at March 31, 2010		As at March 31, 2009	
	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million	Number of units	Rs. in Million
<b>B. Certificate of deposits</b>												
IDBI Bank Limited (Rs. 100,000 each)	-	-	-	-	-	-	2,500	243.27	-	-	-	-
State Bank of Mysore Limited (Rs. 100,000 each)	-	-	-	-	-	-	2,500	234.85	-	-	-	-
Union Bank of India Limited (Rs. 100,000 each)	-	-	-	-	-	-	2,500	234.49	-	-	-	-
Punjab National Bank Limited (Rs. 100,000 each)	-	-	-	-	-	-	5,000	487.55	-	-	-	-
State Bank of Bikaner & Jaipur Limited (Rs. 100,000 each)	-	-	-	-	-	-	2,500	243.32	-	-	-	-
Bank of India Limited (Rs. 100,000 each)	-	-	-	-	-	-	2,500	240.17	2,500	248.91	-	-
State Bank of Travancore Limited (Rs. 100,000 each)	-	-	-	-	-	-	2,500	242.37	1,000	97.73	-	-
Corporation Bank Limited (Rs. 100,000 each)	-	-	-	-	-	-	5,000	488.52	-	-	-	-
Dena Bank Limited (Rs. 100,000 each)	-	-	-	-	-	-	-	-	10,000	973.86	-	-
HDFC Bank Limited (Rs. 100,000 each)	-	-	-	-	-	-	-	-	10,000	973.45	-	-
Central Bank of India Limited (Rs. 100,000 each)	-	-	-	-	-	-	-	-	2,500	248.38	-	-
State Bank of India Limited (Rs. 100,000 each)	-	-	-	-	-	-	-	-	-	5,000	482.67	-
<b>C. Government securities</b>												
6.35% Government of India 2020 (Rs. 100 each)	-	-	-	-	-	-	-	-	1,500,000	134.85	1,500,000	141.04
6.05% Government of India 2019 (Rs. 100 each)	-	-	-	-	-	-	-	-	500,000	44.03	500,000	46.40
<b>D. Non Government securities</b>												
8.90% Power Grid Corporation Limited (Rs. 1,250,000 each)	-	-	-	-	-	-	40	49.36	40	50.42	-	-
8.40% ONGC Videsh Limited (Rs. 1,000,000 each)	-	-	-	-	-	-	100	97.19	150	149.21	-	-
7.70% 2013 Hindustan Petroleum Corporation Limited (Rs. 1,000,000 each)	-	-	-	-	-	-	150	145.27	-	-	-	-
8.70% 2011 Power Finance Corporation Limited (Rs. 1,000,000 each)	-	-	-	-	-	-	250	245.17	-	-	-	-
8.84% 2015 Power Grid Corporation Limited (Rs. 1,250,000 each)	-	-	-	-	-	-	80	98.55	-	-	-	-
<b>Total</b>		<b>2,536.66</b>		<b>206.41</b>		<b>1,048.00</b>		<b>4,452.55</b>		<b>7,214.60</b>		<b>1,487.23</b>

**Notes:**

- The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
- Aggregate provision for diminution in value of current investments Rs. 175.68 Million (March 31, 2013: Rs. 170.62 Million, March 31, 2012: Rs. 86.64 Million, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil)
- Aggregate value of unquoted current investments Rs. 50.75 Million (March 31, 2013: Rs. 171.97 Million, March 31, 2012: Rs. 978.51 Million, March 31, 2011: 43,16.42 Million, March 31, 2010: Rs. 7,214.60 Million, March 31, 2009: Rs. 1,487.23 Million)
- Aggregate market value of quoted current investments Rs. 30.02 Million (March 31, 2013: Rs. 28.55 Million, March 31, 2012: Rs. 69.49 Million, March 31, 2011: 136.13 Million, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil)
- Became investments pursuant to HECI, becoming subsidiary with effect from July 12, 2010.
- Aggregate value of current portion of unquoted long term investments Rs. 2,455.89 Million (March 31, 2013: Rs. 5.89 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil)
- The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**  
**Annexure XVII- Restated consolidated summary statement of cash and bank balances**

Particulars	Rs. in Million									
	Non-current					Current				
	As at					As at				
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
<b>Cash and cash equivalents</b>										
Cash on hand	-	-	-	-	-	18.04	672	1696	319	1.96
Balances with banks:										
- On current accounts	-	-	-	-	-	4,806.55	2,124.83	5,344.23	2,071.27	440.11
- Deposit with less than 3 months maturity	-	-	-	-	-	2,532.08	98.29	1,175.35	1,176.89	915.94
<b>Sub-total (A)</b>	-	-	-	-	-	<b>7,356.67</b>	<b>2,229.84</b>	<b>6,536.54</b>	<b>3,251.35</b>	<b>1,358.01</b>
<b>Other bank balances</b>										
- Deposits with maturity for more than 12 months	-	-	-	-	-	-	-	-	448.59	-
- Deposits with maturity for more than 3 months but less than 12 months	-	-	-	-	-	4,265.97	2,048.29	3,082.76	4,212.21	5.00
- Restricted deposit (refer note 2)	-	-	-	-	-	2,342.50	1,820.18	634.49	1,107.03	115.99
<b>Sub-total (B)</b>	<b>4,426.10</b>	<b>3,583.40</b>	<b>3,586.71</b>	<b>69.96</b>	<b>52.81</b>	<b>6,608.47</b>	<b>3,868.47</b>	<b>3,717.25</b>	<b>5,767.83</b>	<b>120.99</b>
<b>Amount disclosed under non-current assets (C)</b> (refer Annexure XV)	<b>4,426.10</b>	<b>3,583.40</b>	<b>3,586.71</b>	<b>69.96</b>	<b>52.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A + B - C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,965.14</b>	<b>6,098.31</b>	<b>10,253.79</b>	<b>9,019.18</b>	<b>1,479.00</b>
										<b>2,598.26</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
2. Restricted deposits includes margin money deposits and deposits with banks that are pledged by the Group with the Government and other authorities and with the lenders against long-term and short-term borrowings availed by the Group.
3. Refer Annexure VII and Annexure X as regards restriction on balances with banks arising in connections with the borrowings of the Group.
4. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**

**Annexure XVIII - Restated consolidated summary statement of revenue**

**Rs. in Million**

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
<b><u>Revenue from operations</u></b>						
<b><u>Sale of products</u></b>						
<b>Power segment:</b>						
Income from sale of electrical energy	10,183.43	13,727.40	20,404.52	18,908.27	19,184.03	18,742.68
Income from mining activities	3,332.07	7,797.43	1,992.53	751.72	-	-
<b><u>Sale of services</u></b>						
<b>Road segment:</b>						
Toll income from expressways	-	-	-	-	111.31	48.92
<b>(A)</b>	<b>13,515.50</b>	<b>21,524.83</b>	<b>22,397.05</b>	<b>19,659.99</b>	<b>19,295.34</b>	<b>18,791.60</b>
<b><u>Other operating revenue</u></b>						
Sale of certified emission reductions	-	43.68	-	-	-	-
<b>(B)</b>	<b>-</b>	<b>43.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>13,515.50</b>	<b>21,568.51</b>	<b>22,397.05</b>	<b>19,659.99</b>	<b>19,295.34</b>	<b>18,791.60</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of profit and loss of the Group.
2. Refer Annexure IV(2) for material adjustments.
3. For details of transactions with related parties, please refer Annexure XXIV.
4. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**
**Annexure XIX - Restated consolidated summary statement of other income**
**Rs. in Million**

Particulars	For the period / years ended						Nature: Recurring/ non- recurring	Related/Not related to business activity
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009		
Interest income on bank deposits	191.97	331.02	99.28	203.30	73.71	276.60	Non-recurring	Not related
Interest income on long-term investments	-	-	-	-	197.77	41.21	Non-recurring	Not related
Interest on current investments	3.68	144.86	26.27	315.36	22.71	45.75	Non-recurring	Not related
Interest on others	75.65	19.79	86.26	27.32	26.43	6.81	Non-recurring	Not related
Income from current investments	-	-	-	-	-	68.64	Non-recurring	Not related
Net gain on sale / dilution of current investments	36.57	87.11	156.17	237.81	241.21	35.61	Non-recurring	Not related
Profit on disposal of subsidiary	-	-	-	-	142.15	-	Non-recurring	Not related
Insurance claim recoverable	-	-	86.87	-	-	-	Non-recurring	Not related
Exchange difference (net)	-	-	-	63.21	94.86	19.24	Non-recurring	Not related
Income from management and other technical services	186.54	373.99	159.71	22.40	476.33	210.13	Non-recurring	Not related
Lease income	1.71	2.00	-	-	-	-	Non-recurring	Not related
Provisions no longer required, written back	-	-	-	52.61	2.52	-	Non-recurring	Not related
Other non-operating income. (Net of expenses directly attributed to such income of Rs. Nil (March 31, 2013: Rs. 2.75 Million, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil, March 31, 2010: Rs. Nil, March 31, 2009: Rs. Nil))	30.50	49.22	9.32	80.76	4.01	2.79	Non-recurring	Not related
<b>Total</b>	<b>526.62</b>	<b>1,007.99</b>	<b>623.88</b>	<b>1,002.77</b>	<b>1,281.70</b>	<b>706.78</b>		

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of profit and loss of the Group.
2. The classification of other income as recurring / non-recurring, related / not related to business activity is based on the current operations and business activity of the Group as determined by the management.
3. Refer Annexure IV(2) for material adjustments.
4. For details of transactions with related parties, please refer Annexure XXIV.
5. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.



**GMR Energy Limited****Annexure XX - Restated consolidated summary statement of employee benefit expenses****Rs. in Million**

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Salaries, wages and bonus	530.09	746.39	471.54	270.98	306.52	125.01
Contribution to provident and other funds	34.74	34.47	22.70	12.61	15.35	6.03
Staff welfare expenses	34.45	30.01	38.67	36.12	2.87	1.19
<b>Total</b>	<b>599.28</b>	<b>810.87</b>	<b>532.91</b>	<b>319.71</b>	<b>324.74</b>	<b>132.23</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of profit and loss of the Group.
2. Refer Annexure IV(2) for material adjustments.
3. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**
**Annexure XXI - Restated consolidated summary statement of other expenses**
**Rs. in Million**

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Rent (including land lease rentals)	127.85	225.94	123.40	110.61	109.01	128.52
Rates and taxes	44.03	86.87	38.35	74.97	79.47	60.31
Insurance	65.31	120.22	84.39	81.04	68.53	75.13
Transmission and distribution charges	428.59	9.85	-	-	-	-
Repairs and maintenance						
Plant and machinery	91.91	68.15	126.99	285.22	101.35	21.48
Buildings	2.26	9.42	11.74	39.06	5.52	33.66
Others	41.69	106.17	30.34	38.76	15.68	7.56
Advertising and sales promotion	273.79	573.26	68.70	1.44	1.22	65.64
Travelling and conveyance	78.66	112.44	62.04	42.58	59.36	27.88
Communication costs	10.29	11.15	8.87	7.05	9.73	5.61
Printing and stationery	2.35	2.23	1.96	4.36	1.42	2.03
Legal and professional fees	527.88	251.52	286.64	185.92	294.68	168.50
Directors' sitting fees	6.36	12.46	10.42	9.66	1.53	2.27
Electricity and water charges	73.87	29.59	22.53	13.89	21.06	13.49
Adjustments to the carrying amounts of current investments	2.28	22.99	79.68	7.75	-	-
Inventory written off	-	-	-	72.64	-	-
Provision for diminution in the value of long-term investments	0.23	-	-	-	-	213.34
Provision for doubtful advances / non-trade receivables	-	506.88	96.42	318.68	10.00	-
Exchange difference (net)	794.79	403.79	981.51	-	-	-
Bad debts / advances written off	10.71	38.58	-	-	-	-
Donations	15.88	58.88	71.98	65.55	118.63	58.02
Prompt payment rebate	100.13	132.76	235.76	366.09	414.16	404.05
Loss on sale of fixed assets (net) / fixed assets written off	58.49	352.28	0.44	20.91	-	0.08
Logo fees	43.15	87.97	83.34	40.62	26.79	48.66
Miscellaneous expenses	282.98	379.67	318.29	162.47	82.24	26.93
<b>Total</b>	<b>3,083.48</b>	<b>3,603.07</b>	<b>2,743.79</b>	<b>1,949.27</b>	<b>1,420.38</b>	<b>1,363.16</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of profit and loss of the Group.
2. Refer Annexure IV(2) for material adjustments.
3. For details of transactions with related parties, please refer annexure XXIV.
3. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited****Annexure XXII - Restated consolidated summary statement of finance costs****Rs. in Million**

Particulars	For the period/ years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Interest	5,910.63	5,552.61	1,640.97	1,522.96	1,195.27	1,253.55
Bank charges	188.09	393.86	60.44	58.90	44.98	39.37
Amortisation of ancillary borrowing costs	74.39	137.15	50.17	-	-	-
Exchange difference to the extent considered as an adjustment to borrowing cost (net)	-	-	47.26	44.56	-	-
<b>Total</b>	<b>6,173.11</b>	<b>6,083.62</b>	<b>1,798.84</b>	<b>1,626.42</b>	<b>1,240.25</b>	<b>1,292.92</b>

**Notes:**

1. The figures disclosed above are based on the restated consolidated summary statement of profit and loss of the Group.
2. Refer Annexure IV(2) for material adjustments.
3. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**
**Annexure XXIII - Restated consolidated summary statement of accounting ratios**
**Rs. in Million (except per share data in Rs.)**

Particulars		For the period / years ended					
		September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Basic earnings per share (Rs.) (refer note 1 (a) below)	C/D	(12.05)	(13.49)	(1.25)	0.07	2.47	0.99
Diluted earnings per share (Rs.) (refer note 1 (b) below)	C/F	(12.05)	(13.49)	(1.25)	0.05	2.47	0.97
Restated (loss) / profit for the period /years	A	(8,633.01)	(9,636.97)	(848.77)	92.67	1,590.32	584.56
Less: Dividend on CRPS including dividend distribution taxes thereon	B	24.64	49.14	47.93	43.86	31.06	1.53
Restated (loss) / profit available for equity shareholders	C = A - B	(8,657.65)	(9,686.11)	(896.70)	48.81	1,559.26	583.03
Weighted average number of equity shares for basic earnings per share (refer note 2 and 4 below)	D	718,198,026	718,198,026	718,198,026	718,197,760	632,205,245	586,933,428
Add: Potential equity shares on conversion of preference shares (refer note 7)	E	-	-	-	192,535,625	-	13,092,824
Weighted average number of shares for diluted earnings per share	F = D + E	718,198,026	718,198,026	718,198,026	910,733,385	632,205,245	600,026,252
Restated (loss) / profit after minority interest from continuing operations	G	(8,556.23)	(6,213.70)	(311.00)	330.59	1,715.00	625.49
Restated (loss) / profit available for equity shareholders from continuing operations	H = G - B	(8,580.87)	(6,262.84)	(358.93)	286.73	1,683.94	623.96
Basic earnings per share (Rs.) from continuing operations (refer note 1 (a) below)	H/D	(11.94)	(8.72)	(0.50)	0.40	2.66	1.06
Diluted earnings per share (Rs.) from continuing operations (refer note 1 (b) below)	H/F	(11.94)	(8.72)	(0.50)	0.31	2.66	1.04
Restated (loss) / profit after minority interest from discontinuing operations	I	(76.78)	(3,423.27)	(537.77)	(237.92)	(124.68)	(40.93)
Basic earnings per share (Rs.) from discontinuing operations (refer note 1 (a) below)	I/D	(0.11)	(4.77)	(0.75)	(0.33)	(0.19)	(0.07)
Diluted earnings per share (Rs.) from discontinuing operations (refer note 1 (b) below)	I/F	(0.11)	(4.77)	(0.75)	(0.26)	(0.19)	(0.07)
Net-worth at the end of the year	J	(8,635.88)	2,447.21	14,374.95	15,231.48	15,501.60	6,839.94
Total number of equity shares outstanding at the end of the year	K	718,198,026	718,198,026	718,198,026	718,197,026	718,197,026	586,933,428
Return on net-worth (refer note 1 (c) below)	C/J*100	Refer Note 9	-396%	-6%	0%	10%	9%
Net asset value per equity share (Rs.) (refer note 1 (d) below)	J/K	(12.02)	3.41	20.02	21.21	21.58	11.65

**1. Net-worth at the end of the period / year:**
**Rs. in Million**

Particulars	September 30,	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Equity share capital	7,181.98	7,181.98	7,181.98	7,181.98	7,181.98	5,869.33
Reserves and surplus	(15,395.74)	(4,416.16)	7,304.35	8,112.95	8,352.21	972.14
Less: Arrears of cumulative preference dividend	422.12	318.61	111.38	63.45	32.59	1.53
<b>Net-worth</b>	<b>(8,635.88)</b>	<b>2,447.21</b>	<b>14,374.95</b>	<b>15,231.48</b>	<b>15,501.60</b>	<b>6,839.94</b>

**Notes:**

1. The ratios have been computed as below:

(a) Basic earnings per share (Rs.)	$\frac{\text{Net profit after tax (as restated) attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period / year}}$
(b) Diluted earnings per share (Rs.)	$\frac{\text{Net profit after tax (as restated) attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the period / year}}$
(c) Return on net worth (%)	$\frac{\text{Net profit after tax after preference dividend and related tax thereon (as restated)}}{\text{Net worth at the end of the period / year}}$
(d) Net assets value per equity share	$\frac{\text{Net Worth at the end of the period / year}}{\text{Total number of equity shares outstanding at the end of the period / year}}$

2. Weighted average number of equity shares are the number of equity shares outstanding at the beginning of the period / year adjusted by the number of equity shares issued during year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period / year.

3. Net worth for ratios mentioned in note 1(c) and 1(d) represents sum of equity share capital and reserves and surplus. Refer annexure VI for components of reserve and surplus.

4. Earnings per share calculations are in accordance with AS 20 - "Earnings per share", [notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013].

5. Considering that the Group has incurred losses during the period / year ended September 30, 2013, March 31, 2013 and March 31, 2012, the conversion of CCCPS would decrease the loss per share for the period ended September 30, 2013 and for the years ended March 31, 2013 and March 31, 2012 and hence, it has been ignored for the purpose of calculation of diluted EPS.

6. The share application money received and pending allotment as at March 31, 2011 was towards non-cumulative, non-convertible redeemable preference shares and hence was not considered for computing diluted earnings per share.

7. The Company has received Rs. 5,423.93 Million from GEPML, a fellow subsidiary as share application money. On October 21, 2013 the Company has issued 80,954,162 equity shares of Rs 10 each to GEPML at a premium of Rs. 57.00 each based on valuation report obtained by the management. Considering that the Group has incurred losses during the period ended September 30, 2013 the allotment would decrease the loss per share for the period ended September 30, 2013 and hence it has been ignored for the purpose of calculation of diluted EPS.

8. During the year ended March 31, 2011, GEL has issued CCCPS to Claymore Investments (Mauritius) Pte Limited, IDFC Private Equity Fund III, Infrastructure Development Finance Company Limited ('IDFC'), IDFC Investment Advisors Limited, Ascent Capital Advisors India Private Limited and Argonaut Ventures, which are convertible into equity shares upon the occurrence of QIPO at an agreed upon IRR. For the purpose of calculating diluted EPS for the year ended March 31, 2011, the Company has used the fair value of the equity shares as at June 30, 2010, derived in accordance with regulation 10B (2) (ii) (a) of notification no. FEMA 20/2000-RB dated May 3, 2000 issued by the Reserve Bank of India.

9. Considering that there is negative net-worth as at September 30, 2013, return on net-worth for the period ended September 30, 2013 is not ascertainable.

10. The figures disclosed above are based on the restated consolidated summary statements of the Group.

11. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**
**Annexure XXIV - Restated consolidated summary statement of related party transactions**
**a) Names of related parties and description of relationship:**

(i)	Enterprises that control the Company	GMR Holdings Private Limited ('GHPL') GREEL GIL
(ii)	Fellow subsidiaries (where transactions have taken place)	DIAL GJEPL GPEPL GUEPL GMR Highways Limited ('GMRHL') GICORRPL GTAEPL GTTEPL GACEPL GMR Aviation Private Limited ('GAPL') Crossridge Investment Limited ('CIL') GETL GMR Krishnagiri SEZ Limited ('GKSL') EDWPCP GMR Corporate Affairs Private Limited ('GCAPL') GIML Dhruvi Securities Private Limited ('DSPL') GMR Energy Projects (Mauritius) Limited ('GEPML') GMR Bannerghatta Properties Private Limited ('GBPPL'), formerly known as GMR Properties Private Limited Raxa Security Services Limited ('RSSL') GMR Projects Private Limited ('GPPL') Delhi Golf Link Properties Private Limited ('DGPPL') Advika Properties Private Limited ('APPL') Aklima Properties Private Limited ('AKPPL') Camelia Properties Private Limited ('CPPL') Gerbera Properties Private Limited ('GPL') Honey suckle Properties Private Limited ('HPPL') Purnachandra Properties Private Limited ('PUPPL') Sreepa Properties Private Limited ('SRPPL') Bougainvillea Properties Private Limited ('BOPPL') Shreyadita Properties Private Limited ('SPPL') Padmapriya Properties Private Limited ('PAPPL') KSPL GMR Industries Limited ('GIDL') GMR Sports Private Limited ('GSPL') GMR Hyderabad International Airport Limited ('GHIAL') GMR Airport Developers Limited ('GADL') GAL Tim Delhi Airport Advertising Private Limited ('TIM') GMR Infrastructure Global Limited ('GIGL') GMR Business Process and Services Private Limited ('GBSPL') GADLIL GMR Infrastructure (Singapore) Pte Limited ('GISPL')
(iii)	Shareholders having substantial interest / associate enterprises / joint venture partners / enterprises exercising significant influence over the subsidiaries and joint ventures	Odeon Limited ('OL') Brindaban Man Pradhang Nepal Electricity Authority ('NEA') Classic Number Trading 87 (Pty) Limited ('CNTL') Riverside Park Trading 164 (Pty) Limited ('RPTL') Lanco Group Limited ('LGL') Reliance Infrastructure Limited ('RIL') Navabharat Power Private Limited ('NPPL') Sterlite Energy Limited ('SEL') ArcelorMittal India Limited ('AIL') PT Dian Swastatika Sentosa Tbk ('PT Dian') Homeland Energy Management Limited African spirit trading 307 (Proprietary) Limited IDFC Tottenham Finance Limited ('TFL') M/S G.S.Atwal & Co. HEGL* GCHEPL**
(iv)	Enterprises where Key Management Personnel or their relatives exercise significant influence	GMR Varalakshmi Foundation ('GVF') GMR Family Fund Trust ('GFFT')
(v)	Key Management Personnel and their relatives	Mr. B.V.N. Rao, Chairman and Managing Director (Resigned with effect from October 1, 2011) and appointed as Director. Mr. G.B.S Raju, Chairman and Managing Director (Appointed with effect from November 03, 2011) Mr. Raaj Kumar, Director (Resigned with effect from March 31, 2013) Mr. K.V.V Rao, Director. Mr. Bhaskar Anand Rao, Executive Director (from April 18, 2013 to January 24, 2014 ) Mr. Madhva Bhimacharya Terdal (Appointed with effect from January 24, 2014)
(vi)	Jointly controlled entities	Refer note 9 of annexure IV

\* Became a subsidiary with effect from July 12, 2010.

\*\* Became a subsidiary with effect from November 25, 2009.

**GMR Energy Limited**
**Annexure XXIV - Restated consolidated summary statement of related party transactions**
**b) Summary of transactions with the above related parties are as follows:**
**Rs. in Million**

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
(i) Technical services fees / Management fees received						
a) Fellow subsidiaries						
- GEPML	-	30.26	20.44	-	-	-
- GCAPL	-	-	12.33	-	-	-
- EDWPCP	-	-	-	21.00	-	-
- GTAEPL	-	-	-	-	7.50	15.00
- GTTEPL	-	-	-	-	10.00	20.00
b) Enterprises that control the Company						
- GIL	-	-	2.76	1.40	1.58	-
c) Jointly controlled entities						
- PTGEMS	186.54	286.60	-	-	-	-
- BIB	-	29.37	88.11	-	-	-
- TBBU	-	27.76	36.07	-	-	-
(ii) Share application money received						
a) Fellow subsidiaries						
- GEPML	5,423.93	-	-	-	-	-
b) Enterprises that control the Company						
- GIL	-	-	-	150.00	1,501.00	7,325.31
c) Enterprises where significant influence exists						
- GCHEPL	-	-	-	-	-	698.74
(iii) Share application money paid						
a) Fellow subsidiaries						
- GCORRPL	-	-	-	150.00	-	-
- DIAL	-	-	-	-	-	1,200.00
- EDWPCP	-	-	-	-	15.50	-
- GETL	-	19.00	-	-	-	-
b) Enterprises where significant influence exists						
- HEGL	-	-	-	-	120.97	-
- GCHEPL	-	-	-	-	-	275.00
(iv) Allotment of equity shares in subsidiaries						
a) Enterprises that control the Company						
- GIL	-	-	1.29	-	1,162.64	-
(v) Allotment of preference shares						
a) Enterprises that control the Company						
- GIL	-	-	-	-	-	6,259.93
(vi) Conversion of preference shares to equity shares						
a) Enterprises that control the Company						
- GIL	-	-	-	-	4,512.90	-
(vii) Investment in equity shares						
a) Fellow subsidiaries						
- DIAL	-	-	-	1,250.00	-	500.00
- GCORRPL	-	-	-	150.00	-	-
- GETL	-	19.00	-	-	58.90	36.10
- GUEPL	-	-	-	-	-	97.39
- GJEPL	-	-	-	-	-	57.73
- GPEPL	-	-	-	-	-	67.62
- EDWPCP	-	-	-	-	0.06	-
b) Enterprises where significant influence exists						
- HEGL	-	-	-	-	84.74	1,237.66
- GCHEPL	-	-	-	-	-	0.05

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
(viii) Share application money refunded						
a) Fellow subsidiaries						
- EDWPCP	-	-	-	15.44	-	-
- GCORRPL	-	-	-	-	-	-
b) Enterprises where significant influence exists						
- HEGL	-	-	-	-	36.23	-
c) Enterprises that control the Company						
- GIL	-	-	-	-	-	1,126.60
(ix) Income from rent						
a) Fellow subsidiaries						
- KSPL	1.71	2.00	-	-	-	-
(x) Other non operative income						
a) Fellow subsidiaries						
- GIGL	-	0.17	-	-	-	-
- GHIAL	0.80	-	-	-	-	-
b) Enterprises that control the Company						
- GIL	-	5.64	-	-	-	-
(xi) Sale of long term investments						
a) Fellow subsidiaries						
- EDWPCP	-	-	-	0.06	-	-
- GUEPL	-	-	-	-	107.33	-
- GACEPL	-	-	-	-	232.73	-
- GIEPL	-	-	-	-	63.63	-
- GPEPL	-	-	-	-	74.52	-
(xii) Sale of equity shares						
a) Fellow subsidiary						
- GMRHL	-	-	-	-	478.20	-
(xiii) Logo fee						
a) Enterprises that control the Company						
- GHPL	43.15	87.97	83.34	40.62	26.79	48.66
(xiv) Dividend paid						
a) Enterprises that control the Company						
- GIL	-	-	-	-	-	7.57
(xv) Unsecured loan given by the Group						
a) Fellow subsidiaries						
- DSPL	8.20	1,770.00	1,640.00	-	-	-
- GTAEPL	-	-	-	-	-	324.86
- GTTEPL	-	-	-	-	-	415.14
- GCAPL	-	-	-	-	227.20	-
- CIL	-	-	-	112.90	410.20	-
b) Enterprises where significant influence exists						
- HEGL	-	-	-	-	351.42	-
c) Enterprises where Key Management Personnel and their relatives exercise significant influence						
- GVF	-	-	-	-	2.50	-



Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
(xvi) Unsecured loan refunded to the Group						
a) Fellow subsidiaries						
- DSPL	750.00	-	1,640.00	-	-	-
- GAPL	0.01	-	-	-	-	-
- KSPL	2.24	-	-	-	-	-
- CIL	137.00	-	-	-	-	-
b) Enterprises where Key Management Personnel and their relatives exercise significant influence						
- GVF	-	-	-	-	2.50	-
(xvii) Unsecured loan refunded by the Group						
a) Fellow subsidiaries						
- GPEPL	-	350.00	-	-	-	-
- GIML	2,398.48	-	-	-	-	-
- GETL	2,725.00	-	-	-	-	-
- GAL	187.50	-	-	-	-	-
- GEPML	13.70	-	-	-	-	-
b) Enterprises that control the Company						
- GIL	1,036.13	7,071.28	250.00	-	-	-
(xviii) Unsecured loan taken by the Group						
a) Enterprises that control the Company						
- GIL	2,036.13	9,855.90	7,740.00	-	8,000.00	-
b) Fellow subsidiaries						
- GIML	758.88	-	2,732.48	-	-	-
- GAL	-	187.50	-	-	-	-
- GADL	-	285.00	-	-	-	-
- GHIAL	-	1,000.00	-	-	-	-
- GEPML	-	13.70	-	-	-	-
- GPEPL	-	350.00	-	-	-	-
- GADLIL	412.05	-	-	-	-	-
- GETL	4,975.50	-	-	-	-	-
- GISPL	3,170.50	-	-	-	-	-
c) Jointly controlled entities						
- GEMSCR	150.50	-	-	-	-	-
(xix) Intercompany deposits given						
a) Fellow subsidiary						
- GETL	-	-	5.00	-	-	-
b) Enterprises where significant influence exists						
- GCHEPL	-	-	-	-	-	1,182.70
(xx) Interest on intercompany deposit						
a) Enterprises where significant influence exists						
- GCHEPL	-	-	-	-	-	26.96

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
(xxi) Intercompany deposits refunded						
a) Fellow subsidiary						
- GETL	-	-	5.00	-	-	-
(xxii) Advances given						
a) Fellow subsidiary						
- RSSL	42.08	-	-	-	-	-
(xxiii) Interest on unsecured loans taken						
a) Enterprises that control the Company						
- GIL	540.62	1,128.18	995.74	786.25	136.77	-
b) Fellow subsidiaries						
- GIML	2.41	29.34	11.08	-	-	-
- GPEPL	-	11.58	-	-	-	-
- GHIAL	62.67	11.64	-	-	-	-
- GAL	3.72	0.64	-	-	-	-
- GADL	17.86	0.68	-	-	-	-
- GEPML (March 31, 2013 : Rs. 3,539)	0.01	0.00	-	-	-	-
- GADLIL	0.57	-	-	-	-	-
- GISPL	16.40	-	-	-	-	-
- GETL	46.38	-	-	-	-	-
(xxiv) Interest on unsecured loans given						
a) Fellow subsidiaries						
- GTAEPL	1.63	3.25	3.25	3.25	3.25	0.61
- GTTEPL	2.08	4.15	4.15	4.15	4.15	0.78
- DSPL	66.05	136.98	52.00	-	-	-
- GETL (March 31, 2012: Rs. 3,288)	-	-	0.00	-	-	-
- CIL	1.71	8.52	0.60	-	-	-
(xxv) Civil works						
a) Fellow subsidiary						
- GPPL	-	-	-	4.95	-	-
(xxvi) Purchase of material / fixed assets						
a) Fellow subsidiary						
- GKSL	-	-	-	0.20	2.48	-
(xxvii) Management fees (cross charges)						
a) Enterprises that control the Company						
- GIL	248.25	379.26	663.00	570.38	6.02	-
(xxviii) Management fees reversed (cross charges)						
a) Enterprises that control the Company						
- GIL	-	311.50	-	-	-	-
(xxix) Advertising Charges						
a) Fellow subsidiary						
- TIM	-	0.11	-	-	-	-
(xxx) Technical Consultancy						
a) Fellow subsidiary						
- RSSL	-	0.56	-	-	-	-
(xxxi) Software annual maintenance charges						
a) Fellow subsidiary						
- GCAPL	3.13	14.77	-	-	-	-
(xxxii) Rent paid / payable						
a) Fellow subsidiaries						
- GBPPL	-	-	97.89	125.06	34.63	46.50
- GCAPL	6.12	40.72	63.57	43.29	-	-
- DGPPL	-	-	-	12.71	-	-
- DIAL	9.03	9.62	12.12	4.13	-	-
- SRPPL	-	-	1.24	0.45	-	-
- BOPPL	-	-	2.00	0.71	-	-
- CPPL	-	-	1.74	0.62	-	-
- GPL	-	-	1.12	0.41	-	-
- HPPL	-	-	0.83	0.31	-	-
- PAPPL	-	-	1.69	0.60	-	-
- SPPL	-	-	4.18	1.44	-	-
- APPL	-	-	0.15	0.06	-	-
- AKPPL	-	-	0.22	0.08	-	-
- GHIAL	0.17	-	-	-	-	-
b) Enterprises where Key Management Personnel and their relatives exercise significant influence						
- GFFT	48.31	152.43	44.23	-	-	-
c) Key Management Personnel						
- Mr. B. V. N. Rao	-	-	-	-	0.22	-

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
(xxiii) Security deposit paid						
a) Fellow subsidiaries						
- GBPPL	-	-	-	121.09	20.13	-
- APPL	-	-	-	0.25	-	-
- AKPPL	-	-	-	0.37	-	-
- CPPL	-	-	-	2.78	-	-
- GPL	-	-	-	1.86	-	-
- HPPL	-	-	-	1.38	-	-
- DGPPL	-	-	-	10.00	-	-
- PUPPL	-	-	-	2.71	-	-
- SRPPL	-	-	-	2.04	-	-
- BOPPL	-	-	-	3.18	-	-
- SPPL	-	-	-	6.32	-	-
- GCAPL	-	-	27.76	19.50	-	-
- KSPL	-	-	-	536.81	-	-
- RSSL	-	11.11	32.78	1.44	40.13	22.17
- GETL	-	8.00	-	-	-	-
- GBSPL	-	6.50	-	-	-	-
- GADL	-	0.11	-	-	-	-
b) Enterprises where Key Management Personnel and their relatives exercise significant influence						
- GFFT	-	29.55	223.51	-	-	-
c) Key Management Personnel						
- Mr. B. V. N. Rao	-	-	-	-	0.06	-
(xxiv) Security deposit refunded						
a) Fellow subsidiaries						
- GBPPL	-	-	156.31	-	-	67.75
- GBSPL	-	6.50	-	-	-	-
- RSSL	6.10	-	-	-	-	-
- GETL	8.00	-	-	-	-	-
b) Key Management Personnel						
- Mr. B. V. N. Rao	-	-	0.06	-	-	-
c) Enterprises where Key Management Personnel and their relatives exercise significant influence						
- GFFT	-	9.83	-	-	-	-
(xxv) Land advance paid						
a) Fellow subsidiary						
- PAPPL	-	-	-	146.00	-	-
(xxvi) Security charges paid						
a) Fellow subsidiary						
- RSSL	91.42	264.98	177.43	72.00	-	-
(xxvii) Business promotion expenses						
a) Fellow subsidiary						
- GSPL	-	-	-	7.24	-	-
(xxviii) Man power deputation charges						
a) Fellow subsidiary						
- GADL	-	1.19	-	-	-	-
(xxix) Purchase of duty scrips towards custom duty						
a) Fellow subsidiary						
- GHIAL	-	34.49	-	-	-	-
(xl) Donations						
a) Enterprises where Key Management Personnel and their relatives exercise significant influence						
- GVF	13.00	34.54	60.13	60.03	49.54	36.16
(xli) Fee for utilization of aircraft						
a) Fellow subsidiaries						
- GIDL	-	-	-	-	-	13.23
- GAPL	70.64	121.57	221.40	249.56	205.37	2.31
(xlii) Debenture issue expenses paid						
a) Enterprises that control the Company						
- GIL	-	-	124.09	-	-	-
(xliii) Unsecured, redeemable non-convertible debentures issued						
a) Enterprises that control the Company						
- GIL	-	6,500.00	3,500.00	-	-	-

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
(xiv) Unsecured, redeemable non-convertible debentures redeemed						
a) Enterprises that control the Company						
- GIL	50.00	116.25	8.75	-	-	-
(xv) Advance towards unsecured, redeemable and non convertible debenture redemption including debenture redemption premium						
a) Enterprises that control the Company						
- GIL	69.00	-	126.64	-	-	-
(xvi) Redemption premium on unsecured, redeemable and non convertible debentures						
a) Enterprises that control the Company						
- GIL	704.03	1,344.95	18.05	-	-	-
(xvii) Purchase of software license						
a) Fellow subsidiary						
- GCA PL	-	5.07	2.10	-	-	-
(xviii) Prompt payment rebate paid						
a) Fellow subsidiary						
- GETL	4.39	27.66	78.85	58.84	17.09	37.02
(xix) Capital expenditure towards EPC contract (including mobilisation advances )						
a) Enterprises that control the Company						
- GIL	754.47	884.31	1,436.00	315.44	-	-
b) Fellow subsidiary						
- GPPL	-	-	-	-	30.38	1,652.04
(l) Managerial remuneration						
a) Key Management Personnel						
- Mr. B.V.N. Rao	10.15	22.01	23.06	25.18	32.92	10.76
- Mr. K.V.V. Rao	11.66	14.70	11.19	17.90	14.88	5.15
- Mr. Raaj Kumar	-	29.72	30.27	26.59	11.76	3.64
- Mr. Bhaskar Ananda Rao	4.36	-	-	-	-	-
(li) Income from sale of electrical energy						
a) Fellow subsidiary						
- GETL	761.03	1,813.70	4,577.45	3,576.42	1,815.44	3,426.89
(lii) 1% cumulative redeemable preference shares allotted against share application money						
a) Enterprises that control the Company						
- GIL	-	-	150.00	-	-	-
(liii) 1% non cumulative redeemable preference shares allotted (including securities premium)						
a) Enterprises that control the Company						
- GIL	-	2,250.00	-	-	-	-
(liv) Letter of credit availed / (expired) by the Group Company						
a) Fellow subsidiary						
- GETL	-	(187.20)	187.20	-	-	-
(lv) Corporate guarantee (expired) / given						
a) Fellow subsidiary						
- GETL	(770.00)	1,370.00	-	-	-	-
(lvi) Advance received						
a) Fellow subsidiary						
- GETL	-	1,792.53	-	-	-	-
b) Jointly controlled entities						
- GEMSCR	-	172.62	-	-	-	-
- PTGEMS	-	91.49	-	-	-	-

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
(lvii) Advance received adjusted against revenue invoiced						
a) Fellow subsidiary						
- GETL	556.30	830.68	-	-	-	-
b) Jointly controlled entities						
- GEMSCR	172.62	-	-	-	-	-
(lviii) Disinvestment in equity shares						
a) Fellow subsidiaries						
- GJEPL	-	48.31	-	-	-	-
- GPEPL	-	56.58	-	-	-	-
- GUEPL	-	81.49	-	-	-	-
(lix) Pledge of deposit for loan given / (expired)						
a) Fellow subsidiary						
- GETL	500.00	(150.00)	400.00	-	-	-
(lx) Provision for doubtful loans and advances						
a) Fellow subsidiary						
- CIL	493.20	493.20	-	-	-	-
(lxi) Miscellaneous expenses						
a) Fellow subsidiary						
- GHIAL	0.20	-	-	-	-	-
<b>(lxii) Outstanding balances as at the period / year end:</b>						
a) Loans and advances to related parties:						
i) Fellow subsidiaries						
- CIL	493.20	630.20	593.34	519.11	410.20	-
- GACEPL	227.20	227.20	227.20	227.20	227.20	-
- GTTEPL	415.14	415.14	415.14	415.14	415.14	415.14
- GTAEPL	324.86	324.86	324.86	324.86	324.86	324.86
- DSPL	1,028.20	1,770.00	-	-	-	-
- GAPL	-	0.01	-	-	-	-
- KSPL	-	2.24	-	-	-	-
ii) Enterprises where significant influence exists						
- GCHEPL	-	-	-	-	-	1,182.70
- HEGL	-	-	-	-	351.42	-
b) Capital advances						
i) Fellow subsidiary						
- PAPPL	146.00	146.00	146.00	146.00	-	-
ii) Enterprises that control the Company						
- GIL	44.01	430.12	116.03	251.54	-	-
- GHPL	-	0.23	-	-	-	-
c) Advances recoverable in cash or kind						
i) Enterprises that control the Company						
- GIL	0.15	0.15	3.23	1.73	3.95	-
d) Security deposit						
i) Fellow subsidiaries						
- GBPPL	11.13	11.13	11.13	167.44	46.35	26.22
- KSPL	536.81	536.81	536.81	536.81	-	-
- RSSL	39.23	45.33	34.22	1.44	-	-
- GCA PL	47.26	47.26	47.26	19.50	-	-
- DGPPL	10.00	10.00	10.00	10.00	-	-
- SRPPL	2.04	2.04	2.04	2.04	-	-
- SPPL	6.32	6.32	6.32	6.32	-	-
- APPL	0.25	0.25	0.25	0.25	-	-
- BOPPL	3.18	3.18	3.18	3.18	-	-
- CPPL	2.78	2.78	2.78	2.78	-	-
- GPL	1.86	1.86	1.86	1.86	-	-
- HPPL	1.38	1.38	1.38	1.38	-	-
- PUPPL	2.71	2.71	2.71	2.71	-	-
- A KPPL	0.37	0.37	0.37	0.37	-	-
- GETL	-	8.00	-	-	-	-
- GADL	0.11	0.11	-	-	-	-
ii) Due from Key Management Personnel						
- Mr. B. V. N. Rao	-	-	-	0.06	0.06	-
iii) Enterprises where Key Management Personnel and their relatives exercise significant influence						
- GFFT	243.23	243.23	223.51	-	-	-

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
e) Trade receivables						
i) Fellow subsidiaries						
- GETL	627.40	460.25	1,058.88	977.98	464.98	462.10
- GEPML	-	7.54	7.09	-	-	-
f) Non-trade receivables						
i) Fellow subsidiaries						
- KSPL	0.57	-	-	-	-	-
- GHIAL	0.92	-	-	-	-	-
g) Trade payables						
i) Enterprises that control the Company						
- GHPL	56.05	54.21	32.01	40.57	26.79	48.66
- GIL	870.84	724.75	639.47	204.17	-	-
ii) Fellow subsidiaries						
- GCAPL	3.04	23.78	4.76	0.55	-	-
- GAPL	89.53	70.74	11.50	-	-	-
- DIAL	0.04	0.11	0.18	-	-	-
- GETL	-	1.07	-	-	-	-
- GHIAL	5.85	11.72	-	-	-	-
- RSSL	43.72	51.82	24.68	2.81	-	-
iii) Enterprises where Key Management Personnel and their relatives exercise significant influence						
- GFFT	31.31	21.65	-	-	-	-
- GVF	2.84	1.74	-	-	-	-
h) Retention money payable						
i) Fellow subsidiary						
- GPPL	-	-	-	-	-	92.20
i) Unsecured loan payable						
i) Enterprises that control the Company						
- GIL	19,274.62	18,274.62	15,490.00	8,000.00	8,000.00	-
ii) Fellow subsidiaries						
- GIML	1,264.85	2,904.40	2,732.48	-	-	-
- GEPML	-	13.70	-	-	-	-
- GAL	-	187.50	-	-	-	1,008.28
- GADL	285.00	285.00	-	-	-	-
- GHIAL	1,000.00	1,000.00	-	-	-	-
- GADLIL	412.05	-	-	-	-	-
- GETL	2,250.50	-	-	-	-	-
- GISPL	3,170.50	-	-	-	-	-
iii) Jointly controlled entities						
- GEMSCR	150.50	-	-	-	-	-
j) Share application money pending allotment						
i) Enterprises that control the Company						
- GIL	-	-	-	150.00	-	510.00
ii) Fellow subsidiary						
- GEPML	5,423.93	-	-	-	-	-
k) Interest accrued but not due on loans taken by the Group						
i) Enterprises that control the Company						
- GIL	997.19	539.55	972.73	226.56	-	-
ii) Fellow subsidiaries						
- GIML	13.84	9.76	-	-	-	-
- GETL	4.72	-	-	-	-	-

Particulars	For the period / years ended					
	September 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
l) Interest accrued on unsecured loans given by the Group						
i) Fellow subsidiaries						
- GTAEPL	1.49	3.21	-	-	-	-
- GTTEPL	1.91	4.10	-	-	-	-
- CIL	12.62	9.35	-	-	-	-
- DSPL	177.17	123.28	-	-	-	-
m) Pledge of deposit for loan						
i) Fellow subsidiary						
- GETL	750.00	250.00	400.00	-	-	-
n) Unsecured, redeemable and non convertible debentures						
i) Enterprises that control the Company						
- GIL	9,825.00	9,875.00	3,491.25	-	-	-
o) Advance towards unsecured, redeemable and non convertible debentures redemption including debenture redemption premium						
i) Enterprises that control the Company						
- GIL	59.10	-	126.64	-	-	-
p) Advance for investment in share application money						
i) Enterprises where significant influence exists						
- GCHEPL	-	-	-	-	-	277.50
ii) Fellow subsidiaries						
- DIAL	-	-	-	-	1,250.00	1,250.00
- EDWPCP	-	-	-	-	15.44	-
q) Advance from customers						
i) Fellow subsidiaries						
- GETL	405.55	961.85	-	-	-	-
ii) Jointly controlled entities						
- GEMSCR	-	172.62	-	-	-	-
- PTGEMS	105.58	91.49	-	-	-	-
r) Corporate guarantee outstanding						
i) Fellow subsidiary						
- GETL	600.00	1,370.00	-	-	-	-
s) Letter of credit availed by the Group company						
i) Fellow subsidiary						
- GETL	-	-	187.20	-	-	-

**Notes:**

1. Certain shares of the Company have been pledged by Company and GIL as security towards the borrowings by GIL and the Group.
2. The above information has been determined to the extent such parties have been identified on the basis of information provided by the management of the Group.
3. The Group has provided securities by way of pledge of investments for loans taken by certain companies in the Group.
4. The Company has offered its plant and machinery in connection with a rupee term loan availed by GIL, an enterprise that controls the Company. For further details, please refer Annexure XIA and XIB.
5. Remuneration to key managerial personnel does not include provision for gratuity, superannuation and premium for personal accidental policy, as the same are determined for the Group as a whole.
6. The above statement should be read with the notes to the restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV.

**GMR Energy Limited**  
**Annexure XXV - Restated consolidated summary statement of dividend**

Particulars	Face Value (Rs.)	For the period/ years ended					
		September 30, 2013 Rs. in Million	March 31, 2013 Rs. in Million	March 31, 2012 Rs. in Million	March 31, 2011 Rs. in Million	March 31, 2010 Rs. in Million	March 31, 2009 Rs. in Million
<b>Issued, subscribed and fully paid-up shares</b>							
Equity shares	10	7,181.98	7,181.98	7,181.98	7,181.98	7,181.98	5,869.33
1% non-cumulative redeemable preference shares	10	2,151.09	2,151.09	1,213.59	1,213.59	1,213.59	5,726.50
0.0001% non-cumulative redeemable preference shares	10	1,714.75	1,714.75	1,805.00	1,900.00	2,000.00	-
1% cumulative redeemable preference shares	10	2,804.93	2,804.93	2,804.93	2,654.93	2,654.93	2,654.93
Compulsorily convertible cumulative preference shares ('CCCPs')	1,000	13,950.00	13,950.00	13,950.00	13,950.00	-	-
		<b>27,802.75</b>	<b>27,802.75</b>	<b>26,955.50</b>	<b>26,900.50</b>	<b>13,050.50</b>	<b>14,250.76</b>
<b>Dividend on equity shares</b>							
Dividend in %		-	-	-	-	-	-
Proposed dividend		-	-	-	-	-	-
Interim dividend		-	-	-	-	-	-
Dividend tax (including surcharge)		-	-	-	-	-	-
<b>Dividend on preference shares</b>							
(Rs.1,715) <sup>2</sup>		-	0.00	-	-	-	-
Tax on dividend for the for the year ended March 31, 2013 (Rs.291) <sup>2</sup>		-	0.00	-	-	-	-
(Rs.1,805) <sup>3</sup>		-	0.00	-	-	-	-
Tax on dividend for the for the year ended March 31, 2012 (Rs.294) <sup>3</sup>		-	0.00	-	-	-	-
Dividend for the year ended March 31, 2011		-	-	-	6.96	-	-
Interim dividend for the year ended March 31, 2011		-	-	-	4.13	-	-
Tax on dividend for the year ended March 31, 2011		-	-	-	43.75	-	-
<b>Dividend payable on preference shares</b>							
Preference dividend		159.32	138.11	95.50	54.41	27.87	1.31
Dividend tax (including surcharge)		25.84	22.41	15.88	9.04	4.74	0.22
<b>Total</b>		<b>185.16</b>	<b>160.52</b>	<b>111.38</b>	<b>118.29</b>	<b>32.61</b>	<b>1.53</b>

**Notes:**

1. The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profit and losses and cash flows as appearing in Annexure IV.
2. GEL has proposed dividend towards preference shares held by ICICI for the year ended March 31, 2013 out of the surplus balance as at April 1, 2012 in the statement of profit and loss.
3. Pertains to dividend declared for the year ended March 31, 2012 towards preference shares held by ICICI in the Annual General Meeting held on September 29, 2012 and has been recognised in the consolidated financial statements for the year ended March 31, 2013.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our restated consolidated financial information for each of fiscal years 2009, 2010, 2011, 2012, 2013 and the six months ended September 30, 2013, including the notes thereto and the report thereon, which appear elsewhere in this Draft Red Herring Prospectus. This financial information have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations and as described in the report of our auditors dated March 24, 2014, which is included under the section titled "Financial Statements" on page F-1 of this Draft Red Herring Prospectus. The restated consolidated financial information has been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP, the Companies Act and the ICDR Regulations.*

*Our restated consolidated financial information for the six months ended September 30, 2013 and for each of fiscal years 2012 and 2013 have been prepared and presented in accordance with the format prescribed under revised Schedule VI to the Companies Act, 1956 (the "**Revised Schedule VI**") pursuant to Notification S.O. 447(E) dated February 28, 2011 issued by the Ministry of Corporate Affairs, Government of India. Restated financial information relating to each of fiscal years 2009, 2010 and 2011 has been reclassified in accordance with Revised Schedule VI.*

*Our fiscal year ends on March 31 of each year; all references to a particular fiscal year are to the twelve month period ended March 31 of that year.*

*This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Such statements and views are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those expectations and forecasts. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in "Risk Factors" and "Presentation of Financial, Industry and Market Data" on page 17 and 13 of this Draft Red Herring Prospectus, respectively. Under no circumstances should the inclusion of such information in this Draft Red Herring Prospectus be regarded as a representation, warranty or prediction with respect to the accuracy of our underlying assumptions, or that these results will be achieved or are likely to be achieved.*

*In this section, a reference to the "Company" means GMR Energy Limited. Unless the context otherwise requires, references to "we," "us," "our" or "GEL" refers to GMR Energy Limited, its Subsidiaries, Associates and Joint Ventures, taken as a whole. Our subsidiaries and joint ventures are accounted for in accordance with Accounting Standards (AS) 21(notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013). – "Consolidated Financial Statements" and AS 27 - "Financial Reporting of Interests in Joint Ventures" respectively. Our associates are accounted for using the equity method in accordance with AS 23 – "Accounting for investments in associates in consolidated financial statements". For further details, see Annexure IV to our restated consolidated financial information included in this Draft Red Herring Prospectus.*

### Overview

We were incorporated in October 1996 with the objective of developing, constructing and operating power projects and we believe that we are one of the first private power generation companies in India. We had a gross operational capacity of 2,498 MW and an additional gross capacity of 2,318 MW under construction. Out of the 2,318 MW under construction, we expect two units of 685 MW capacity each to commence operations by the end of fiscal year 2015. In addition, we have a pipeline of power projects with an aggregate gross capacity of 3,695 MW that are currently under various stages of development.

Within the power generation business, we have followed a strategy of diversification in respect of our fuel source, geographic presence and offtake arrangements. We have 623 MW of gas-based, 200 MW of low-sulphur-heavy-stock ("LSHS") based, and 1,300 MW of coal-based capacity that is operational. Additionally, we have also diversified into renewable energy based power projects. We have 25 MW of operational solar power plant. In our portfolio of projects under construction, we have 1,370 MW of coal-based, 768 MW of gas-based and 180 MW of hydro-based plants. We are also in the process of developing 2,025 MW of hydroelectric power projects that have not yet commenced construction. Most of Our power projects are strategically located close to the fuel source to reduce our fuel transportation costs. While we initially began our operations with a focus on

the energy-deficient Southern region of India, we have now diversified across India with power projects in the Eastern, Western and Northern regions as well as into Nepal to develop large hydro power projects aimed at exporting power into India.

Our power offtake arrangements are intended to achieve a balance between risk, cash flow and revenue through a combination of long-term and short-term power purchase agreements ("PPAs"). At present, a majority of our offtake arrangements are long-term PPAs with various state utility boards. We also sell power on a short-term basis through a power trading company, GMR Energy Trading Limited ("GETL"), a company in which we own a 19% equity interest, and through other power exchanges.

We believe that we have access to an adequate supply of fuel for our coal-based power plants. We have secured long-term coal supply agreements with South Eastern Coal Fields Limited for the Warora Power Plant and Mahanadi Coal Fields Limited for the Phase I Kamalanga Power Project. We have also acquired equity interests in coal mining assets in India and Indonesia in order to mitigate fuel risk and reduce our dependency on third parties for the supply of coal. We own a 95% equity interest in PT Barasentosa Lestari ("PT BSL"), a subsidiary which has second generation Coal Contract of Work rights to explore and exploit coal from certain mining blocks located in Indonesia. We own an effective 28.5% equity interest in PT Golden Energy Mines Tbk ("GEMS"), a listed entity on the Jakarta Stock Exchange, which owns coal concessions in Indonesia. We have entered into a long-term coal supply agreement with GEMS for the supply of coal which can be used for our power projects in India.

We are part of the GMR Group, which is one of India's most diversified infrastructure conglomerates and which has significant experience and expertise in the development, construction and operation of large infrastructure projects. Our promoter company, GIL, has interests in airports, power, roads and EPC businesses. GIL is listed on the Bombay Stock Exchange and the National Stock Exchange and has a market capitalization of approximately Rs. 84,465.10 million as of March 26, 2014 based on the closing price on the BSE of Rs. 21.70 per share.

For fiscal years 2011, 2012, 2013 and the six months ended September 30, 2013, we generated consolidated income of Rs. 18,908.27 million, Rs. 20,404.52 million, Rs. 13,727.40 million and Rs. 10,183.43 million, respectively, from the sale of electrical energy; and Rs. 751.72 million, Rs. 1,992.53 million, Rs. 7,797.43 million and Rs. 3,332.07 million, respectively, from mining activities. We also generated consolidated revenue of Rs. 43.68 million and nil from the sale of certified emission reduction certificates ("CERs") in fiscal year 2013 and in the six months ended September 30, 2013, respectively. Our combined capital work-in-progress and intangible assets under development, which represents our cumulative capital expenditure to construct/develop power projects/ mines, was Rs. 41,949.37 million, Rs. 125,899.01 million, Rs. 164,353.18 million and Rs. 156,117.03 million as of March 31, 2011, 2012, 2013 and September 30, 2013, respectively.

### **Principal Factors Affecting our Results of Operations**

Our business, results of operations and financial condition are affected by a number of factors, including:

#### ***Effect of availability of fuel***

The ability to source adequate fuel at desirable prices, in light of electricity tariffs, is one of the key components in the success of our power generation business. Some of our power projects are fuelled by coal and natural gas. We have a gross capacity of 2,498 MW of operational power plants, which includes two natural gas-based power plants at Kakinada and Vemagiri, one LSHS-based power plant at Chennai, as well as the two units of our coal-based power project at Warora and three units of our coal based power project at Kamalanga. We have an additional gross capacity of 2,318 MW of power projects under construction. Out of the 2,318 MW under construction, we expect two units of 685 MW capacity each to commence operations by the end of fiscal year 2015.

Although we have entered into fuel supply arrangements with Reliance Industries Limited, Niko and BP Exploration (Alpha) Limited for the supply of natural gas with respect to our two operational natural gas-based power plants, we have experienced acute shortages in the supply of natural gas which have impacted our financial condition and results of operations. Since March 2013, the operations at our two natural gas-based power plants have stalled due to the unavailability of natural gas. Further, the construction of the Rajahmundry Power Project has been stalled since July 2012 due to the non-availability of natural gas. As such, income from sale of electrical energy from our natural gas-based Vemagiri power plant declined by 56.07% from Rs. 7,600.60 million in fiscal year 2011 to Rs. 3,339.22 million in fiscal year 2013. In the case of our natural gas based Kakinada power plant, the sale of electrical energy declined by 52.37% from Rs. 3,576.43 million in fiscal year 2011 to Rs. 1,703.55 million in fiscal year 2013. For the period ending September 30, 2013, we did not generate

electrical energy from the Kakinada project. In our Vemagiri plant, we generated some electrical energy as the plant was operated using RLNG in the month of April 2013 upon the request of APTRANSCO. Accordingly, we experienced a 32.72% decline in our income from sale of electrical energy from fiscal year 2012 to fiscal year 2013. For further details regarding the shortages in our supply of natural gas, see "*Our Business – Overview of Our Business – Our Operational Power Plants and Power Projects under Construction*" on page 152 in this Draft Red Herring Prospectus.

With respect to our coal-based power projects, we primarily source coal domestically from Coal India Limited. We also procure coal in the open market through e-auctions conducted by Coal India Limited. For one of our power projects, we have been awarded a captive coal block located in India. We also plan to import coal from Indonesia to meet any short-fall in the supply of domestic coal. If we are unable to obtain sufficient fuel through our coal linkages (including those to which we are entitled), we would be required to meet any deficits with coal purchased in the open market, which may cost more. Under most of our PPAs, however, we are entitled to recover our fuel costs.

### ***Revenue mix***

In fiscal year 2013, we primarily recognized income from the sale of electricity and from our operational coal mines under GEMS. Our power offtake arrangements are intended to achieve a balance between risk, cash flow and revenue through a mix of long-term and short-term PPAs. Currently, a majority of our offtake arrangements are long-term PPAs with different state utility boards. We have entered into long-term PPAs with respect to all the power produced from our Warora Power Project, Patan Power Plant, Chennai Power Plant and Vemagiri Power Plant, and a significant portion of the power produced from our Kamalanga Power Project. The 15 year PPA for Chennai Power Plant expired in February, 2014. We are in discussion with TANGEDCO for further extension. Under the present policy of the Government of India, our long-term PPAs make us eligible for supply of certain quantity of coal from Coal India Limited. Our long-term PPAs generally have terms of 25 years and provide a stable stream of revenue since these are usually take-or-pay arrangements. The tariffs typically consist of capacity and energy charges. Capacity charges are intended to cover our fixed costs with respect to the underlying power plant, and the energy charges are intended to cover our fuel costs, depending on the operational efficiency of the underlying power plant. Conversely our short-term PPAs and open market sale of power afford us greater revenue potential depending on prevailing market prices.

We also recognize income from mining activities primarily on account of our investment in GEMS. In fiscal year 2011, we acquired 28.50% effective equity interest in GEMS, which owns four producing and six non-producing coal concessions in Indonesia, and have recognized income from mining operations since fiscal year 2011. Our revenue from the income from mining activities accounted for 3.64%, 8.66%, 34.54% and 23.73% of our total income for fiscal years 2011, 2012, 2013 and for the six months ended September 30, 2013, respectively. As our investments in mining activities are primarily for meeting the fuel requirements of our power plants, we expect that the contribution of our mining activities to our overall revenues will decrease once all of our power plants under construction become operational.

In addition we also derived income from the sale of CERs based on our registration as clean development mechanism ("CDM") project for the Vemagiri Power Plant during the year ended March 31, 2013.

### ***Development status of our power projects and anticipated capital expenditures***

We plan to make significant investments in numerous power projects under construction and under development over the next several years. As of September 30, 2013, we had a gross capacity of 2,838 MW of power projects under construction, which includes one coal-based power plant at Chhattisgarh and one gas-based power plant at Rajahmundry, as well as the second and third units of Phase I of the coal-based power project at Kamalanga. Our plans to develop and construct our power projects will have a significant impact on our expected capital expenditures in the near to medium term. We anticipate incurring capital expenditure of Rs. 46,864.90 million and Rs. 53,503.00 million in fiscal years 2014 and 2015, respectively, primarily for the construction and development of our power projects.

In addition, we may also incur cost overruns on account for any increase in our project costs against our previous estimates due to various reasons including delays in estimated timelines. The costs associated with these power projects and the revenues we expect to derive from them could have a significant impact on our future financial condition and results of operations. For further details of our capital expenditure, see "*– Capital Expenditure*" in this Draft Red Herring Prospectus.

### ***Ability to borrow funds at competitive rates***

Power projects, by their nature, are typically capital intensive and may require high levels of debt financing. Our finance costs represented 8.39%, 7.80%, 20.98% and 26.96% of our total expenses in fiscal years 2011, 2012 and 2013 and the six months ended September 30, 2013, respectively. In the past, we have been able to raise debt financing on terms acceptable to us. As of September 30, 2013, we had total long-term borrowings of Rs. 188,576.58 million and short-term borrowings of Rs. 57,200.40 million. See also, "*Financial Indebtedness*" on page 302. In order to complete our power projects under construction and develop our coals assets held under PT BSL and Rampia Coal Mine, we expect to incur capital expenditures of US\$72 million and Rs. 867 million, respectively, of which we have received debt disbursements of US\$40 million for PT BSL.

Our debt service costs as well as our overall cost of funding depend on many external factors, including developments in the regional credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. We believe that in the future, the availability of cost effective funding will be crucial and the non-availability of such funding at favorable terms could affect our business, financial condition and results of operations. We believe that, with the continued growth of our businesses and reputation in the infrastructure sector, we may be able to obtain debt financing on competitive terms. However, if for any reason we are unable to obtain adequate financing in a timely manner and on acceptable terms, or at all, our financial condition and earnings could be adversely affected.

### ***Income tax***

Each of our subsidiaries that has developed, or is developing, a power plant in India (other than power plants that did not begin to generate and distribute power before March 31, 2014), has been granted a 10-year tax concession by the Government of India, during which time such subsidiary is only subject to Indian income tax at the minimum alternate tax rate (currently 18.5%), instead of the normal income tax rate (currently 30%). 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 from the date on which the subsidiary begins to generate and distribute power. There can be no assurance that the Government of India will continue to provide such tax benefits in the future. If such tax benefits were to be revoked, our profits may significantly decrease. The amount of income tax payable with respect to sale of power does not currently affect the financial performance of GPCL or VPGL, as under the PPAs for the Chennai Power Plant and the Vemagiri Power Plant, the power purchasers are required to reimburse us for any current income tax paid on income from operation. Furthermore, there have been proposals to impose a direct tax code and goods and services tax in India, which, if adopted, could affect our operating power plants and our projects under construction or development in India.

Further, the Government of India has granted Mega Power Project Status to our 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 import of goods and services for setting up the plants. 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 grant of the provisional Mega Power Project status. However, we need to secure coal linkage for this project in order to bid for these PPAs. As at the date of this Draft Red Herring Prospectus, only 35% of the capacity of our Chhattisgarh Power Project is tied-up under tariff based competitive bidding. Accordingly, our Chhattisgarh Power Project may not qualify as a Mega Power Project, if we do not fulfill the abovementioned requirement by September 2016. See also, the risk factor titled "*We may be unable to realize the benefits from the Mega Power Project status related tax and other benefit, as a result of which, our financial condition and results of operations may be materially and adversely affected*" in this Draft Red Herring Prospectus. Other statutory taxes and other levies may similarly affect the margins in the event of our inability to pass on such expense to our 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 and financial condition.

### ***Dependence on the regulatory framework***

The growth of the power industry in India as well as our business is dependent on stable government policies and prudent regulations. Power generation has historically been the domain of the central and state governments, and has been constrained by various factors such as shortages of public funding, political considerations and issues of transparency and accountability. Changes in government policies have facilitated the entry of private capital into the Indian power industry and have led to rapid growth in the sector. Further, the government's focus has also led to an increase in captive power generation capacity in India. Government budgetary allocations for power

projects, Government priorities with respect to infrastructure development, and capital expenditure by the private sector will determine the number and nature of power projects, which will in turn have a significant impact on our prospects and operating results. Additionally, the Government's power sector policy may also determine the mix of power sold by us under long-term and short-term PPAs in the future which may affect the stability of our revenue stream. For further details, see "Regulations and Policies" and "Industry Overview" on page 181 and page 124, respectively.

### ***Basis Of Presentation Of Financial Statements***

Pursuant to Notification S.O. 447(E) dated February 28, 2011, the old Schedule VI of the Companies Act was replaced with the Revised Schedule VI, which significantly changes the presentation of, and disclosure made in, the financial statements of Indian companies. Accordingly, we have modified the manner in which we present our consolidated financial statements as of and for the years ended March 31, 2012 and 2013 so that the presentation of such financial statements is consistent with the Revised Schedule VI, which became applicable to us during fiscal year 2012. In connection with this exercise, we have reclassified our restated consolidated financial statements as of and for the years ended March 31, 2009, 2010 and 2011 in order to provide comparability with our restated consolidated financial statements as of and for the year ended March 31, 2012.

The adoption of the Revised Schedule VI does not impact the recognition and measurement principles followed for the preparation of our financial statements. However, it does have a significant impact on the presentation of, and disclosure made in our financial statements, particularly with respect to the presentation of the statement of assets and liabilities. As a result, for financial periods ending subsequent to fiscal year 2012, we have presented all financial statements in accordance with the Revised Schedule VI.

The discussion below in this section compares:

- (i) the financial condition, results of operations and cash flows for the year ended March 31, 2013, based on our restated consolidated financial statements as of and for the year ended March 31, 2013, with that as of and for the year ended March 31, 2012, each presented in accordance with the format prescribed by the Revised Schedule VI;
- (ii) the financial condition, results of operations and cash flows as of and for the year ended March 31, 2012, based on our restated consolidated financial statements as of and for the year ended March 31, 2012, presented in accordance with the format prescribed by the Revised Schedule VI with that as of and for the year ended March 31, 2011, reclassified in accordance with the format prescribed by the Revised Schedule VI; and
- (ii) the financial condition, results of operations and cash flows as of and for the year ended March 31, 2011, based on our restated consolidated financial statements as of and for the year ended March 31, 2011, with that as of and for the year ended March 31, 2010, each reclassified in accordance with the format prescribed by the Revised Schedule VI.

### ***Critical Accounting Policies***

In preparing our consolidated financial statements in conformity with Indian GAAP, we make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. We base these judgments, estimates and assumptions on our historical experience and on various assumptions that we believe to be reasonable under the circumstances, the results of which form our basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our financial performance may differ if prepared under different assumptions or conditions. For additional information, see note 1.2 in Annexure IV to our restated consolidated financial information included in this Draft Red Herring Prospectus.

Some of our accounting policies require a higher degree of judgment than others in their application. The most significant policies involving our judgment and estimates are described below.

### ***Revenue recognition***

#### ***Power sector business***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized. In the case of power generating companies, revenue from energy units sold as per the terms of the PPA and letter of intent is recognized on an accrual basis and includes unbilled revenue accrued up to the end of

the accounting period/year. Revenue from energy units sold on a merchant basis is recognized in accordance with billings made to the customers based on the units of energy delivered and rates agreed with customers.

Revenue from the sale of coal is recognized 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-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 we are entitled to under the PPAs, are accounted for in the period/year of acceptance.

### ***Fixed assets***

#### ***Tangible assets***

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and freight, duty levies and borrowing costs if capitalization 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 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 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.

We adjust 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 depreciate it over the remaining life of the asset. In accordance with the Ministry of Corporate Affairs ("**MCA**") circular dated August 9, 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, we do not differentiate between exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost and other exchange differences.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Tangible assets under installation or under construction as at the balance sheet date are shown as 'capital work-in-progress' and the related advances are shown as 'loans and advances'.

#### ***Intangible assets***

Computer software where the estimated useful life is one year or less is charged to the statement of profit and loss in the year of purchase. Computer software purchased by us, which has an estimated useful life exceeding one year, is capitalized.

### ***Depreciation / amortisation***

Depreciation on plant and machinery is provided using straight line method at the rate of 5.28% per annum until a period of 12 years from the date of commencement of commercial operations. After a period of 12 years from the date of commencement of commercial operations, the remaining written down value at the end of 12th year from the date of commercial operations 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) Regulation, 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 which individually cost Rs. 5,000 or less, which are fully depreciated in the year of acquisition:

	Rate of depreciation
Buildings – Factory and office	3.34%
Office equipment – Computers (including software)	15.00%
Office equipment – Others	6.33%
Vehicles	9.50%
Furniture and fixtures	6.33%

*Other entities:*

Depreciation for domestic subsidiaries, jointly controlled entities and associates, we use the higher of (i) the straight line method at rates specified under Schedule XIV of the Companies Act, 1956 or (ii) rates based on useful lives of the assets which are estimated by the management, except for assets which individually cost less than Rs. 5,000, which are fully depreciated in the year of acquisition.

Leasehold land is amortized over the tenure of the lease, except power plants which are amortized from the date of commercial operation. Leasehold improvements are amortized over the shorter of (i) the primary period of the lease or (ii) estimated useful life.

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.

Depreciation for overseas subsidiaries, associates and jointly controlled entities are based on estimated useful lives of the fixed assets as determined by the management of such subsidiaries, associates and jointly controlled entities. With respect to the different sets of environments in which such foreign subsidiaries, associates and jointly controlled entities operate in their respective countries, depreciation is provided based on local laws and management estimates. These companies follow the 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, associates and jointly controlled entities with those of the domestic subsidiaries and jointly controlled entities.

The estimated useful lives of the assets considered by such overseas entities are as follows:

	Useful life in years
Leasehold improvements	3 to 16
Buildings	5 to 20
Plant and machinery	4 to 16
Furniture and fixtures	3 to 15
Computer equipment and office equipment	3 to 20
Motor vehicles	4 to 8

Goodwill arising on consolidation is not amortized but tested for impairment.

Computer software is amortized based on the useful life of one to six years on a straight-line basis as estimated by the management.

***Impairment of tangible and intangible assets***

We assess 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, we estimate 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.

We base our impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of our CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover 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 recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to the revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to 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 recognized impairment losses may no longer exist or may have decreased. If such indication exists, we estimate the asset's or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior period/years. Such reversal is recognized 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.

### **Investments**

Investments, which are readily realizable and are intended to be held for not more than one year from the date on which such investments are made, are classified as 'current investments' on the balance sheet. 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 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 recognize 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.

### **Results of Operations**

Our restated consolidated financial information is included under "*Financial Statements*" on page F-1. The following table sets forth selected data with respect to our results of operations for the periods indicated.

(Rs.In Millions)					
Particulars	For the fiscal year ended March 31,				
	2009	2010	2011	2012	2013
<b>Income</b>					
Revenue from operations					
Income from sale of electrical energy	18,742.68	19,184.03	18,908.27	20,404.52	13,727.40
Income from mining activities	—	—	751.72	1,992.53	7,797.43
Toll income from expressways	48.92	111.31	—	—	—
Other operating income					
Sale of certified emission reductions	—	—	—	—	43.68
Other income	706.78	1,281.70	1,002.77	623.88	1,007.99
<b>Total income (i)</b>	<b>19,498.38</b>	<b>20,577.04</b>	<b>20,662.76</b>	<b>23,020.93</b>	<b>22,576.50</b>
<b>Expenses</b>					
Consumption of fuel	13,449.85	13,832.18	12,657.35	14,344.39	10,204.02
Sub-contracting expenses	570.39	612.10	1,557.06	2,147.63	6,611.08



Particulars	For the fiscal year ended March 31,				
	2009	2010	2011	2012	2013
Consumption of stores and spares	201.29	130.73	138.72	289.10	103.99
Employee benefit expenses	132.23	324.74	319.71	532.91	810.87
Other expenses	1,363.16	1,420.38	1,949.27	2,743.79	3,603.07
Depreciation and amortisation expenses	1,475.72	939.67	1,138.69	1,208.69	1,574.72
Finance costs	1,292.92	1,240.25	1,626.42	1,798.84	6,083.62
<b>Total expenses (ii)</b>	<b>18,485.56</b>	<b>18,500.05</b>	<b>19,387.22</b>	<b>23,065.35</b>	<b>28,991.37</b>
<b>Restated (loss) / profit before exceptional items, tax expenses, minority interest and share of (loss)/profit of associates (iii = i – ii)</b>	<b>1,012.82</b>	<b>2,076.99</b>	<b>1,275.54</b>	<b>(44.42)</b>	<b>(6,414.87)</b>
<b>Exceptional items</b>					
Loss on impairment of assets in a subsidiary	–	–	–	–	(2,506.66)
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss)/profit of associates</b>	<b>1,012.82</b>	<b>2,076.99</b>	<b>1,275.54</b>	<b>(44.42)</b>	<b>(8,921.53)</b>
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates from continuing operations .....</b>	<b>1,092.50</b>	<b>2,133.31</b>	<b>1,512.30</b>	<b>973.66</b>	<b>(5,218.33)</b>
<b>Tax expenses from continuing operations</b>					
Current tax	290.44	220.16	475.86	403.34	402.93
Deferred tax expenses / (credit)	–	(364.48)	324.65	296.76	149.87
Fringe benefit tax	5.24	–	–	–	–
<b>Restated (loss) / profit after tax expenses and before minority interest and share of (loss)/profit of associates from continuing operations</b>	<b>796.82</b>	<b>2,277.63</b>	<b>711.79</b>	<b>273.56</b>	<b>(5,771.13)</b>
Minority interest - share of loss/ (profit) from continuing operations	(171.33)	(562.63)	(381.20)	(584.56)	(442.57)
<b>Restated (loss) / profit after minority interest and share of (loss)/ profit of associates from continuing operations (iv)</b>	<b>625.49</b>	<b>1,715.00</b>	<b>330.59</b>	<b>(311.00)</b>	<b>(6,213.70)</b>
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss) / profit of associates from discontinuing operations</b>	<b>(79.68)</b>	<b>(56.32)</b>	<b>(236.76)</b>	<b>(1,018.08)</b>	<b>(3,703.20)</b>
<b>Tax expenses from discontinuing operations</b>					
Current tax	–	–	13.42	9.41	–
Fringe benefit tax	0.58	–	–	–	–
<b>Restated (loss) / profit after tax expenses and before minority interest and share of (loss)/ profit of associates from discontinuing operations.....</b>	<b>(80.26)</b>	<b>(56.32)</b>	<b>(250.18)</b>	<b>(1,027.49)</b>	<b>(3,703.20)</b>
Share of (loss)/ profit of associates - share of loss from discontinuing operations	–	(227.60)	(90.56)	–	–
Minority interest - share of loss/ (profit) from discontinuing operations	39.33	159.24	102.82	489.72	279.93
<b>Restated (loss) / profit after minority interest and share of (loss)/ profit of associates from discontinuing operations (v)</b>	<b>(40.93)</b>	<b>(124.68)</b>	<b>(237.92)</b>	<b>(537.77)</b>	<b>(3,423.27)</b>
<b>Restated (loss) / profit for the year (vi = iv + v)</b>	<b>584.56</b>	<b>1,590.32</b>	<b>92.67</b>	<b>(848.77)</b>	<b>(9,636.97)</b>

(Rs.In Millions)

Particulars	For the six months ended September 30, 2013
<b>Income</b>	
Revenue from operations	
Income from sale of electrical energy	10,183.43
Income from mining activities	3,332.07
Other income	526.62
<b>Total income (i)</b>	<b>14,042.12</b>
<b>Expenses</b>	
Consumption of fuel	8,400.53
Sub-contracting expenses	2,554.54
Purchase of traded goods	54.72
Consumption of stores and spares	46.72
Employee benefit expenses	599.28
Other expenses	3,083.48
Depreciation and amortisation expenses	1,989.07
Finance costs	6,173.11
<b>Total expenses (ii)</b>	<b>22,901.45</b>
<b>♦ Restated (loss) / profit before exceptional items, tax expenses, minority interest and share of (loss)/ profit of associates (iii = i – ii)</b>	<b>(8,859.33)</b>
<b>Exceptional items</b>	
Profit on sale of assets held for sale	370.21
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates</b>	<b>(8,489.12)</b>
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates from continuing operations</b>	<b>(8,412.34)</b>
<b>Tax expenses from continuing operations</b>	
Current tax	255.14
Deferred tax expenses/ (credit)	11.30
<b>Restated (loss) / profit after tax expenses and before minority interest and share of (loss)/ profit of associates from continuing operations</b>	<b>(8,678.78)</b>
Minority interest - share of loss / (profit) from continuing operations	122.55
<b>Restated (loss) / profit after minority interest and share of (loss) / profit of associates from continuing operations (iv)</b>	<b>(8,556.23)</b>
<b>Restated (loss) / profit before tax expenses, minority interest and share of (loss) / profit of associates from discontinuing operations</b>	<b>(76.78)</b>
<b>Tax expenses from discontinuing operations</b>	
Current tax	-
Fringe benefit tax	-
<b>Restated (loss) / profit after tax expenses and before minority interest and share of (loss)/ profit of associates from discontinuing operations</b>	<b>(76.78)</b>
Share of (loss)/ profit of associates - share of loss from discontinuing operations	-
Minority interest - share of loss/ (profit) from discontinuing operations	-
<b>Restated (loss) / profit after minority interest and share of (loss)/ profit of associates from discontinuing operations (v)</b>	<b>(76.78)</b>
<b>Restated (loss) / profit for the period (vi = iv + v)</b>	<b>(8,633.01)</b>

## **Explanation of Key Income Statement Items**

### ***Income***

Our total income comprises revenue from operations, other operating revenue and other income.

#### ***Revenue from operations***

Our revenue from operations comprises income from sale of electrical energy and income from mining activities. Our revenue from operations represented 95.15%, 97.29%, 95.34% and 96.25% of our total income in fiscal years 2011, 2012, 2013 and the six months ended September 30, 2013, respectively.

#### ***Income from sale of electrical energy***

Income from sale of electrical energy comprises electricity sold by our power plants based on tariffs determined pursuant to our power purchase agreements to various state utilities and private parties in the open market and pursuant to short-term contracts. Our income from sale of electrical energy represented 96.18%, 91.10%, 63.77% and 75.35% of our revenue from operations in fiscal years 2011, 2012, 2013 and the six months ended September 30, 2013, respectively.

#### ***Income from mining activities***

Income from mining activities comprises of income from the sale of coal. Our income from mining activities represented 3.82%, 8.90%, 36.23% and 24.65% of our revenue from operations in fiscal years 2011, 2012 and 2013 and the six months ended September 30, 2013, respectively.

#### ***Other operating income***

Our other operating income comprises revenue from the sale of CERs. We started generating revenue from the sale of CERs in fiscal year 2013, which represented 0.19% of our total income in fiscal year 2013. CERs are issued to us based on our registration for CDM projects with the CDM Executive Board of the United Nations Framework Convention on Climate Change. For further detail, see “*Our Business – Revenue Sources – Carbon Credit Transactions*” on page 167.

#### ***Other income***

Our other income principally comprises of interest income on bank deposits and current investments, sale of current investments, recoverable insurance claims, net foreign exchange fluctuation gains, income from management and other technical services provided in connection with our investment in GEMS and other miscellaneous income. Our other income represented 4.85%, 2.71%, 4.46% and 3.75% of our total income in fiscal years 2011, 2012, 2013 and six months ended September 30, 2013, respectively.

### ***Expenses***

Our significant expenses include:

#### ***Consumption of fuel***

Consumption of fuel comprises consumption of natural gas, low-sulphur-heavy-stock and coal in our power plants. Consumption of fuel represented 65.29%, 62.19%, 35.20% and 36.68% of our total expenses in fiscal years 2011, 2012, 2013 and the six months ended September 30, 2013, respectively. Our expenses with respect to coal were first incurred in March 2013 when our Unit 1 of Warora Power Plant began operations.

#### ***Sub-contracting expenses***

Sub-contracting expenses comprise expenses related to the operation and maintenance of power plants and mining of coal, which have been sub-contracted to third-parties. Our sub-contracting expenses represented 8.03%, 9.31%, 22.80% and 11.15% of our total expenses in fiscal years 2011, 2012, 2013 and six months ended September 30, 2013, respectively.

#### ***Consumption of stores and spares***

Consumption of stores and spares mainly comprise spares and consumables required for the operation and maintenance of power plants. Consumption of stores and spares represented 0.72%, 1.25%, 0.36% and 0.20% of our total expenses in fiscal years 2011, 2012, 2013 and six months ended September 2013, respectively.

#### ***Employee benefit expenses***

Employee benefit expenses comprise salaries, wages and bonuses paid to the employees, contribution to the employees' provident and other funds and staff welfare expenses. Employee benefit expenses represented 1.65%,

2.31%, 2.80% and 2.62% of our total expenses in fiscal years 2011, 2012, 2013 and six months ended September 30, 2013, respectively.

#### *Other expenses*

Other expenses primarily consist of rent, rates and taxes, insurance, repairs and maintenance, advertising and sales promotion, travelling and conveyance, legal and professional fees, provision for doubtful advances/ non-trade receivables, exchange differences, prompt payment rebate and other miscellaneous expenses. Our expenses represented 10.05%, 11.90%, 12.43% and 13.46% of our total expenses in fiscal years 2011, 2012, 2013 and six months ended September 30, 2013, respectively.

#### *Depreciation and amortisation expenses*

Depreciation and amortisation expenses consist of depreciation on building, plant and machinery, office equipments, computers, furniture and fixtures and vehicles. Our depreciation and amortisation expense represented 5.87%, 5.24%, 5.43% and 8.69% of our total expenses in fiscal years 2011, 2012, 2013 and six months ended September 30, 2013, respectively. The increase in depreciation for the period ending September 30, 2013 is due to commencement of operations of two units of Warora plant and one unit of Kamalanga Phase 1 during the period under consideration.

#### *Finance costs*

Finance costs comprise interest and bank charges on our borrowings, amortisation of ancillary borrowing costs, including upfront fees and commitment fees, and exchange differences on foreign currency borrowings to the extent considered as an adjustment to borrowing cost. Our finance costs represented 8.39%, 7.80%, 20.98% and 26.96% of our total expenses in fiscal years 2011, 2012, 2013 and six months ended September 30, 2013, respectively.

### **Six Months Ended September 30, 2013**

Our total income in the six months ended September 30, 2013 was Rs. 14,042.12 million, comprising income from sale of electrical energy of Rs. 10,183.43 million, income from mining activities of Rs. 3,332.07 million and other income of Rs. 526.62 million. Income from the sale of electricity energy included income from two 300 MW units at our Warora plant, which commenced operations in the month of March 2013 and during the six months ended September 30, 2013, respectively.

Our total expenses was Rs. 22,901.45 million in the six months ended September 30, 2013, which included consumption of fuel of Rs. 8,400.53 million, subcontracting expenses of Rs. 2,554.54 million, other expenses of Rs. 3,083.48 million, depreciation and amortisation expenses of Rs. 1,989.07 million and finance costs of Rs. 6,173.11 million for the period, largely reflecting expenses in line with the commencement of operations of the two 300 MW units of our Warora Power Plant owned by EMCO in the month of March 2013 and during the period ended September 2013, respectively and Unit 1 of Phase 1 of our Kamalanga Power Plant during the six months ended September 30, 2013. Consumption of fuel and depreciation and amortisation included expenses incurred due the commencement of operations of two units of our Warora plant and one unit of Kamalanga Phase 1 during the period. Other expenses included transmission and distribution charges incurred as part of the power transmission agreement entered into in respect of our Warora plant and also repairs and maintenance expenses for our Warora plant incurred in connection with operations.

As a result of the forgoing, our restated loss before exceptional items, tax expenses, minority interest and share of loss of associates and restated loss for the period was Rs. 8,859.33 million and Rs. 8,633.01 million respectively for the six months ended September 30, 2013.

### **Comparison Of Fiscal Year 2013 And Fiscal Year 2012**

#### ***Income***

Our total income decreased by Rs. 444.43 million, or by 1.93%, from Rs. 23,020.93 million in fiscal year 2012 to Rs. 22,576.50 million fiscal year 2013.

#### ***Revenue from operations***

Our revenue from operations decreased by Rs. 872.22 million, or by 3.89%, from Rs. 22,397.05 million in fiscal year 2012 to Rs. 21,524.83 million in fiscal year 2013.

#### *Income from sale of electrical energy*

Income from sale of electrical energy decreased by Rs. 6,677.12 million, or by 32.72%, from Rs. 20,404.52 million in fiscal year 2012 to Rs. 13,727.40 million in fiscal year 2013. This was primarily due to lower availability of natural gas to fuel the Kakinada and the Vemagiri Power Plants, resulting in a reduction of electrical energy generated by these two power plants. In addition, the lower offtake of electrical energy by the TamilNadu Generation and Distribution Corporation Limited ("**TANGEDCO**") also resulted in a reduction in the electrical energy generated by the Chennai Power Plant. As a result of the reduction in the electrical energy generated by our Kakinada, Vemagiri and Chennai Power Plants, our income from sale of electrical energy declined in fiscal year 2013 as compared to fiscal year 2012.

#### *Income from mining activities*

Income from mining activities increased by Rs. 5,804.90 million, or by 291.33%, from Rs. 1,992.53 million in fiscal year 2012 to Rs. 7,797.43 million in fiscal year 2013. This was primarily due to recognition of Group's share of full-year revenue in fiscal year 2013 from our investment in GEMS, which owns four producing and six non-producing coal concessions in Indonesia ("**GEMS Coal Assets**"). We acquired a 28.50% effective equity interest in GEMS in November 2011 through our overseas subsidiary, GMR Coal Resources Pte Limited ("**GCRPL**"). We recognize revenue and expenses from GEMS Coal Assets during the calendar year (from January 1 to December 31) and account for our investment in GEMS in the consolidated financial statements based on our equity interest in GEMS. As such, the accounting year for GEMS lags three months behind from to our accounting year. As a result, our consolidated financial statements for fiscal year 2012 accounts for only one and a half months of operations of GEMS while our consolidated financial statements for fiscal year 2013 reflect the full-year (from January 1, 2012 to December 31, 2012) operations of GEMS.

#### *Other operating income*

We recognized other operating income of the sale of CERs of Rs. 43.68 million in fiscal year 2013 relating to the Vemagiri Power Plant while no other operating revenue was recognized in fiscal year 2012.

#### *Other income*

Other income increased by Rs. 384.11 million, or by 61.57%, from Rs. 623.88 million in fiscal year 2012 to Rs. 1,007.99 million in fiscal year 2013. This was primarily due to an increase in interest income on bank deposits of Rs. 231.74 million due to an increase in investments in fixed deposit, an increase in the income from management and other technical services provided by GCRPL to GEMS, by Rs. 214.28 million which was partially offset by a decrease in net gain on sale/ dilution of current investments by Rs. 69.06 million.

#### *Expenses*

Our total expenses increased by Rs. 5,926.02 million, or by 25.69%, from Rs. 23,065.35 million in fiscal year 2012 to Rs. 28,991.37 million in fiscal year 2013.

#### *Consumption of fuel*

Consumption of fuel decreased by Rs. 4,140.37 million, or by 28.86%, from Rs. 14,344.39 million in fiscal year 2012 to Rs. 10,204.02 million in fiscal year 2013. This was primarily due to lower availability of natural gas to fuel our Kakinada and Vemagiri Power Plants resulting in reduced consumption of fuel. In addition, lower offtake of electrical energy by TANGEDCO also resulted in a reduced consumption of fuel by the Chennai Power Plant.

#### *Sub-contracting expenses*

Sub-contracting expenses increased by Rs. 4,463.45 million, or by 207.83%, from Rs. 2,147.63 million in fiscal year 2012 to Rs. 6,611.08 million in fiscal year 2013. This was primarily due to an increase in the Group's share of mining expenses attributable to GEMS. GEMS sub-contracts its mining operations to third parties. While in fiscal year 2012, we accounted for only one and a half months of mining expenses from GEMS, in fiscal year 2013, we accounted for a full-year of mining expenses from GEMS, which resulted in an increase in our sub-contracting expenses.

#### *Consumption of stores and spares*

Consumption of stores and spares decreased by Rs. 185.11 million, or by 64.03 %, from Rs. 289.10 million in fiscal year 2012 to Rs. 103.99 million in fiscal year 2013. This was primarily due to reduction in operations of the Kakinada and the Vemagiri Power Plants owing to the shortage of natural gas required to fuel these power plants and a reduction in operations of the Chennai Power Plant due to lower offtake of electrical energy by TANGEDCO.

#### *Employee benefit expenses*

Employee benefit expenses increased by Rs. 277.96 million, or by 52.16%, from Rs. 532.91 million in fiscal year 2012 to Rs. 810.87 million in fiscal year 2013. This was primarily due to an increase in annual salaries of existing employees and a full-year accounting of Group's share of employee benefit expenses from GEMS in fiscal year 2013 resulting in higher employee benefit expenses. In fiscal year 2012, we accounted for only one month of Group's share of employee benefit expenses from GEMS.

#### *Other expenses*

Other expenses increased by Rs. 859.28 million, or by 31.32%, from Rs 2,743.79 million in fiscal year 2012 to Rs. 3,603.07 million in fiscal year 2013. This was primarily due to an increase in advertising and sales promotion expenses by Rs. 504.56 million; an increase in provision for doubtful advances/non-trade receivables by Rs. 410.46 million, and an increase in loss on sale of fixed assets (net) / fixed asset written off by Rs. 351.84 million, partially offset by a decrease in net exchange difference of Rs. 577.72 million. The increase in advertising and sales promotion expenses was primarily on account of sale of coal by GEMS in the open market, increase in provision for doubtful debts was due to a write-off of advances relating to Homeland Energy Group Limited ("**Homeland**"). For further details on our Homeland investment, please see "*Our Business – Other Interests in Coal Assets – Homeland Investment*" on page 176.

#### *Depreciation and amortisation expenses*

Our depreciation and amortisation expenses increased by Rs. 366.03 million, or by 30.28%, from Rs. 1,208.69 million in fiscal year 2012 to Rs. 1,574.72 million in fiscal year 2013. This was primarily due to full-year accounting for Group's share of GEMS's depreciation and amortisation expenses and the full-year operations of the Patan Power Plant in fiscal year 2013. Group's share of depreciation and amortisation expenses attributable to GEMS increased from Rs. 3.63 million in fiscal year 2012 to Rs. 206.81 million in fiscal year 2013 as we accounted for full-year of depreciation and amortisation expenses from GEMS in fiscal year 2013 compared to only one month of depreciation and amortisation expenses from GEMS in fiscal year 2012.

#### *Finance Costs*

Our finance costs increased by Rs. 4,284.78 million, or by 238.20%, from Rs 1,798.84 million in fiscal year 2012 to Rs. 6,083.62 million in year 2013. This was primarily due to an increase in interest expenses by Rs. 3,911.64 million. The increase in interest expenses was due to the full-year recognition of interest expenses in fiscal year 2013 on a loan drawn by GCRPL to finance the acquisition of a 28.50% effective equity interest in GEMS.

#### *Exceptional items - Loss on impairment of assets in a subsidiary*

Our loss on impairment of assets in a subsidiary was Rs. 2,506.66 million for fiscal year 2013 on account of divestment of Homeland's equity interest in the Kendal and the Eloff Mines in South Africa. For further details on our Homeland investment, see "*Our Business – Other Interests in Coal Assets – Homeland Investment*" on page 176.

#### *Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates*

As a result of the forgoing, our restated loss before tax expenses, minority interest and share of loss of associates increased by Rs. 8,877.11 million, from Rs. 44.42 million in fiscal year 2012 to Rs. 8,921.53 million in fiscal year 2013.

#### *Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates from continuing operations*

As a result of the forgoing, our restated loss before tax expenses, minority interest and share of loss of associates from continuing operations changed from a profit of Rs. 973.66 million in fiscal year 2012 to a loss of Rs. 5,218.33 million in fiscal year 2013.

#### *Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates from discontinuing operations*

As a result of the forgoing, our restated loss before tax expenses, minority interest and share of loss of associates from discontinuing operations increased from Rs. 1,018.08 million in fiscal year 2012 to Rs. 3,703.20 million in fiscal year 2013.

***Tax expenses from continuing operations***

Our tax expenses from continuing operations decreased by Rs. 147.30 million, or by 21.04% from Rs. 700.10 million in fiscal year 2012 to Rs. 552.80 million in fiscal year 2013. This was primarily due to decrease in the deferred tax.

***Minority interest - share of (profit)/ loss from continuing operations***

Our minority interest – share of profit from continuing operations decreased by Rs. 141.99 million, or by 24.29% from Rs. 584.56 million in fiscal year 2012 to Rs. 442.57 million in fiscal year 2013.

***Tax expenses from discontinuing operations***

We recognized tax expenses from discontinuing operations of Rs. 9.41 million in fiscal year 2012. No tax expenses from discontinuing operations were recognized in fiscal year 2013.

***Minority interest - share of (profit)/ loss from discontinuing operations***

Our minority interest – share of loss from discontinuing operations decreased by Rs. 209.79 million, or by 42.84% from Rs. 489.72 million in fiscal year 2012 to Rs. 279.93 million in fiscal year 2013.

***Restated (loss) / profit after minority interest and share of (loss)/ profit of associates from continuing operations***

As a result of the forgoing, our restated loss after minority interest and share of loss of associates from continuing operations increased from Rs. 311.00 million in fiscal year 2012 to Rs. 6,213.70 million in fiscal year 2013.

***Restated (loss) / profit after minority interest and share of (loss)/profit of associates from discontinuing operations***

As a result of the forgoing, our restated loss after minority interest and share of loss of associates from discontinuing operations increased by Rs. 2,885.50 million, from Rs. 537.77 million in fiscal year 2012 to Rs. 3,423.27 million in fiscal year 2013.

***Restated (loss)/ profit for the year***

As a result of the forgoing, restated loss for the year increased by Rs. 8,788.20 million, from Rs. 848.77 million in fiscal year 2012 to Rs. 9,636.97 million in fiscal year 2013.

**Comparison Of Fiscal Year 2012 And Fiscal Year 2011*****Income***

Our total income increased by Rs. 2,358.17 million, or by 11.41%, from Rs. 20,662.76 million in fiscal year 2011 to Rs. 23,020.93 million in fiscal year 2012.

***Revenue from Operations***

Our revenue from operations increased by Rs. 2,737.06 million, or by 13.92%, from Rs. 19,659.99 million in fiscal year 2011 to Rs. 22,397.05 million in fiscal year 2012.

***Income from sale of electrical energy***

Income from sale of electrical energy increased by Rs. 1,496.25 million, or by 7.91%, from Rs. 18,908.27 million in fiscal year 2011 to Rs. 20,404.52 million in fiscal year 2012. This was primarily due to an increase in revenue generated from full-year operations of the Kakinada Power Plant in fiscal year 2012 as against nine-month operations in fiscal year 2011, following its relocation from Mangalore. In addition, with respect to our Chennai Power Plant, we were able to pass on the increase in cost of diesel to our customer, TANGEDCO, which resulted in an increase in income from sale of electrical energy by the Chennai Power Plant.

***Income from mining activities***

Income from mining activities increased by Rs. 1,240.81 million, from Rs. 751.72 million in fiscal year 2011 to Rs. 1,992.53 million in fiscal year 2012. This was primarily due to increased mining operations of Homeland and the acquisition of a 28.50% effective interest in GEMS in November 2011. In the third quarter of fiscal year 2011, Homeland, in which we own a 55.84% equity interest, acquired equity interest in the Kendal and the Eloff mines in South Africa. Production activities of the Kendal and the Eloff mines were higher during fiscal year 2012 due to full-year operations, compared to only six-month operations in fiscal year 2011. As a result of increased production activities, our income from mining activities attributable to Homeland increased from Rs. 751.72 million in fiscal year 2011 (this was for the period from July 1, 2010, when Homeland became our

subsidiary) to Rs. 1,414.43 million in fiscal year 2012. Similarly, in fiscal year 2012, we accounted for the Group's share of one and a half months of operations from GEMS, which contributed Rs. 549.19 million to our total income from mining activities in fiscal year 2012. For further details on how our investment in GEMS is accounted for, see “– *Comparison of fiscal year 2013 and fiscal year 2012 – Income from mining activities*” on page 287 in this Draft Red Herring Prospectus.

#### *Other income*

Other income decreased by Rs. 378.89 million, or by 37.78%, from Rs. 1,002.77 million in fiscal year 2011 to Rs. 623.88 million in fiscal year 2012. This was primarily due to decrease in the interest on current investments by Rs. 289.09 million, a decrease in the interest income from bank deposits by Rs. 104.02 million and decrease in net gain on sale/dilution of current investments by Rs. 81.64 million, which was partially offset by an increase in management and other technical services of Rs. 137.31 million from GEMS.

#### *Expenses*

Our total expenses increased by Rs. 3,678.13 million, or by 18.97%, from Rs. 19,387.22 million in fiscal year 2011 to Rs. 23,065.35 million in fiscal year 2012.

#### *Consumption of fuel*

Consumption of fuel increased by Rs. 1,687.04 million, or by 13.33%, from Rs. 12,657.35 million in fiscal year 2011 to Rs. 14,344.39 million in fiscal year 2012. This was primarily due to higher fuel requirement for the Kakinada Power Plant owing to its full-year operations in fiscal year 2012 as against only nine-month operations in fiscal year 2011, following its relocation from Mangalore to Kakinada. Further, the price of diesel required to fuel the Chennai Power Plant increased in fiscal year 2012, resulting in higher fuel costs.

#### *Sub-contracting expenses*

Our sub-contracting expenses increased by Rs. 590.57 million, or by 37.93%, from Rs. 1,557.06 million in fiscal year 2011 to Rs. 2,147.63 million in fiscal year 2012. This was primarily due to an increase in mining expenses attributable to Homeland and GEMS. Homeland and GEMS sub-contract their mining operations to third parties. Homeland's mining operations increased in fiscal year 2012 owing to the full-year operations of the Kendal and the Eloff mines. As a result of this, mining expenses attributable to Homeland increased in fiscal year 2012 as compared to fiscal year 2011. Further, following the acquisition of a 28.5% equity interest in GEMS in November 2011, we accounted for one month of mining expenses from GEMS in fiscal year 2012.

#### *Consumption of stores and spares*

Our consumption of stores and spares increased by Rs. 150.38 million, from Rs. 138.72 million in fiscal year 2011 to Rs. 289.10 million in fiscal year 2012. This was primarily due to a major scheduled maintenance activity for the Vemagiri Power Plant during fiscal year 2012.

#### *Employee benefit expenses*

Our employee benefit expenses increased by Rs. 213.20 million, or by 66.69%, from Rs. 319.71 million in fiscal year 2011 to Rs. 532.91 million in fiscal year 2012. This was primarily due to an increase in salaries, wages and bonuses paid to employees by Rs. 200.56 million. This was on account of a general increase in annual salaries; increased operations of Homeland, requiring higher manpower; and one and a half months of employee benefit expenses accounted for from GEMS, following our acquisition of a 28.50% effective equity interest in November 2011.

#### *Other expenses*

Our other expenses increased by Rs. 794.52 million, or by 40.76%, from Rs. 1,949.27 million in fiscal year 2011 to Rs. 2,743.79 million in fiscal year 2012. This was primarily due to an increase in exchange difference (net) of Rs. 981.51 million, an increase in legal and professional fees of Rs. 100.72 million and an increase in miscellaneous expenses of Rs. 155.82 million, offset by a decrease in repairs and maintenance of plant and machinery of Rs. 158.23 million, a decrease in provision for doubtful advances/ non-trade receivables of Rs. 222.26 million and a decrease in prompt payment rebate of Rs. 130.33 million. Increase in net exchange difference was mainly due to an exchange loss in Homeland on account of a loan given to its subsidiary; increase in legal and professional fees was mainly in relation to consulting fees for the acquisition of GEMS; increase in miscellaneous expenses was in relation to foreign exchange fluctuations; decrease in provision for doubtful advances/ non-trade receivables was mainly due to a provision that was made for the sale of naphtha to BPCL in fiscal year 2011 and a decrease in prompt payment rebate was due to non-payment of dues by TANGEDCO for the full financial year.



#### *Depreciation and amortisation expenses*

Our depreciation and amortisation expenses increased by Rs. 70.00 million, or by 6.15% from Rs. 1,138.69 million in fiscal year 2011 to Rs. 1,208.69 million in fiscal year 2012. This was primarily due to an increase in depreciation expenses on account of additional capital expenditure incurred in the relocation of the Kakinada Power Plant.

#### *Finance Costs*

Our finance costs increased by Rs. 172.42 million, or by 10.60%, from Rs. 1,626.42 million in fiscal year 2011 to Rs. 1,798.84 million in fiscal year 2012. This was primarily due to an increase in interest costs by Rs. 118.01 million on account of a loan drawn by GCRPL to fund the acquisition of a 28.5% equity interest in GEMS.

#### ***Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates***

As a result of the foregoing, restated loss before tax expenses, minority interest and share of loss of associates changed from a profit of Rs. 1,275.54 million in fiscal year 2011 to a loss of Rs. 44.42 million in fiscal year 2012.

#### ***Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates from continuing operations***

As a result of the foregoing, our restated profit before tax expenses, minority interest and share of profit of associates from continuing operations decreased from Rs. 1,512.30 million in fiscal year 2011 to Rs. 973.66 million in fiscal year 2012.

#### ***Tax expenses from continuing operations***

Tax expenses from continuing operations decreased by Rs. 100.41 million, or by 12.54%, from Rs. 800.51 million in fiscal year 2011 to Rs. 700.10 million in fiscal year 2012.

#### ***Minority interest - share of loss / (profit) from continuing operations***

Our minority interest – share of profit from continuing operations increased from Rs. 381.20 million in fiscal year 2011 to Rs. 584.56 million in fiscal year 2012.

#### ***Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates from discontinuing operations***

As a result of the foregoing, our restated loss before tax expenses, minority interest and share of loss of associates from discontinuing operations increased from Rs. 236.76 million in fiscal year 2011 to Rs. 1,018.08 million in fiscal year 2012.

#### ***Tax expenses from discontinuing operations***

Our tax expenses from discontinuing operations decreased from Rs. 13.42 million in fiscal year 2011 to Rs. 9.41 million in fiscal year 2012.

#### ***Share of (loss)/ profit of associates – share of loss from discontinuing operations***

We recognized a share of loss of associates from discontinuing operations of Rs. 90.56 million in fiscal year 2011.

#### ***Minority interest - share of loss/ (profit) from discontinuing operations***

Our minority interest – share of loss from discontinuing operations increased by Rs. 386.90 million, from Rs. 102.82 million in fiscal year 2011 to Rs. 489.72 million in fiscal year 2012.

#### ***Restated (loss) / profit for the year***

***As a result of the foregoing our restated (loss)/ profit for the year changed from a profit of Rs. 92.67 million in fiscal year 2011 to a loss of Rs. 848.77 million in fiscal year 2012.***

#### ***Restated (loss) / profit after minority interest and share of (loss)/ profit of associates from continuing operations***

As a result of the foregoing, our restated loss after minority interest and share of loss of associates from continuing operations changed from a profit of Rs. 330.59 million in fiscal year 2011 to a loss of Rs. 311.00 million in fiscal year 2012.

***Restated (loss) / profit after minority interest and share of (loss)/ profit of associates from discontinuing operations***

As a result of the forgoing, our restated loss from discontinuing operations after minority interest and share of loss of associates increased by Rs. 299.85 million, from Rs. 237.92 million in fiscal year 2011 to Rs. 537.77 million in fiscal year 2012.

**Comparison Of Fiscal Year 2011 And Fiscal Year 2010**

***Income***

Our total income increased by Rs. 85.72 million, or by 0.42%, from Rs. 20,577.04 million in fiscal year 2010 to Rs. 20,662.76 million in fiscal year 2011.

***Revenue from Operations***

Our revenue from operations increased by Rs. 364.65 million, or by 1.89%, from Rs. 19,295.34 million in fiscal year 2010 to Rs. 19,659.99 million in fiscal year 2011.

***Income from sale of electrical energy***

Income from sale of electrical energy decreased by Rs. 275.76 million, or by 1.44%, from Rs. 19,184.03 million in fiscal year 2010 to Rs. 18,908.27 million in fiscal year 2011. This was primarily due to a decrease in the plant load factor of the Chennai and Vemagiri Power Plants.

***Income from mining activities***

Income from mining activities was Rs. 751.72 million in fiscal year 2011 against NIL in fiscal year 2010. This was due to recognition of mining income on account the consolidation of Homeland's sales, which was recognized as a subsidiary in fiscal year 2011 as we increased our interest in Homeland from 34.17% in fiscal year 2010 to 55.84% in fiscal year 2011.

***Toll income from expressways***

We recognized toll income from expressways of Rs. 111.31 million in fiscal year 2010 and did not recognize any income in fiscal year 2011 as GMR Ambala Chandigarh Expressways Private Limited ("GACEPL") ceased to be our subsidiary as we reduced our holdings of GACEPL from 51% to 26% on November 13, 2009.

***Other income***

Other income decreased by Rs. 278.93 million, or by 21.76%, from Rs. 1,281.70 million in fiscal year 2010 to Rs. 1,002.77 million in fiscal year 2011. This was primarily due to a decrease in income from management and other technical services of Rs. 453.93 million as a result of an internal reorganization of our in-house project consulting functions, a decrease of Rs. 197.77 million of interest income from long-term investments and a decreases on a net gain on sale of current investments of Rs. 145.55 million, both as a result of treasury management activities, which was partially offset by a one-off item of Rs. 142.15 million on account of profit on disposal of a subsidiary in fiscal year 2011, an increase in interest income on bank deposits of Rs. 129.59 million, and an increase in interest on current investments of Rs. 292.65 million.

***Expenses***

Our total expenses increased by Rs. 887.17 million, or by 4.80%, from Rs. 18,500.05 million in fiscal year 2010 to Rs. 19,387.22 million in fiscal year 2011.

***Consumption of fuel***

Consumption of fuel decreased by Rs. 1,174.83 million, or by 8.49%, from Rs. 13,832.18 million in fiscal year 2010 to Rs. 12,657.35 million in fiscal year 2011. This was primarily due to a decrease in the plant load factor of the Chennai and Vemagiri Power Plants as well as the conversion of the Kakinada Power Plant from consuming naphtha to natural gas, which is comparably lower in cost.

***Sub-contracting expenses***

Our sub-contracting expenses increased by Rs. 944.96 million, or by 154.38%, from Rs. 612.10 million in fiscal year 2010 to Rs. 1,557.06 million in fiscal year 2011. This was primarily due to the consolidation of Homeland's sales which was recognized as a subsidiary in fiscal year 2011 as we increased our interest in Homeland from 34.17% in fiscal year 2010 to 55.84% in fiscal year 2011.

#### *Consumption of stores and spares*

Our consumption of stores and spares increased by Rs. 7.99 million, from Rs. 130.73 million in fiscal year 2010 to Rs. 138.72 million in fiscal year 2011, primarily due to the conversion of the Kakinada Power Plant from consuming naphtha to natural gas.

#### *Employee benefit expenses*

Our employee benefit expenses decreased from Rs. 324.74 million in fiscal year 2010 to Rs. 319.71 million in fiscal year 2011.

#### *Other expenses*

Our other expenses increased by Rs. 528.89 million, or by 37.24%, from Rs. 1,420.38 million in fiscal year 2010 to Rs. 1,949.27 million in fiscal year 2011. This was primarily due to a provision for doubtful advances/non-trade receivables of Rs 318.68 million recognized in fiscal year 2011 in relation to naphtha sales, an increase in repairs and maintenance of plant and machinery of Rs. 183.87 million, offset by a decrease in legal and professional fees of Rs. 108.76 million.

#### *Depreciation and amortisation expenses*

Our depreciation and amortisation expenses increased by Rs. 199.02 million, or by 21.18% from Rs. 939.67 million in fiscal year 2010 to Rs. 1,138.69 million in fiscal year 2011. This was primarily due to an increase in depreciation expense in relation to our Kakinada and Vemagiri Power Plants, offset by a decrease in depreciation expense in relation to the sale of our Ambala Chandigarh toll expressway asset.

#### *Finance Costs*

Our finance costs increased by Rs. 386.17 million, or by 31.14%, from Rs. 1,240.25 million in fiscal year 2010 to Rs. 1,626.42 million in fiscal year 2011. This was primarily due to an increase in borrowings in relation to relocation of our Kakinada Power Plant in fiscal year 2011 and the full year recognition of interest on borrowings from Life Insurance Corporation of India ("LIC").

#### ***Restated (loss) / profit before exceptional items, tax expenses, minority interest and share of (loss)/ profit of associates***

As a result of the foregoing, restated profit before exceptional items, tax expenses, minority interest and share of loss of associates decreased from Rs. 2,076.99 million in fiscal year 2010 to Rs. 1,275.54 million in fiscal year 2011.

#### ***Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates from continuing operations***

As a result of the foregoing, our restated profit before tax expenses, minority interest and share of loss of associates from continuing operations decreased from Rs. 2,133.31 million in fiscal year 2010 to Rs. 1,512.30 million in fiscal year 2011.

#### ***Tax expenses from continuing operations***

Tax expenses from continuing operations changed from a tax credit of Rs. 144.32 million in fiscal year 2010 to a tax expense of Rs. 800.51 in fiscal year 2011.

#### ***Minority interest - share of loss / (profit) from continuing operations***

Our minority interest – share of profit from continuing operations decreased from Rs. 562.63 million in fiscal year 2010 to Rs. 381.20 million in fiscal year 2011.

#### ***Restated (loss) / profit before tax expenses, minority interest and share of (loss)/ profit of associates from discontinuing operations***

As a result of the foregoing, our restated loss before tax expenses, minority interest and share of loss of associates from discontinuing operations increased from Rs. 56.32 million in fiscal year 2010 to Rs. 236.76 million in fiscal year 2011.

#### ***Tax expenses from discontinuing operations***

We recognized tax expenses from discontinuing operations of Rs. 13.42 million in fiscal year 2011. No tax expenses from discontinuing operations were recognized in fiscal year 2010.

***Share of (loss)/ profit of associates – share of loss from discontinuing operations***

Our share of loss of associates – share of loss from discontinuing operations decreased from Rs. 227.60 million in fiscal year 2010 to Rs. 90.56 million in fiscal year 2011.

***Minority interest - share of loss/ (profit) from discontinuing operations***

Our minority interest – share of loss from discontinuing operations decreased from Rs. 159.24 million in fiscal year 2010 to Rs. 102.82 million in fiscal year 2011.

***Restated (loss) / profit for the year***

As a result of the forgoing our restated profit for the year decreased from Rs. 1,590.32 million in fiscal year 2010 to Rs. 92.67 million in fiscal year 2011.

***Restated (loss) / profit after minority interest and share of (loss)/ profit of associates from continuing operations***

As a result of the forgoing, our restated profit after minority interest and share of loss of associates from continuing operations decreased from Rs. 1,715.00 million in fiscal year 2010 to Rs. 330.59 million in fiscal year 2011.

***Restated (loss) / profit after minority interest and share of (loss)/ profit of associates from discontinuing operations***

As a result of the forgoing, our restated loss after minority interest and share of loss of associates from discontinuing operations increased by Rs. 113.24 million, from Rs. 124.68 million in fiscal year 2010 to Rs. 237.92 million in fiscal year 2011.

**Liquidity And Capital Resources**

We operate in a capital-intensive industry and have historically financed the development of our power projects and other capital expenditures through a combination of cash generated from operations, issuance of investments to external investors, borrowings from commercial banks and financial institutions, funding through buyer and supplier credits, and securitization of future cash flows. Our liquidity requirements relate to servicing our debt and any debt that is guaranteed by us, funding investments in new projects, funding our working capital requirements and maintaining cash reserves against fluctuations in operating cash flows. Our funding and treasury activities are conducted within corporate policies designed to enhance investment returns while maintaining appropriate liquidity for our requirements. We currently hold our cash and cash equivalents in Indian Rupees and US dollars.

Our short-term liquidity requirements relate to servicing our debt and funding working capital requirements. Sources of short-term liquidity include cash balances and receipts from our operations and disbursement from long-term borrowings as a result of equity infusions.

Our long-term liquidity requirements include partial funding of our investments in new projects, funding our equity investments in our joint venture companies and repayment of long-term debt under our credit facilities and, if required, any credit facilities guaranteed by us. Sources of funding our long-term liquidity requirements include new loans, working capital borrowings, equity or debt issues, or sale of shares in other subsidiaries or companies that we own an interest.

As of September 30, 2013, we had cash and bank balances of Rs. 13,965.14 million and current investments of Rs. 2,536.66 million, which primarily includes investments in mutual funds and securities. As of September 30, 2013, we also had non-current bank balances of Rs. 4,426.10 million, which primarily include margin money deposit and deposits with banks that are pledged by us with the Government and other authorities and with lenders against long-term and short-term borrowings used by us. We believe that the cash flows are sufficient to fund our scheduled debt service requirements. To date we have funded our growth principally from internal cash flows, affiliate loans, bank borrowings and equity infusions by our parent company and private sector equity investors. Our principal uses of cash have been, and are expected to continue to be, construction, development and operational costs of our power projects and coal mining assets. The following table presents our cash flow data for the fiscal years 2009, 2010, 2011, 2012 and 2013 and for the six months ended September 30, 2013:

***Cash Flow Data****(Rs. In Millions)*

<b>For the fiscal year ended March 31,</b>				
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>

Net cash flow generated from / (used in) operating activities	(37.18)	4,437.47	3,560.89	34.23	3,324.75
Net cash flow (used in)/ from investing activities	(13,975.73)	(21,529.41)	(41,260.53)	(93,003.65)	(51,107.66)
Net cash flow from financing activities.....	13,843.29	18,310.10	39,377.99	92,181.46	43,363.22
Net increase/(decrease) in cash and cash equivalents	(169.62)	1,218.15	1,678.35	(787.96)	(4,419.69)
Cash and cash equivalents at beginning of the fiscal year	321.38	156.03	1,358.01	3,251.35	6,536.54
Cash and cash equivalents on acquisitions during the fiscal year	0.03	18.46	215.17	3,985.67	-
Less: Cash and cash equivalents transferred on disposal of investment in subsidiary/ jointly controlled entities	-	(8.19)	-	-	-
Effect of exchange differences on cash and cash equivalents held in foreign currency	4.24	(26.44)	(0.18)	87.48	112.99
Cash and cash equivalents at end of the fiscal year	156.03	1,358.01	3,251.35	6,536.54	2,229.84

(Rs.In Millions)

	<b>For the six months ended September 30, 2013</b>
Net cash flow generated from / (used in) operating activities	1,987.11
Net cash flow (used in)/ from investing activities	(22,032.24)
Net cash flow from financing activities	25,136.95
Net increase/(decrease) in cash and cash equivalents	5,091.82
Cash and cash equivalents at beginning of the period	2,229.84
Cash and cash equivalents on acquisitions during the period	-
Less: Cash and cash equivalents transferred on disposal of investment in subsidiary	-
Effect of exchange differences on cash and cash equivalents held in foreign currency	35.01
Cash and cash equivalents at end of the period	7,356.67

### Cash Flows from Operating Activities

Net cash generated from operations was Rs. 1,987.11 million in the six months ended September 30, 2013, consisting of operating loss before working capital changes of Rs. 1,352.95 million, cash inflow due to changes in working capital of Rs. 3,516.52 million and direct taxes paid of Rs. 176.46 million. Changes in working capital comprised a decrease in trade receivables of Rs. 4,504.27 due principally to Rs. 4,885.96 million reduction in receivable from TANGEDCO in our Chennai plant, which was partially offset by an increase in trade receivables in Kamlanaga plant and GEMS and decrease in loans and advances and other assets of Rs. 231.74 million, partially offset by a decrease in trade payables, other liabilities and provisions of Rs. 871.41 millions related to GPCL and increase in inventories of Rs. 348.08 million. Operating loss before working capital changes was a result of loss before tax of Rs. 8,489.12 million, depreciation and amortisation expenses of continuing operations of Rs. 1,986.33 million and finance costs of Rs. 6,173.11 million. Increase in depreciation and amortisation expenses and Finance Costs mainly related to our Warora and Kamalanga plants, which started operations during the period.

Net cash generated from operations was Rs. 3,324.75 million in fiscal year 2013, consisting of operating profit before working capital changes of Rs. 1,192.50 million, cash inflow due to changes in working capital of Rs. 2,699.79 million and direct taxes paid of Rs. 567.54 million. Changes in working capital primarily comprised a decrease in trade receivables of Rs. 652.33 million and increase in trade payables, other liabilities and provisions of Rs. 1,900.99 million due to increase in trade payables in VPGL, EMCO and GCRPL, partially offset by an increase in inventories of Rs. 251.60 million. Decrease in receivables was mainly due to a decrease of Rs. 468.41 million in receivables from our Chennai plant. Operating profit before working capital changes was a result of loss before tax of Rs. 8,921.53 million, depreciation and amortisation expenses of continuing operations of Rs. 1,501.47 million, finance costs of Rs. 6083.62 million and loss on impairment of assets in a subsidiary of Rs.

2,506.66 million. The impairment loss was on account of divestment of Homeland's Eloff and Kendal mines in South Africa.

Net cash generated from operations was Rs. 34.23 million in fiscal year 2012, consisting operating profit before working capital changes of Rs. 3,068.23 million, cash outflow due to changes in working capital of Rs. 2,858.78 million and direct taxes paid of Rs. 175.22 million. Changes in working capital comprised an increase in trade receivables of Rs. 5,205.34 million and an increase in loans and advances and other current assets of Rs. 1,751.95 million due to increases in capital advances for our projects and security deposits with government authorities, partially offset by an increase in trade payables, other liabilities and provisions of Rs. 4,095.09 million due to the retention of amounts payable to contractors. Increase in trade receivables was mainly on account of increase of Rs. 5102.17 million related to our Chennai Power Plant. Operating profit before working capital changes was a result of loss before tax of Rs. 44.42 million, depreciation and amortisation of Rs. 1,208.69 million and finance costs of Rs. 1,798.84 million. Finance costs include interest costs of Rs. 388.17 million on the loan drawn by GCRPL to fund the acquisition of a 28.5% effective equity interest in GEMS.

Net cash generated from operations was Rs. 3,560.89 million in fiscal year 2011 consisting primarily of operating profit before working capital changes of Rs. 3,938.33 million, cash inflow due to changes in working capital of Rs. 141.60 million and direct taxes paid of Rs. 519.04 million. Changes in working capital comprised an increase in trade payables, other liabilities and provisions of Rs. 1,714.11 million, primarily due to liabilities related to medium and small enterprises, offset by an increase trade receivables of Rs. 980.48 million, primarily related to the Chennai Power Plant for the sale of energy, and an increase in loans and advances and other current assets of Rs. 1,041.26 million due to an increase in corporate deposits with other companies and an increase in deposits with government authorities. Operating profit before working capital changes was a result of profit before tax of Rs. 1,275.54 million, depreciation and amortisation of Rs. 1,115.04 million and finance costs of Rs. 1,626.42 million.

### **Cash Flows from Investing Activities**

In the six months ended September 30, 2013, we had net cash flows used for investing activities of Rs. 22,032.24 million. This included the purchase of fixed assets of Rs. 21,504.32 million. These expenses were related to the development of the Chattisgarh Power Project, Kamalanga Power Plant and Rajahmundry Power Project plants. This was partially offset by Rs. 976.13 million in proceeds from repayment of loan granted.

In fiscal year 2013, we had net cash flows used in investing activities of Rs. 51,107.66 million. This included, primarily due to the purchase of fixed assets of Rs. 50,435.52 million. These expenses related to the development of the Warora Power Project, the Kamalanga Power Project, the Chhattisgarh Power Project and the Rajahmundry Power Project and loans to other companies of Rs. 1,803.85. million.

In fiscal year 2012, we had net cash flows used in investing activities of Rs. 93,003.65 million, primarily due to the purchase of fixed assets of Rs. 69,038.16 million related to the development of the Warora Power Project, the Kamalanga Power Project, the Chhattisgarh Power Project and the Rajahmundry Power Project and Rs. 26,556.01 million on account of Purchase consideration paid on acquisition of subsidiaries/jointly controlled offset by the net sale of current investments, including investment in restricted and other deposits of Rs. 2,029.00 million in relation to investment of surplus funds in short-term treasury instruments. purchase consideration was paid on the acquisition of GEMS.

In fiscal year 2011, we had net cash flows used in investing activities of Rs. 41,260.53 million. This included the purchase of fixed assets of Rs. 38,604.69 million. These expenses related to the development of the Warora Power Project, Phases I and II of the Kamalanga Power Project, the Chhattisgarh Power Project and the Rajahmundry Power Project, the purchase of Rs. 1,280.23 million of long-term investments including share application money and the net purchase of Rs. 2,678.29 million of short-term investments. This was offset by advance for investment in companies of Rs. 1,241.03 million.

### **Cash Flows from Financing Activities**

In the six months ended September 30, 2013, we had net cash flow from financing activities of Rs. 25,136.95 million. This was mainly due to proceeds from borrowings of Rs. 41,158.14 million related to long-term borrowings with respect to the Warora Project, Kamalanga Project, Chattisgarh Project, Rajahmundry Project, PTBSL as well as loans taken in GEL from GIL and Yes Bank and proceeds from Share application money of Rs. 5,423.93 million received from GMR Energy Projects Mauritius Limited for our equity investment in different projects, partially offset by a repayment of borrowings of Rs. 14,516.64 million, primarily related to loans repaid by GEL, GKEL, HEG, GREL, GCRPL interest and finance costs paid of Rs. 5,839.35 million and

Rs. 1,444.43 million on payment of redemption premium on repayment of debentures and preference shares and security issue expenses.

In fiscal year 2013, we had net cash flow from financing activities of Rs. 43,363.22 million. This was mainly due to an increase in proceeds from borrowings of Rs. 71,951.12 million related to long-term borrowings in EMCO, GKEL, GCEPL, GREL as well as the non-convertible debentures from GIL, and proceeds from the issue of preference shares including security premium of Rs. 2,250.00 million to GIL for our equity investment in different projects, partially offset by a repayment of borrowings of Rs. 22,988.09 million, primarily related to loans made to LIC, SJK and GPCL, interest and finance charges paid of Rs. 5,843.97 million and Rs. 2,848.57 million on payment of redemption premium on repayment of debentures and preference shares and security issue expenses

In fiscal year 2012, we had net cash flow from financing activities of Rs. 92,181.46 million. This was mainly due to an increase in proceeds from borrowings of Rs. 106,900.39 million related to long-term borrowings in EMCO, GKEL, GCEPL and GREL, as well as foreign currency loans in GCRPL and Homeland, offset by a repayment of borrowings of Rs. 12,707.16 million, including loans made to the Company, GBHPL and foreign currency loans made to GVPGL, and interest and finance charges paid of Rs. 2,177.04 million.

In fiscal year 2011, we had net cash flow from financing activities of Rs. 39,377.99 million. This was mainly due to an increase in proceeds from borrowings of Rs. 43,660.37 million related to long-term borrowings in EMCO, GKEL, GREL, GBHPL, SJK and GBHHPL, and proceeds from the issue of preference shares including securities premium of Rs. 13,950.00 million related to the Infrastructure Development Finance Company Limited and Temasek consortium investment, offset by a repayment of borrowings of Rs. 15,880.54 million related to long-term loans made to the Company, GRCL and GVPGL, interest and finance charges paid of Rs. 1,275.07 million and Rs. 1,175.01 million on payment of redemption premium on repayment of debentures and preference shares and security issue expenses.

### Indebtedness

We have availed long-term and short-term borrowings. As of September 30, 2013, the aggregate amount of long term borrowings, current maturities of long term borrowings and short term borrowings was Rs. 177,121.47 million, Rs. 11,455.11 million and Rs. 57,200.40 million respectively. As of September 30, 2013, Rs. 195,417.06 million of our outstanding borrowings were secured and Rs. 50,359.92 million of our outstanding borrowings were unsecured.

Many of the financing arrangements are secured by a charge on current assets and fixed assets including plant and machinery, land and other assets. Our sundry debtors and inventories are subject to charges created in favor of specific secured lenders.

For further information, see "Financial Indebtedness" on page 302.

### Capital Expenditure

Capital expenditures represent our fixed assets plus changes in capital work in progress (i.e., expenses incurred in relation to work in progress but not capitalized) and advance payments on account of capital expenditures. Our historical capital expenditures have been principally used for the development and construction of our power projects and acquisition of coal mines.

The following table set out the composition of our total capital expenditure for the periods indicated, within and outside India:

						(Rs.In Millions)
Particulars	For the fiscal year ended March 31,					For the six months ended September 30,
	2009	2010	2011	2012	2013	2013
Within India						
Continuing Operations	6,509.35	18,321.12	43,667.77	80,985.82	62,309.51	25,827.14
Discontinued Operations	2,989.13	1.31	-	-	-	-
	9,498.48	18,322.43	43,667.77	80,985.82	62,309.51	25,827.14

Particulars	For the fiscal year ended March 31,					For the six months ended September 30,
	2009	2010	2011	2012	2013	2013
Outside India						
Continuing Operations	341.04	710.96	1,447.23	1,586.27	2,405.11	1,300.23
Discontinued Operations	-	-	1,210.26	1,654.38	260.48	-
	341.04	710.96	2,657.49	3,240.65	2,665.59	1,300.23
<b>Total</b>	<b>9,839.52</b>	<b>19,033.39</b>	<b>46,325.26</b>	<b>84,226.47</b>	<b>64,975.10</b>	<b>27,127.37</b>

There were additions to tangible assets of Rs. 33,428.26, million, Rs. 22,440.18 million and Rs. 4,674.89 million for the six months ended September 30, 2013, fiscal year 2013 and fiscal year 2012 respectively. There were additions to intangible assets of Rs. 479.98 million, Rs. 1,362.08 million and Rs. 829.99 million for the six months ended September 30, 2013, fiscal year 2013 and fiscal year 2012. There is a reduction of Rs. 8,754.74 million in capital work-in-progress for the six months ended September 30, 2013. Capital work-in-progress increased by Rs. 37,863.72 million for fiscal year 2013 and by Rs. 82,600.79 million for fiscal year 2012. Intangible assets under development increased by Rs. 518.59 million, Rs. 590.45 million and Rs. 1,348.85 for the six months ended September 30, 2013, fiscal year 2013 and fiscal year 2012 respectively.

The capital expenditure during the six months ended September 30, 2013 was primarily related to the construction of the Kamalanga Power Project, Chhattisgarh Power Project, Bajoli Holi Power Project and Badrinath Power Plant, and the development of BSL Coalfields.

The capital expenditure during the fiscal year 2013 was primarily related to the construction of Warora Power Project, Kamalanga Power Project, Bajoli Holi Power Project, Chhattisgarh Power Project and Rajahmundry Power Project; and the development of and Rampia Coal Mine.

The capital expenditure during the fiscal year 2012 was primarily related to the construction of Warora Power Project, Kamalanga Power Project, Chhattisgarh Power Project, Rajahmundry Power Project, Bajoli Holi Power Project and our transmission projects in India; the operations of Homeland's Kendal and Eloff mines in South Africa; and the development of BSL Coalfields, Rampia Coal Mine and GEMS Coal Assets.

The capital expenditure during the fiscal year 2011 was primarily related to the construction of Warora Power Project, Kamalanga Power Project, Chhattisgarh Power Project, Rajahmundry Power Project, Bajoli Holi Power Project and Patan Power Plant; the operations of Homeland's Kendal and Eloff mines in South Africa; and the development of BSL Coalfields.

The following table sets forth our planned capital expenditure for fiscal years 2014 and 2015.

	(Rs. In Millions)	
	For the fiscal year ended March 31,	
	2014 <sup>(1)</sup>	2015
Planned capital expenditures	46,864.90	53,503.00

(1) Includes Rs. 27,127.37 million incurred in the six months ended September 30, 2013 and Rs. 1,836.70 million incurred by GREL in the six months ended September 30, 2013 which was charged off to the profit and loss account for the period.

We expect to fund the above planned capital expenditures, which primarily relate to our Kamalanga, Chattisgarh, Rajahmundry, Bajoli Holi and Badrinath plants, through our borrowings in these projects, funds from GIL and from the proceeds from the IPO.

Our actual capital expenditures may differ from the amounts set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the local economy in India and other countries of our operation, the availability of financing on terms acceptable to us, problems in relation to possible construction/development delays, defects or cost overrun, delays in obtaining or receipt of governmental approval, changes in the legislative and regulatory environment and other factors that are beyond our control.



## Contractual Obligations And Commitments

Total borrowings of Rs. 245,776.98 million as of September 30, 2013 consist of long-term borrowings of Rs. 177,121.47 million, current maturities of long-term borrowings of Rs. 11,455.11 million and short-term borrowings of Rs. 57,200.40 million. Further, estimated value of contracts remaining to be executed on capital account (EPC Contracts) as of September 30, 2013 was Rs. 23,970.94 million.

The following table summarizes our contractual obligations and commitments to make future payments as of September 30, 2013, and the effect that such obligations and commitments are expected to have on liquidity and cash flow in future periods:

	(Rs. In Millions)				
	Payment due by period				
	Total as of September 30, 2013	Less than 1 year	1-3 years	3-5 years	More than 5 years
(A) Debt Obligations					
Long-Term Borrowings	177, 121.47	-	26,505.20 <sup>(3)</sup>	50,535.28 <sup>(4)</sup>	100,081.00 <sup>(5)</sup>
Current maturities of Long-Term Borrowings	11,455.11	11,455.10 <sup>(2)</sup>	Nil	Nil	Nil
Short-term borrowings <sup>(1)</sup>	57,200.40	57,200.40 <sup>(6)</sup>	Nil	Nil	Nil
<b>Total</b>	<b>245,776.98</b>	<b>68,655.50</b>	<b>26,505.20</b>	<b>50,535.28</b>	<b>100,081.00</b>
(B) EPC Contracts	23,970.94	2,803.28	16,037.34	4,735.41	394.91
<b>Total (A)+(B)</b>	<b>269,747.92</b>	<b>71,458.78</b>	<b>42,542.54</b>	<b>55,270.69</b>	<b>100,475.91</b>

(1) Short-term borrowings include Rs. 36,310.20 million of buyer credit in the Kamalanga Power Project, the Rajahmundry Power Project and the Chhattisgarh Power Projects, which will be converted into long-term borrowings upon the earlier of expiry of the buyer credit and completion of construction of these projects and repaid as per the repayment schedule of such long-term borrowings.

(2) Of this amount, Rs. 2,440.00 million in loans from GMR Infrastructure Limited was converted to equity as of March 12, 2014.

(3) Of this amount, Rs. 1,285.00 million in loans from GMR Infrastructure Limited was converted to equity as of March 12, 2014.

(4) Of this amount, Rs. 1,134.75 million in loans from GMR Infrastructure Limited was converted to equity as of March 12, 2014.

(5) Of this amount, Rs. 9,809.87 million in loans from GMR Infrastructure Limited was converted to equity as of March 12, 2014.

(6) Of this amount, Rs. 95.00 million in loans from GMR Infrastructure Limited was converted to equity as of March 12, 2014.

We plan to fund these contractual commitments through our internal cash flows, external loans and the net proceeds from the Offering.

Some of our contractual obligations, including purchase obligations under our fuel supply agreements, are not generally required to be recognized as liabilities in our balance sheet. These obligations may, however, result in future cash requirements.

## Transactions With Related Parties

From time to time, we enter into transactions with companies which are controlled by members of our Promoter Group and other related parties in the ordinary course of our business. In accordance with Accounting Standard-18 and as per Annexure XXIV in our restated consolidated financial statements included in this Draft Red Herring Prospectus, for the fiscal year 2013 and the six months ended September 30, 2013, 11.17% and 7.27% of our total income respectively and 19.67% and 7.63% of our total expenditures respectively related to transactions with related parties. For further details on related party transactions, see "Annexure XXIV – Related Party Disclosure" on page F-111 in our restated consolidated financial statements included in this Draft Red herring Prospectus.

## Contingent Liabilities And Off-Balance Sheet Arrangements

As of September 30, 2013, we did not have any contingent liabilities other than those disclosed under Note 4 of Annexure IV to our restated consolidated financial information included in this Draft Red Herring Prospectus.

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that have been established for the purposes of facilitating off-balance sheet arrangements.

### **Quantitative And Qualitative Disclosure About Market Risk**

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates of financial instruments. We are exposed to various types of market risks in the normal course of business. For instance, we are exposed to market interest rates and exchange rate movements on foreign currency denominated borrowings and operating expenses. We have from time to time entered into derivative transactions for the purpose of minimizing our exposure to interest rate and foreign exchange risks. The following discussion and analysis, which constitute "forward-looking statements" that involve risks and uncertainties, summarize our exposure to different market risks.

#### ***Credit Risk***

We have historically generated a significant portion of our revenues from customers in the public sector and state governments, such as state electricity boards. The payment obligations from the public sector either are secured by collateral or are supported by letters of credit or guarantees issued by the relevant state governments.

#### ***Interest Rate Risk***

We undertake debt obligations to support capital expenditures, working capital, and general corporate purposes. Upward fluctuations in interest rates increase the cost of new debt and interest cost of outstanding borrowings which could impact our interest expense and hence our net profit. In addition, an increase in interest rate may adversely affect our ability to service long-term debt and to finance development of new projects, all of which may in turn adversely affect our results of operations.

The following table sets forth a breakdown of our outstanding loans by type of interest rate as of September 30, 2013:

<b>Currency</b>	<b>Outstanding</b>	<b>Fixed rate</b>	<b>Floating rate</b>	<b>Interest free</b>
Indian Rupee	176,258.07	34,602.20	123,391.25	18,264.62
US dollars	69,518.91	23,732.82	44,876.66	909.43
Total	245,776.98	58,335.02	168,267.91	19,174.05

We have fixed rate (with provisions for periodic resets) and floating rate (which changes when the underlying benchmark changes) debt. The floating rate debt exposes us to market risk as a result of changes in interest rates and, as of September 30, 2013, Rs. 168,267.91 million, or approximately 68.46% of our total debt, was subject to floating rates. We do not generally use any derivative instruments to manage interest rate risk, except for our subsidiaries ATSCCL and MTSCCL have hedged for floating rate exposure for certain long-term loans amounting to USD16.58 million and US16.63 million, respectively.

#### ***Foreign Currency Exchange Rate Risk***

A significant portion of our capital expenditures is expected to be in foreign currencies (including Nepalese Rupees, Indonesian Rupiah and Chinese Yuan) due to our development of projects outside of India, in Nepal and Indonesia and purchase of equipment from manufacturers in China. However, most of our revenues are denominated in Indian Rupees and US dollars. A depreciation of the Indian Rupee would increase the effective cost of projects outside of India and resulting in an increase in the price of imported goods and professional services that we purchase from our suppliers and foreign companies. Please see "*Risk Factor – We are subject to risks arising from exchange rate fluctuations*" on page 51 in this Draft Red Herring Prospectus for more details.

We are exposed to foreign currency exchange rate risk in connection with our loan and fuel supply with respect to imported coal.

#### ***Commodities Risk***

We may be exposed to fuel price fluctuations with respect to imported coal and natural gas.

### ***Inflation***

Inflation and deflation in India has not had a material impact on our results of operations in the past three years. The inflation rate in India was 9.6 % in fiscal year 2011, and 8.9 % in fiscal year 2012 and 7.3 % in fiscal year 2013. (Source: Reserve Bank of India)

### **Seasonality Of Business**

Our revenues and results may be affected by seasonal factors. 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. Our operations may also be adversely affected by difficult working conditions due to high temperatures during summer and rain during monsoon that restrict the ability of mining companies to carry on their mining activities. 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 rainy monsoon could have a material impact.

### **Recent Developments**

Since September 30, 2013, the following significant developments have occurred:

- Beginning March 17, 2004 EMCO commenced supply of 200 MW to MSEDCL under a PPA;
- Supply to DNH from EMCO has reduced to under 150 MW due to transmission constraints;
- The 350 MW Unit 2 of our Kamalanga Power Plant achieved COD on November 16, 2013;
- Conversion of preference shares held by GIL to equity shares on March 12, 2014;
- The 350 MW Unit 3 of our Kamalanga Power Plant achieved COD on March 24, 2014;
- Beginning February 8, 2014, GKEL commenced supply to Haryana under a PPA. However, due to transmission constraints, the supply has been discontinued for March 2014; and
- GPCL has received a one-year extension of its PPA until February 14, 2015 which remains subject to approval from TNERC.

See "*Our Business – Overview of Our Business*" on page 147 for more information.

Except as otherwise stated in this Draft Red Herring Prospectus, in our opinion, no circumstances have arisen since September 30, 2013, which is the date of the most recent financial statements included in this Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect our trading or profitability, or the value of our assets, or our ability to pay our liabilities within the next 12 months.

## FINANCIAL INDEBTEDNESS

As on December 31, 2013, the aggregate outstanding borrowings of our Company on a standalone basis are as follows:

(₹ In Millions)		
S. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	11,935.26
2.	Unsecured Borrowings	45,038.13

### I. LOANS TAKEN BY GEL

#### Secured Borrowings

#### 1. Financial facility availed from ICICI Bank, Bengaluru (“ICICI Bank”)

Credit arrangement letter dated December 10, 2009, renewed credit arrangement letter dated October 31, 2012, deed of hypothecation dated June 9, 2010, credit arrangement letters dated March 12, 2010 and April 14, 2010.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
<i>Non-fund based</i>			
Bank guarantee: 500.00 (as a sub limit of letters of credit)	273.30	0.45% per annum plus service tax, with a minimum of 1,500.	<ul style="list-style-type: none"> <li>Performance guarantee has been availed towards bid bond, security deposit for performance, contract performance/ performance guarantee, advance payment and retention money purposes.</li> <li>The facility is valid for a period 1 year up to from the date of sanction.</li> <li>Maximum tenure for the performance bank guarantee shall be restricted to 5 years.</li> <li>The facility is secured by second charge on the current assets of our Company, both present and future, in a form and manner, satisfactory to ICICI Bank, ranking <i>pari passu</i> with other working capital lenders.</li> </ul>
Sub-limit: L/C of 1,000.00	110.60	0.50% per annum plus service tax, with a minimum of 1,500.	<ul style="list-style-type: none"> <li>The performance guarantees are secured by a second <i>pari passu</i> charge on the entire fixed assets generated, if any out of the new projects of our Company for which the lender has issued a performance guarantee.</li> <li>Our Company has availed letter of credit facility for procurement of raw materials, consumable stores, both present and future, in a form and manner satisfactory to ICICI Bank, ranking <i>pari passu</i> with other working capital lenders.</li> <li>The facility is valid for a period of 1 year from the date of credit arrangement letter.</li> <li>The facility is secured by second charge on the current assets of our Company, both present and future, in a form and</li> </ul>

manner, satisfactory to ICICI Bank, ranking *pari passu* with other working capital lenders.

The following provisions are applicable in relation to the aforesaid facility availed by our Company from ICICI Bank:

- (i) All performance bank guarantees (other than bid bonds) which need be issued by our Company, shall be issued only after prior approval of ICICI Bank.
- (ii) Security trustee, as required by ICICI Bank will be appointed in a manner acceptable to ICICI Bank. Our Company has agreed to make payment for all such costs, charges, expenses, remuneration/ fees to the security trustee as may be specified.

## 2. Financial facility availed from IDBI Bank Limited (“IDBI Bank”)

Facility agreement dated March 24, 2009 supplemental facilities agreements dated September 15, 2009 and April 13, 2011, supplemental deed of hypothecation dated April 13, 2011, sanction letter dated April 07, 2012, modified sanction letter dated March 28, 2013, deposit of title deeds for equitable mortgage dated November 29, 2012, letters of extension dated June 3, 2013, June 29, 2013 and July 27, 2013, and modification letter dated September 7, 2013 for interchanging IC limits to LER limits

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
6,100.00	5972.80	IDBI Bank's base rate plus 2% per annum presently 10.75%	<ul style="list-style-type: none"> <li>• Cash credit facility as been availed for meeting our Company's working capital requirements.</li> <li>• Validity of the facility shall be till July 17 2014.</li> </ul>
Cash Credit: Nil			
Letter of Credit/ Standby			<ul style="list-style-type: none"> <li>• Working capital demand loan has been availed for meeting working capital purposes.</li> <li>• Validity of the facility was initially up to May 12, 2013 which subsequently got extended till June 26, 2013 by IDBI special sanction letter no. IDBI/SCB/BLR/ICG/720/GEL dated June 03, 2013.</li> <li>• Tenure of the facility shall not exceed 90 days.</li> <li>• Letter of credit facility has been for purchase of raw materials/ transportation of raw materials towards supply and maintenance of plant and related purposes for our Company and also for subsidiary / associate/ holding or other group companies. Stand-by letter of credit for the purposes of purchase of gas/ fuel only.</li> <li>• Validity of the facility was initially up to August 9, 2013 which subsequently got extended up to July 17, 2014 by IDBI special sanction letter No. IDBI/SCB/BLR/ICG/857/GEL dated July 27, 2013.</li> </ul>
Letter of Credit: 700.00			
Bank guarantee:			
5,000.00			

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
Treasury limit 400.00			<ul style="list-style-type: none"> <li>The bank guarantee has been availed for the purposes of issuance of performance bank guarantee/ bid bond/ advance guarantee and other working capital requirements to government departments/ private bodies.</li> <li>Tenure of the facility shall not exceed 60 months including the claim period.</li> <li>The validity of the facility was initially up to August 9, 2013 which subsequently got extended.</li> <li>Our Company has agreed that no onerous clause shall be allowed in the bank guarantee.</li> <li>Bank guarantee for disputed matters shall be issued against 100% margin only.</li> <li>The treasury limit was initially valid up to August 9, 2013 which subsequently got extended.</li> </ul>

The following provisions are applicable in relation to the aforesaid facility availed by our Company from IDBI Bank:

- (i) Our Company shall promptly provide information about all material and adverse changes in its ownership and management.
- (ii) Our Company shall not, except after prior written notice of at least one month, make any alterations in its controlling ownership or any other material change in its management or in the nature of its business or operations during the period of subsistence of facilities.
- (iii) Our Company shall maintain capital/reserves/unsecured loans and net working capital at projected levels and bring in additional funds to bridge the gap in any of the projected funds.
- (iv) IDBI Bank reserves the right to withdraw the facilities in the event of any change in circumstances, including but not limited to, any material change in ownership/ shareholding pattern/ management of our Company.
- (v) Our Company has agreed to pay a non-refundable processing fee of ₹ 0.84 million.
- (vi) Our Company shall not divert the facilities to inter-corporate deposits, debentures, stocks and shares, real estate business, etc. In case of diversion to other uses, the facilities shall be withdrawn forthwith and shall attract penal interest at 2% over and above the rate charged till the repayment.

### 3. Financial facility availed from Axis Bank

Composite hypothecation deed dated October 6, 2009, renewed standby letter of credit dated April 18, 2013, declaration and undertaking by GMR Energy Limited dated January 13, 2010, renewal letter dated May 6, 2013 and Bank Guarantee dated April 9, 2010.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
<b>Non-fund based</b>			
1,500.00	1,479.00		<ul style="list-style-type: none"> <li>The guarantees would be permitted to be issued on behalf of subsidiaries/ joint</li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
Bank guarantee : 132.00		1.50% payable quarterly in advance.	<ul style="list-style-type: none"> <li>ventures of our Company, subject to our Company being the primary obligor of the same.</li> <li>The facility is secured by a first <i>pari-passu</i> charge on entire current assets of our Company and a second <i>pari-passu</i> charge on entire fixed assets of our Company. The security created shall be shared on a <i>pari-passu</i> basis with the existing charge holders.</li> <li>Bank guarantee shall be valid for a maximum period of 5 years.</li> </ul>
Letter of credit: 1,347.00		0.60% for letter of credit having a usance period of 180 days and 0.75% for letter of credit having a usance period of more than 180 days.	<ul style="list-style-type: none"> <li>Letter of credit has been availed by our Company for purchase of spares and consumables for the normal operations other than capital goods.</li> <li>Letter of credit usage period shall be for a maximum duration of 1 year and a loan equivalent risk for a period of 1 year.</li> <li>Our Company shall always maintain a minimum security cover of 1.50x on its current assets for the outstanding working capital facilities. The same shall be tested annually at the time of renewal of the facility.</li> <li>LER facility has been availed by our Company for booking forward contracts for foreign currency denominated inward remittance.</li> <li>The tenure of the facility is for a period of 1 year.</li> </ul>

The following provisions are applicable in relation to the aforesaid facility availed by our Company from Axis Bank:

- (i) Axis Bank reserves an unconditional right to cancel the undrawn/unused/ unavailed portion of the facility sanctioned at any time during the currency of the facility, without any notice to the borrower, for any reason whatsoever.
- (ii) Our Company will keep Axis Bank advised of any circumstances adversely affecting their financial position including any action taken by any creditor or Government authority against our Company.
- (iii) The facility shall be utilised for the purpose for which it is sanctioned and it should not be utilised for: (i) subscription to or purchase of shares/ debentures; (ii) extending loans to subsidiary companies/ associates or for making inter-corporate deposits; or (iii) any speculative purposes.
- (iv) Our Company shall keep Axis Bank informed of the happening of any event which is likely to have a material impact on its profit or business and more particularly, if the monthly production or sale and profit are likely to be substantially lower than already indicated to the Axis Bank.
- (v) Our Company has agreed to bear the underlying risk, if any and has undertaken to compensate Axis Bank, against any loss incurred by them, whatsoever.

**4. Financial facility availed from Life Insurance Corporation of India, Mumbai (“LIC”)**

Letter of intent dated September 15, 2012; rupee term agreement dated December 6, 2012; corporate guarantee dated December 6, 2012; deed of hypothecation dated December 6, 2012; Undertakings by our Company for non-receipt of commission, creation of permanent security and non-disposal of shareholding.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Facility/Repayment/Security
7,000.00	7,000.00	12% per annum	<ul style="list-style-type: none"> <li>This facility has been availed for the purpose of equity infusion into our Company’s ongoing projects through equity or equity like instruments, sub-debt or unsecured loan.</li> <li>The facility is repayable in 10 years from the date of the facility agreement up to December 6, 2022.</li> <li>The facility is secured by: <ul style="list-style-type: none"> <li>- First pari passu charge on land measuring, 8,236.505 acres at A. V. Nagaram of Thondangi Mandal, Southern edge of Andhra Pradesh PCPIR, Kakainada, East Godavari district, Andhra Pradesh.</li> <li>- Corporate guarantee by the promoter holding company, GIL.</li> </ul> </li> </ul>

The following provisions are applicable in relation to the aforesaid facility availed by our Company from LIC:

- (i) Our Company may prepay the outstanding principal sum of the loan in full or in part before the due dates by giving a notice of 30 days to LIC, subject to prepayment charges as decided by LIC.
- (ii) Our Company shall maintain an overall debt to equity ratio of not more than 2:1.
- (iii) LIC has the right to appoint/ nominate a nominee director on the board of directors of our Company in the event of any default as agreed to in the facility.
- (iv) LIC may appoint a member in the audit sub-committee appointed by the board of directors in case our Company defaults in servicing the loan.
- (v) LIC may modify/ withdraw the facility including rate of interest in its absolute discretion during the currency of this loan agreement.
- (vi) Any sale, disposal or creation of charge over the properties by our Company without prior approval of LIC shall be an event of default by our Company.
- (vii) Our Company shall maintain a minimum security cover of 1.25 times of the outstanding loan on assets secured under this loan.
- (viii) A charge of 2% per annum payable quarterly by way of liquidated damages shall be levied for defaults in payment, interest or other monies payable by our Company under this loan agreement.
- (ix) In the event of default, GIL shall provide a corporate guarantee to the extent of the loan outstanding and over dues payable to LIC.

The following restrictive provisions are applicable in relation to the aforesaid facility availed by our



Company from LIC:

- (i) Our Company shall seek the prior written approval of LIC before undertaking restructuring/ reorganising the business of our Company in the form of merger/ demerger/ amalgamation/ which includes dilution of the GMR group's holding (held directly or indirectly), in our Company below 51%.
- (ii) Our Company shall not without prior written approval of LIC make any change in the capital structure whereby the GMR group's holding in our Company falls below 51%, sell, dispose off the assets charged/ to be charged or create mortgage, lien, or charge by way of hypothecation or otherwise except in the ordinary course of business or as may be permitted by LIC.
- (iii) Our Company shall obtain prior written approval from LIC for any issue of debentures, raising any loans, to accept any deposits from public, to make investment or grant loans to or give any guarantee on behalf of any person, firm or our Company.
- (iv) Our Company shall not create any security interest in favour of any person on the assets charged to LIC, unless prior written approval is obtained from LIC.
- (v) Our Company shall not utilise the loan amount for any purpose except as agreed in the loan agreement.

#### 5. Financial facility availed from United Bank of India, Kolkata ("UBI")

Term loan agreement dated June 8, 2007, deed of mortgage dated January 20, 2009, memorandum of entry dated December 28, 2011 and memorandum of entry of second charge in respect of lease hold property dated April 26, 2012.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Facility/Repayment/Security
512.90	228.36	13.60% per annum	<ul style="list-style-type: none"> <li>• This facility is availed to make part payment of office space purchased by our Company at Bandra Kurla Complex, Andheri Taluk, Mumbai.</li> <li>• This facility is secured by a second charge by way of mortgage in favour of UBI over leasehold property aggregating to 14,150.07 square feet in Naman Centre, Bandra Kurla Complex, Mumbai.</li> <li>• The facility is payable in 120 equal monthly instalments starting April 1, 2008.</li> </ul>

The following provisions are applicable in relation to the aforesaid facility availed by our Company from UBI:

- (i) Our Company agreed to open an escrow account with UBI detailing the operation of the same in a separate escrow agreement. UBI may charge a penal interest at the rate of 5% per annum per quarter per default and subject to a maximum of 2%.
- (ii) Our Company may prepay the whole or part of the outstanding loan amount by giving a notice of 30 days to the UBI. Such prepayment shall be made along with prepayment premium of 1% of the prepaid amount of the residual period.
- (iii) Rate of interest may change from time to time as per instructions/ guidelines issued by RBI.
- (iv) Our Company shall have obtained comprehensive loan against the property secured for the loan.

The following restrictive provisions are applicable in relation to the aforesaid facility availed by our Company from UBI:

- (i) Our Company shall not, during the continuance of the term loan let out or part with the possession of the property or any part thereof, without the prior written consent of UBI.
- (ii) Our Company shall not alter or make variance upon the said property, without the prior written consent of UBI.
- (iii) Our Company has agreed not to execute any agreement or power of attorney or any other instrument which may prejudice the rights of UBI in the property.

**6. Financial facility availed from ING Vysya, Bengaluru (“ING”)**

Sanction letter dated September 24, 2012.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Facility/Repayment/Security
650.00	650.00	10.80% per annum	<ul style="list-style-type: none"> <li>This facility has been availed to meet working capital requirements/ general corporate purposes and for cash flow mismatches.</li> <li>This facility is availed against deposits made by our Company.</li> <li>Subject to the deposit being placed with ING for a minimum of 180 days, the tenure shall vary from a minimum of 7 days to a maximum of 15 days.</li> <li>The facility is secured by 100% deposits in the name of our Company/ third party companies within the GMR group.</li> </ul>

The following provision is applicable in relation to the aforesaid facility availed by our Company from ING:

- (i) Rate of interest of the facility shall be reviewed once in 6 months or whenever the base rate changes are intimated.

**7. Financial facility availed from Central Bank of India, Bengaluru (“Central Bank”)**

Sanction letter dated March 22, 2013 and term loan agreement dated March 26, 2013.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
1,000.00	999.85	Base rate plus 1.75%	<ul style="list-style-type: none"> <li>This loan has been availed for investment in subsidiaries of our Company.</li> <li>This loan is secured by exclusive first charge on: <ul style="list-style-type: none"> <li>House bearing No. 8-2-544, ward No. 11, Block No. G, Banjara Hills Hyderabad registered in the name of Vijay Nivas Real Estates Private Limited.</li> <li>Land admeasuring 14 acres 24 guntas, situated at Mamidipally village, Ranga Reddy District, Hyderabad</li> </ul> </li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			<p>registered in the name of GMR Estates and Properties Private Limited.</p> <p>- Land admeasuring 280. 32 acres at Lalapur village, NH 78, Shahdol District, Madhya Pradesh registered in the name of SJK Powergen Limited.</p> <ul style="list-style-type: none"> <li>• Additionally the facility is secured by second <i>pari passu</i> charge on mortgaged property at Unit No. 701, 7<sup>th</sup> floor along with 15 basement car parking space, Plot No. C-31, G Block, Bandra Kurla Complex, Mumbai.</li> <li>• The tenure of the loan is for a period of 24 months post the moratorium period of 12 months.</li> <li>• The loan is payable in 4 quarterly instalments of ₹ 250.00 million each, commencing from the end of the 5th quarter.</li> </ul>

The following provisions are applicable in relation to the aforesaid facility availed by our Company from the Central Bank:

- (i) Term loan has to be disbursed in a phased manner based on deficits shown by our Company for each month.
- (ii) Central Bank may stop making advances at its sole discretion.

#### 8. Financial facility availed from Central Bank of India, Bengaluru (“Central Bank”)

Sanction letter dated December 27, 2012.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
560.00	559.92	10.25% (1% over deposit rate)	<ul style="list-style-type: none"> <li>• This loan has been availed for meeting temporary mismatch in cash flows.</li> <li>• Our Company has availed this facility against deposit of ₹ 190.00 dated December 24, 2012 and ₹ 400.00 dated December 26, 2012 for a period of 6 months and subsequently renewed up to 1 year from June 26, 2013.</li> </ul>

#### 9. Financial facility availed from ICICI Bank Limited (the “ICICI Bank”)

Subscription agreement dated December 19, 2011 between our Company and ICICI Bank Limited, account charge dated December 26, 2011, debenture trust deed in favour of IDBI Trusteeship Services Limited dated December 26, 2011, deed of hypothecation dated December 26, 2011, designated account agreement dated December 26, 2011, debt service reserve account agreement dated December 26, 2011, shortfall agreement dated December 26, 2011, share pledge agreement dated December 28, 2011, non-disposal undertaking dated December 28, 2011, identified project companies undertaking dated December 26, 2011 and undertaking dated December 28, 2011.

ICICI Bank (the debenture holder in this case) has provided financial assistance in the form of subscription to secured issue rated, listed, redeemable, transferable, non-convertible debentures of the face value of ₹ 1 million each with an aggregate value of ₹ 8,000 million to our Company.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/ Security
8,000.00	7,840.00	Current base rate of the Bank plus 4.25% per annum	<ul style="list-style-type: none"> <li>• The financial assistance has been availed to re-finance and/or repay existing rupee term loans and/or existing debt availed by our Company from GIL and/or its subsidiaries; lending to GHPGPL, GBHPL, SJKPL, GVPGL, GCEL, GKEL, GREL and EMCO by way of re-financing and/or repayment of existing term loan.</li> <li>• Debentures and all amounts payable to be secured as follows, in favour of the debenture trustee appointed for each tranche of debenture: <ul style="list-style-type: none"> <li>- First ranking pari passu charge on the fixed assets of the GMR VPGL or any other fixed tangible asset acceptable to the ICICI Bank Limited/ debenture trustee.</li> <li>- First ranking pari passu charge over designated accounts of VPGL excess cash flows.</li> <li>- First ranking pari passu charge over account namely, 'Issuer Debt Service and Reserve Account' held by our Company.</li> <li>- First ranking pari passu pledge over 30% of the equity shares of our Company by GMR Renewable Energy Limited.</li> <li>- First ranking pari passu pledge over 30% of the equity shares of VPGL by our Company.</li> </ul> </li> </ul> <p>The debentures shall be redeemed by our Company on a principal redemption date till March 25, 2021.</p>

The following provisions are applicable in relation to the aforesaid financial assistance availed by our Company from ICICI Bank:

- (i) If a financial default is committed by our Company, an additional interest/ premium of 2% per annum on the defaulted amount from the date of default till such overdue is to be paid. In case of a non-financial default, an interest of 2% per annum shall be paid from the date of default till such time the default is cured. The Bank has the right to freely transfer debentures to any person.
- (ii) Upon delivery of a prior written notice of atleast 45 days, our Company may redeem all or part of the debentures on a reset day. In the event of mandatory redemption, such as downgrading in the rating of debentures, change in control of our Company, reduction in shareholding of GIL, and change in control of GIL, our Company, has to compulsorily redeem all the

debentures within 30 days. In case of mandatory redemption, as a result of issuance of shares, our Company has to utilise atleast 25% of the proceeds of the issue for redemption of the debentures. Further, additional interest of 2% per annum is payable by our Company in case of mandatory redemption.

- (iii) Our Company covenants to ensure that the debentures will be duly listed on the relevant stock exchanges within 15 days from each subscription date. Upon listing of our Company's equity shares pursuant to an initial public offer, the aggregate number of shares subject to pledge agreement with the Bank, shall be modified such that: a) they are equal to the higher of 26% of the paid up and issued equity share capital of our Company; or b) the number of shares necessary to maintain the required cover, subject to 49% of the paid up issued equity share capital of our Company.
- (iv) Our Company shall ensure compliance with the following covenants till the final settlement date: (a) maintain a minimum total net worth of ₹ 40 billion till financial year ending March 31, 2014; (b) ₹ 55 billion thereafter; (c) the ratio of total debt of our Company to equity shall be less than 4:75:1 for the financial year 2011-2012, 3:5:1 for the financial years 2012-13 and 2012-14, thereafter 3:1; and (d) total debt of our Company shall not exceed ₹ 300 billion.

The subscription agreement in particular provides for the following restrictive conditions:

- (i) Our Company shall not use the subscription consideration for investing in the capital market, land acquisition, acquiring equity shares of Indian companies, buyback of shares of any Indian company, funding of promoters' contribution in the project by way of equity or any other purpose which is prohibited/ illegal.
- (ii) Our Company shall not dispose off or create any additional mortgage, charge, encumbrance or preferential arrangement having similar effect over its fixed assets except in accordance with the subscription agreement, without prior consent of the Bank. This provision does not apply to working capital facility of ₹ 10,000 million sanctioned by IDBI Bank Limited to our Company.
- (iii) GVPGL, GREL, GKEL, GCHL and EMCO shall not undertake any additional financial indebtedness except for (a) meeting working capital requirements, (b) project cost overruns, (c) meeting cost expansion, (d) hedging purposes relating to the projects.
- (iv) Any current or future advances from our Company/ GIL, to VPGL shall remain subservient to the debentures and amounts payable in this regard.
- (v) GIL shall continue to infuse funds into our Company directly or through its subsidiaries.
- (vi) Our Company has undertaken that it shall, subject to existing agreements with private equity investors, not transfer, assign, dispose of, pledge, charge or create any lien or in any way encumber or create any security over its shareholding in VGPL to the extent 51% equity shares of VGPL and the pledge agreement, under the subscription agreement with the Bank.
- (vii) Our Company without prior written approval of the Bank, shall not engage in: (a) mergers, demergers, spin-offs, amalgamations, consolidation, wind-up, liquidate, divestment or sale of assets except as required in the ordinary course of business; (b) decrease in authorised or issued share capital, except pursuant to redemption of any preference shares; (c) declare or pay any dividend other than upon the fulfilment of the restrictions on payment under the subscription agreement with the Bank.
- (viii) Our Company shall not, without prior written consent of the Bank, modify or amend its memorandum and articles of association, change its financial year or change the scope of its principal business.

#### **10. Financial facility from ICICI Bank Limited**

Investment agreement dated November 27, 2009, shortfall agreement dated November 27, 2009 shortfall agreement dated November 27, 2009 and non-disposal undertaking dated November 27, 2009 between our Company and ICICI Bank Limited

ICICI Bank Limited has provided financial assistance in the form of investment up to ₹ 3,000 million in 200 million non cumulative redeemable preference shares of our Company, each having a par value of ₹ 10 and a premium of ₹ 5.00.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/ Security
3,000.00	2,443.52	Applicable yield for tranche(s) subscribed after January 1, 2011 onwards, to be 14% or Bank's benchmark advance rate plus applicable liquidity premia plus 0.25% per annum, whichever is higher	<ul style="list-style-type: none"> <li>The purpose of the investment is to part finance the implementation of infrastructure projects undertaken by our Company's Subsidiaries; part finance the costs related to relocation of barge mounted plant of our Company from Mangalore in Karnataka to Kakinada in Andhra Pradesh; and to infuse amounts into its Subsidiaries (whether by way of equity, preference shares or subordinate debt) to part finance the project related capital expenditures of our Company's Subsidiaries.</li> </ul>

The following provisions are applicable in relation to the aforesaid financial assistance availed by our Company from ICICI Bank:

- (i) Our Company has agreed that upon issuance of all shares, at no point in time shall the investor's shares constitute more than 20% of the post issue paid up share capital of our Company.
- (ii) Our Company has agreed to redeem all the outstanding shares by December 31, 2014, and on that day, our Company shall pay the aggregate of the redemption price for the remaining shares.
- (iii) Our Company shall be entitled to redeem all or part of the shares at their prepayment price on December 31, 2011/ 12 or 13, subject to prior written notice of at least 45 days to the Bank.
- (iv) In the event of mandatory redemption, all amounts due shall become immediately due and payable. Events of mandatory redemption include: (a) downgrading in the rating of Investor shares below investment grade by the credit rating agencies; (b) change in control of our Company; (c) reduction in shareholding of GIL below 51%; and (d) change in control of GIL.
- (v) A default premium of 2% per annum is payable by our Company on the outstanding redemption price from the date of occurrence of the mandatory redemption.
- (vi) If our Company declares dividend on any shares in any year, then such dividend shall be payable in respect of the face value of the outstanding shares at the rate of 0.0001%.
- (vii) Our Company has agreed that ICICI Bank shall not be liable for any losses, liabilities, costs, expenses in connection with or as a direct or indirect result of failure by ICICI Bank to subscribe to the subscription shares by the date specified and the our Company waived its rights to specific performance.
- (viii) Our Company has agreed that the ratio of borrowings of our Company to total net worth shall not exceed 2:1.
- (ix) Our Company shall duly pay the requisite amount of stamp duty in respect of the issued shares.
- (x) Our Company shall have a minimum total net worth of ₹ 12.50 billion.

The subscription agreement in particular provides for the following restrictive conditions:

- (i) Our Company shall not without prior written approval of the Bank, engage in: (a) mergers, demergers, spin-offs, amalgamations, consolidation, wind-up, liquidate, divestment or sale of assets except as required in the ordinary course of business; (b) decrease in authorised or issued share capital, except pursuant to redemption of any preference shares; or (c) declare or pay any dividend other than upon the fulfilment of the restrictions on payment under the agreement with ICICI Bank.
- (ii) Our Company shall not, without prior written consent of ICICI Bank, modify or amend its memorandum and articles of association, change its financial year or change the scope of its principal business.

#### 11. **Loan availed from Yes Bank (“Yes Bank”)**

Sanction Letter dated September 28, 2013.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Facility/Repayment/Security
3,300.00	3,300.00	Base Rate + 1.25% per annum payable monthly presently 12%	<ul style="list-style-type: none"> <li>• This facility has been availed to infuse sub-debt/ ICD into GKEL.</li> <li>• The term of the loan is 5 years.</li> <li>• There is a moratorium of payment for a period of 36 months followed by repayment of the loan in 8 equal monthly instalments.</li> <li>• The loan is secured against a 10% cash margin in the form of fixed deposit lien, marked in favour of Yes Bank.</li> <li>• Yes Bank shall have a put option for the full or part of the facility amount at the end of 4.5 months from the date of the first disbursement and after every 3 months thereafter.</li> </ul>

The following provisions are applicable in relation to the aforesaid facility availed by our Company:

- (i) Our Company has undertaken not to enter into any scheme or merger, amalgamation, compromise or reconstruction without prior written consent of the Bank.
- (ii) Our Company has undertaken not to permit any change in the ownership or control of our Company whereby the effective beneficial ownership or control of our Company shall change, without the prior written approval of the Bank.
- (iii) Our Company has undertaken not to effect any material change in the management of the business of our Company, without the prior written consent of the Bank.
- (iv) Our Company has undertaken not to make any amendments to our Company’s memorandum and articles of association without the prior written consent of the Bank.
- (v) Our Company has undertaken not to create, assume or incur any further indebtedness of a long term nature whether for borrowed money or otherwise, except with the prior written consent of the Bank.
- (vi) Our Company has undertaken not to declare any dividend if any instalment towards principal or interest remains unpaid on its due date.

Our Company has undertaken not to induct a person who is a director on the board of a company which has been identified as a wilful defaulter and that in case, such a person is found to be on the board of our Company, our Company would take expeditious and effective steps for removal of the person from the board of directors.

- (vii) Our Company has undertaken not Company shall not without the prior written consent of the

Bank transfer or create/ allow to be created in any manner any charge, lien, hypothecation, mortgage, pledge or other encumbrances whatsoever on any of the properties, assets, actionable claims etc. of our Company which constitutes security/ies to the Bank for the loan or create or allow to be created any interest in any such securities in favour of any one other than the Bank.

**12. Loan availed from ING Vysya Bank Limited (“ING”)**

Sanction Letter dated December 5, 2013 and December 27, 2013.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Facility/Repayment/Security
650.00	640.00	100 bps over the rate of interest over the underlying deposits. Presently 10.80%	<ul style="list-style-type: none"> <li>This facility has been availed to meet working capital requirements/ general corporate purposes and for cash flow mismatches.</li> <li>The tenor of the loan is a minimum of 7 days and a maximum of 180 days.</li> <li>The loan is secured against 100% deposits in the name of the Company or third party companies within the GMR group.</li> </ul>

**13. Loans from ING Vysya Bank Limited (“ING Vysya”)**

Sanction letter dated September 24, 2012, Sanction letter dated September 27, 2012.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
690.00	690.00	100 bps over the rate of interest of the underlying deposit subject to a minimum of ING Vysya base rate. Presently 10.80%	<ul style="list-style-type: none"> <li>The facility has been availed against fixed deposits to meet working capital requirements, general corporate purposes and cash flow mismatch.</li> <li>The facility is secured against 100% deposits in the name of our Company and or third party companies within the GMR group.</li> <li>Tenure of the facility shall be minimum of 7 days and maximum up to 15 days subject to the deposit being placed for a minimum tenure of 180 days. Rollover is permitted during the validity period of the facility.</li> </ul>

**14. Financial facility availed from IndusInd Bank Limited, Bengaluru (“IndusInd”)**

Sanction letter dated January 4, 2012.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Facility/Repayment/Security
1,000.00	Nil	As mutually agreed by IndusInd and our Company	<ul style="list-style-type: none"> <li>This facility has been availed for discounting of supplier’s bills drawn on our Company.</li> <li>The facility is secured against accepted bills of exchange drawn/endorsed in favour of IndusInd under letters of credit of approved banks.</li> <li>The facility is renewable annually.</li> <li>The facility is repayable/ determinable on</li> </ul>



Sanctioned amount	Amount outstanding	Interest	Purpose of Facility/Repayment/Security
			demand.

The following provisions are applicable in relation to the aforesaid facility availed by our Company from IndusInd:

- (i) Bills drawn by GIL can be discounted under this limit up to ₹ 500 million. None of our other group companies' bills to be discounted.
- (ii) Interest rates as per IndusInd's rules are to be charged for any delay in repayment by our Company.
- (iii) Our Company shall strictly follow IndusInd's policies relating to letter of credit bill discounting and RBI/CIBIL defaulters list or SAL/ECGC.
- (iv) Our Company shall furnish an undertaking that in the event of any delay in receipt of proceeds from letter of credit issuing bank, our Company would meet commitment on due date from our own sources.
- (v) Our Company shall obtain approval for bill discounting of any beneficiary other than Reliance Industries Limited, Niko Limited and BP Exploration (Alpha) Limited.

**15. Financial facility availed from Aditya Birla Finance Limited, ("Aditya Birla Finance")**

Sanction letter dated July 6, 2012, agreement for purchase invoice financing dated August 17, 2012.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Facility/Repayment/Security
500.00	Nil	As agreed at the time of disbursement	<ul style="list-style-type: none"> <li>• This facility backed by letter of credit has been availed for discounting of material purchase bills raised by suppliers and accepted by our Company.</li> <li>• The facility is valid for 1 year from the date of sanction letter subject to periodical review.</li> <li>• The facility is secured by original letter of credit.</li> </ul>

The following provisions are applicable in relation to the aforesaid facility availed by our Company from Aditya Birla Finance:

- (i) Our Company has undertaken that only material purchase bills shall be discounted under this facility, bills for labour/ service charges shall not be discounted.
- (ii) Our Company has undertaken that invoices drawn on or drawn by our associates/ related /group concerns shall not be offered for discounting.
- (iii) Our Company has undertaken that the invoices offered to Aditya Birla Finance for discounting are not subject to the charge of the working capital financing bankers and shall not be included in the book debt statement submitted to the working capital bank for the purpose of drawing power.
- (iv) Our Company has undertaken that the names of our directors do not appear in any defaulters list issued by RBI/ ECGC/ CIBIL.
- (v) Our Company has agreed that Aditya Birla Finance reserves the right at its sole discretion to make disbursement of the bills submitted under this facility without assigning any reason, our Company shall not make any claim whatsoever due to non-discounting of bills submitted.

- (vi) Our Company has agreed to indemnify Aditya Birla Finance against any loss caused to its officials for discounting bills which are subsequently found to be forged/ fabricated and/ or ingenuine.
- (vii) Our Company has agreed that Aditya Birla Finance has right to alter, amend any of the conditions or withdraw the facility, at any time, without assigning any reason and without giving any notice.
- (viii) Our Company has agreed that the disbursement shall be done only after unconditional acceptance of the documents and due date confirmation by letter of credit issuing bank.
- (ix) Delayed interest at 2% per annum shall be chargeable over the rate of discounting on payment for amounts remaining overdue after the due date.

**16. Financial facility availed from SBI Global Factors Limited, (“SBI Global”)**

Sanction letter dated July 7, 2012.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Facility/Repayment/Security
Letter of credit: 500.00	76.38	As mutually agreed by the parties.	<ul style="list-style-type: none"> <li>• This facility is for domestic (purchase) letter of credit discounting of 500.</li> <li>• Pricing will be as per mutually agreed rate on the transaction date depending on the market rate.</li> <li>• The facility is valid for a period of 360 days.</li> </ul>

**II. LOANS BY OUR COMPANY FROM GMR INFRASTRUCTURE LIMITED**

**A. Unsecured Borrowings**

(₹ In Millions)

S. No.	Agreement	Sanctioned amount	Amount disbursed	Amount outstanding	Interest (in per cent)	Validity
1.	Inter corporate deposit agreement dated April 4, 2013	700.00	700.00	Nil	Nil	13 months
2.	Inter corporate deposit agreement dated December 18, 2012	350.00	330.00	Nil	Nil	1 year
3.	Inter corporate deposit agreement dated January 29, 2013	750.00	750.00	Nil	Nil	1 year
4.	Amended inter corporate deposit agreement dated February 7, 2013	390.00	390.00	Nil	Nil	12 months
5.	Inter corporate deposit agreement dated January 4, 2013	250.00	250.00	Nil	Nil	1 year
6.	Inter corporate deposit agreement dated September 25, 2012 and amended agreement dated February 20, 2013	1,080.00	1080.00	613.07	Nil	3 years
7.	Financial facility pursuant to agreement dated June 15, 2012 and amendment agreement dated March 18, 2013	500.00	500.00	95.00	Nil	13 months

S. No.	Agreement	Sanctioned amount	Amount disbursed	Amount outstanding	Interest (in per cent)	Validity
8.	Inter corporate deposit agreement dated November 26, 2012	200.00	200.00	Nil	Nil	13 months
9.	Inter corporate deposit agreement dated August 14 2013	750.00	750.00	750.00	Nil	6 months

The following provisions are applicable in relation to the aforesaid facility availed by our Company from GIL:

- (i) Financial facility is availed for the purpose of meeting corporate and various project expenses/outflows.
- (ii) Financial facility is provided for a period of 1 (one) year from the date of disbursal or such other time as may be mutually agreed.
- (iii) GIL can seek early prepayment in the event our Company breaches terms and conditions of this agreement.
- (iv) Our Company shall promptly inform GIL if it has received any statutory notice of winding up under the Companies Act, 1956 or any legal proceedings intended/ initiated against our Company which may affect the title of our Company's properties.
- (v) Some of the above mentioned facilities are repayable on demand.

#### B. Subscription Agreement for issuance of Debentures to GIL

1. *Financial facility availed by our Company from GIL pursuant to subscription agreement dated March 19, 2012 and subscription agreement dated December 26, 2011 between ICICI Bank Limited and GIL.*

The debenture holder has executed a subscription agreement dated December 26, 2011 with ICICI Bank Limited ("**GIL Agreement**") for issue of rated, listed, secured, transferable, redeemable, non-convertible debentures of face value of ₹ 1 million each, for cash aggregating to ₹ 7,000 million.

GIL (the debenture holder in this case) has provided financial assistance in the form of subscription to redeemable, non-convertible, unsecured debentures of face value of ₹ 1 million each, for cash aggregating to ₹ 7,000 million to the debenture holder on a private placement basis.

(₹ In Millions)

Sanctioned amount	Amount redeemable	Applicable yield	Terms and conditions of the agreement
7,000	6,860	I-base plus 4.50% per annum. Current I-base rate is 9.75%	<ul style="list-style-type: none"> <li>The facility has been availed for on-lending, re-financing and /or repayment of existing loans and/or any debt availed by any of our subsidiaries in relation to the projects implemented by them.</li> <li>Our Company may, upon prior written notice of at least 45 days to the debenture holder, redeem all or part of the debenture on any date, falling every 1 year from the previous reset date.</li> <li>Issuance of debentures has been authorised by the resolution passed on January 25, 2012 by our board of directors. Our Company has agreed to duly list the debentures on the relevant stock exchanges within 15 days from each subscription date.</li> <li>Upon listing of our Company's equity shares pursuant to an initial public offer, the aggregate number of shares subject to pledge agreement with the ICICI Bank Limited, shall be modified such that a) they are equal to the higher of 26% of the paid up and issued equity share capital of our Company; or b) the number of shares necessary to</li> </ul>

Sanctioned amount	Amount redeemable	Applicable yield	Terms and conditions of the agreement
			<ul style="list-style-type: none"> <li>maintain the required cover, subject to 49% of the paid up issued equity share capital of our Company.</li> <li>The debentures shall be redeemed up to March 2021 as per the schedule specified in this agreement.</li> </ul>

The following provisions are applicable in relation to the aforesaid facility availed by our Company from GIL:

- (i) Our Company shall promptly inform GIL if it has received any statutory notice of winding up under the Companies Act, 1956 or any legal proceedings intended/ initiated against our Company which may affect the title of our Company's properties.
- (ii) Our Company has agreed that issuance of any equity/preference shares/convertible bonds to any person (other than any existing shareholder or subsidiary), excluding any secondary market sale by any private equity or other investors, will trigger mandatory redemption of the debentures.

The following restrictive covenants are applicable in relation to the aforesaid facility availed by our Company from GIL:

- (i) Our Company has agreed that it shall not, without prior written consent of the ICICI Bank Limited, modify or amend its memorandum and articles of association, change its financial year or change the scope of its principal business.
- (ii) Our Company has agreed that at no time, during validity of the facility, our Company will hold, directly/indirectly, less than 51% of equity shares, in its subsidiaries. In the event the shareholding goes below 51%, ICICI Bank Limited can trigger mandatory redemption of the debentures.

2. *Financial facility availed by our Company from GIL pursuant to subscription agreement dated May 18, 2012, subscription agreement dated December 26, 2011 as amended by amendment agreement dated March 15, 2012.*

GIL (the debenture holder in this case) has provided financial assistance in the form of subscription to redeemable, non-convertible, unsecured debentures of face value of ₹ 1 million each, for cash aggregating to ₹ 3,000 million to the debenture holder on a private placement basis.

The debenture holder has executed a subscription agreement dated December 26, 2011 along with amendment dated March 15, 2012 with ICICI Bank Limited for issue of rated, listed, secured, transferable, redeemable, non-convertible debentures of face value of ₹ 1 million each, for cash aggregating to ₹ 3,000 million.

(₹ In Millions)			
Sanctioned amount	Amount redeemable	Applicable yield	Terms and conditions of the agreement
3,000.00	2940.00	I-base plus 4.50% per annum. Current I-base rate is 9.75%	<ul style="list-style-type: none"> <li>The financial facility has been availed for on-lending, re-financing and /or repayment of existing loans and/or any debt availed by any of our subsidiaries in relation to the projects implemented by them.</li> <li>Our Company may, upon prior written notice of at least 45 days to the debenture holder, redeem all or part of the debenture on any date, falling every one year from the previous reset date.</li> <li>Our Company has agreed to duly list the debentures on the relevant stock exchanges within 15 days from each subscription date. Upon listing of our Company's equity shares pursuant to an initial public offer, the aggregate number of shares subject to pledge agreement with the ICICI Bank Limited, shall be modified such that a) they are equal to the higher of 26% of the paid up and issued</li> </ul>

Sanctioned amount	Amount redeemable	Applicable yield	Terms and conditions of the agreement
			<p>equity share capital of our Company; or b) the number of shares necessary to maintain the required cover, subject to 49% of the paid up issued equity share capital of our Company.</p> <ul style="list-style-type: none"> <li>Our Company has agreed that issuance of any equity/preference shares/convertible bonds to any person (other than any existing shareholder or subsidiary), excluding any secondary market sale by any private equity or other investors, will trigger mandatory redemption of the debentures.</li> <li>The debenture shall be redeemed on the specified dates up to March 2012.</li> </ul>

The following provisions are applicable in relation to the aforesaid facility availed by our Company from GIL:

- (i) Our Company shall promptly inform GIL if it has received any statutory notice of winding up under the Companies Act, 1956 or any legal proceedings intended/ initiated against our Company which may affect the title of our Company's properties.

The following restrictive covenants are applicable in relation to the aforesaid facility availed by our Company from GIL:

- (i) Our Company has agreed that it shall not, without prior written consent of the ICICI Bank Limited, modify or amend its memorandum and articles of association, change its financial year or change the scope of its principal business.
- (ii) Our Company has agreed that at no time, during validity of the facility, our Company will hold, directly/indirectly, less than 51% of equity shares, in its subsidiaries. In the event the shareholding goes below 51%, ICICI Bank Limited can trigger mandatory redemption of the debentures.

### III. LOANS BY GROUP COMPANIES TO OUR COMPANY

(₹ In Million)						
S. No.	Agreement	Sanctioned amount	Amount disbursed	Amount outstanding	Interest (in per cent)	Repayment
1.	Financial facility availed by our Company from GMR Hyderabad International Airport Limited ("GHIAL") pursuant to agreement dated February 22, 2013	1,000.00	1,000.00	1,000.00	12.50	Repayable after 6 months from disbursement
2.	Inter corporate deposit availed by our Company from GMR Airports Development Limited pursuant to agreement dated March 25, 2013	285.00	285.00	285.00	12.50	Repayable after 1 month from the date of disbursement
3.	Inter corporate deposit availed by our Company from GMR Renewable Energy Limited pursuant to agreement dated December 31, 2013	30.00	30.00	30.00	9.00	Repayable after 180 days from the date of deposit
4.	Financial facility availed by our Company from GMR Highways Limited pursuant to agreement dated October 25, 2013	500.00	500.00	427.53	13.00	To be repaid within 6 months from the first drawdown date
5.	Financial facility availed by our Company from GMR Energy	4,000.00	4,000.00	1,627.90	10.15	To be repaid within 1 year from

S. No.	Agreement	Sanctioned amount	Amount disbursed	Amount outstanding	Interest (in per cent)	Repayment
	Trading Limited pursuant to agreement dated August 7, 2013					the first drawdown date
6.	Financial facility availed by our Company from GMR Energy Trading Limited pursuant to agreement dated August 23, 2013	1,000.00	1,000.00	1,000.00	13.70	To be repaid within 6 months from the first drawdown date
7.	Financial facility availed by our Company from GMR Energy Trading Limited pursuant to agreement dated August 16, 2013	700.00	700.00	480.00	13.15	To be repaid within 8 months from the first drawdown date
8.	Financial facility availed by our Company from GMR Energy Trading Limited pursuant to agreement dated August 13, 2013	400.00	400.00	400.00	13.15	To be repaid within 8 months from the first drawdown date

The following provisions are applicable in relation to the aforesaid facilities availed by our Company from its Group Companies:

- (i) Financial facility is availed for the purpose of meeting corporate and various project expenses/outflows.
- (ii) Lenders can seek early prepayment in the event our Company breaches terms and conditions of this agreement.
- (iii) Our Company shall promptly inform the lenders if it has received any statutory notice of winding up under the Companies Act, 1956 or any legal proceedings intended/ initiated against our Company which may affect the title of our Company's properties.

#### IV. LOANS TAKEN BY OUR SUBSIDIARIES

##### 1. **Emco Energy Limited ("EMCO")**

##### A. **Secured Borrowings**

- (a) *Loan taken from Andhra Bank, Axis Bank Limited, Bank of Baroda, Corporation Bank, IDBI Bank Limited, Oriental Bank of Commerce, Punjab & Sind Bank, UCO Bank, Union Bank of India, United Bank of India, Life Insurance Corporation, Axis Bank Limited (as Fronting Bank and Facility Agent) ("Rupee Lenders")*

Facility Agreement dated March 25, 2010 between EMCO Energy Limited, Rupee Lenders and Facility Agent.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
26,100.00	26,099.00	Option A: • BPLR minus spread (as of date of contract- 14.75%- 375 bps = 11% per annum)	This facility has been availed to part finance the capital expenditure for construction, development, financing and implementation of 2×300 MW coal based power plant at Warora Taluka District Chandrapur, Maharashtra in two phases of 300 MW each ("Project").
Letter of credit commitment(sub-limit)- 20,300.00		Option B: • BPLR minus spread (as of date of contract- 14.75%- 325	Repayment can be made through two options: (i) option A- rupee loan of rupee lenders is expected to have door-to-door tenor of up to 14.5 years. The borrower is expected to repay 70.09% of rupee loan in 43 equal instalments starting from the end of the moratorium (August 31, 2014) till February 28, 2025. On May 31, 2025, the balance of 29.91% of the rupee loan is to be paid in a single instalment; (ii) option B-
Bank Guarantee commitment (sub-limit)- 15,000.00			
Fronting Commitment (Axis			

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
Bank)- 16,850.00		bps = 11.5% per annum) Pursuant to Schedule I, all parties have chosen option A	<p>rupee loan of Rupee Lenders is expected to have door-to-door tenor of up to 19 years. The borrower is expected to repay 99.43% of rupee loan in 61 equal instalments starting from the end of the moratorium period (September 30, 2013) till September 30, 2028. On December 31, 2028 the balance of 0.57% is to be paid in a single instalment. Pursuant to Schedule I, the parties have chosen option A</p> <ul style="list-style-type: none"> <li>The loan has been secured by: <ul style="list-style-type: none"> <li>A first charge by way of mortgage on the immovable properties of borrower, present and future.</li> <li>A first charge by way of hypothecation of all the movables including movable plant and the machinery spares, tools, accessories etc.</li> <li>A first charge on the TRA (“TRA”) and any other reserves and other bank accounts of the borrower wherever maintained.</li> <li>A first charge on all intangibles including but not limited to goodwill and uncalled capital, present and future.</li> <li>A first charge by way of assignment or creation of security interest of: (i) all the rights, title, interest, benefits, claims and demand in the project documents, clearances, letter of credits, guarantee, performance bond, corporate guarantee provided by any party to the project documents; (ii) all the rights, title in clearances; (iii) all the rights, title etc. letter of credit and bank guarantees; (d) all insurance contracts and their proceeds.</li> <li>Pledge of 51% shares of the total paid up equity share capital of the borrower held by our Company . Quantum of shares pledged to be reduced to 26% after 50% of rupee facility is repaid.</li> <li>Additional security to be provided if the rupee lenders and security trustee are of the opinion that the security is inadequate.</li> </ul> </li> </ul>

The following provisions are applicable in relation to the aforesaid facilities:

- (i) The borrower is entitled to prepay upon giving a prior written notice of 30 days to rupee lenders and payment of prepayment premium of 1% of the amounts being prepaid.
- (ii) The borrower is required to obtain sponsor support from our Company, undertaking to bring in entire equity contribution for the Project and not dilute its shareholding in the borrower to less than 51% without the prior approval of rupee lenders.
- (iii) The borrower undertakes that: (i) in case of rupee disbursements prior to the phase II CP satisfaction date, the debt to equity ratio shall not be greater than 65:35; (ii) in case of rupee disbursements after the phase II CP satisfaction date, the debt to equity ratio shall not be greater than 75:25.
- (iv) The borrower undertakes to maintain fixed asset cover of 1.20 till the final settlement date.
- (v) The borrower shall ensure that historical debt service coverage ratio in respect of cash flows for the trailing 12 (twelve) months shall not be lower than 1.10.

The following restrictive covenants are applicable in relation to the aforesaid facility:

EMCO shall not without the prior consent of its facility agent:

- (i) Effect any change in the capital structure of EMCO other than in a manner provided for in the agreement or in any of the financing documents.
  - (ii) Issue equity or preference capital except as, and to the extent, contemplated and permitted under the financing documents. Provided however, EMCO shall be eligible to issue 49% of its paid up share capital to any other person so long as the balance 51% of its issued and paid up capital shall be owned, held and maintained unencumbered by our Company.
  - (iii) Enter into or consent to any action for its merger, consolidation, amalgamation, reconstruction, reorganisation, liquidation or dissolution.
  - (iv) Undertake any further borrowings, either secured or unsecured and/ or repay monies brought in by promoters etc.
  - (v) Undertake guarantee obligations on behalf of any person except in the ordinary course of business.
  - (vi) Create security interest in favour of any person other than security trustee for the benefit of the Rupee Lenders other than as provided under the agreement. EMCO shall not create any escrow or other similar arrangements over any of its receivables for the benefit of any other person other than as provided in this agreement.
  - (vii) During the construction period and 'moratorium period' distribute dividends or carry out any distribution of its profits or revenues to the holders of shares of EMCO.
  - (viii) Permit the transfer of shares held by our Company in the event of it resulting in change of control of EMCO.
  - (ix) Inform its lenders of any significant development with respect to itself/sponsors that may have a substantial effect on the business/profit.
- (b) *Working capital facility taken from Axis Bank, IDBI Bank, Andhra Bank, UCO Bank and Corporation Bank as per working capital facility agreement dated June 5, 2013 and sanction letters dated July 15, 2013 and September 4, 2013*

(₹ In Million)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
5,600.00	4,186.00	Cash credit: base rate of Axis bank + 2.75% i.e. 12.75% p.a. on the date of sanction for Axis bank, UCO Bank and Corporation bank.	<ul style="list-style-type: none"> <li>The facility has been availed to meet working capital requirements of 2x300 MW coal based power plant at Warora Taluka District Chandrapur, Maharashtra.</li> <li>Repayment on demand.</li> <li>The facility is secured by: <ul style="list-style-type: none"> <li>- A first charge by way of mortgage on all immovable properties, present &amp; future.</li> <li>- A first charge by way of hypothecation on all movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, uncalled capital, present and future relating to project.</li> </ul> </li> </ul>
Letter of credit commitment 3,512.00	2,300.00	Base rate + 2.25% i.e. 12.75% p.a. on the date of sanction for Andhra Bank.	
Bank guarantee commitment 2,088.00	1,491.00	If any bank is charging excess the same shall be applicable.	
Cash credit 2,362.00	394.00	Letter of credit commission at 0.60% (Axis Bank, Andhra Bank, UCO Bank and Corporation Bank) and 0.75% (IDBI Bank) excluding applicable taxes, payable quarterly upfront.	<ul style="list-style-type: none"> <li>- A first charge by way of hypothecation on all movable assets other than project assets.</li> <li>- A first charge on all book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, , present &amp; future.</li> </ul>
LER 1,150.00	Nil		



Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
		Bank guarantee commission at 0.75 % per annum payable quarterly in advance for performance guarantee excluding applicable taxes. 1.00% per annum payable quarterly in advance for financial guarantee.	<ul style="list-style-type: none"> <li>- A first charge on the accounts, escrow account, trust and retention account agreement, debt service reserve account (as applicable) and other reserves and any other bank accounts wherever maintained, present &amp; future.</li> <li>- A first charge by way of assignment/hypothecation or creation of security interest of: (i) all the rights, title, interest, benefits, claims and demands whatsoever in the project documents (including but not limited to power purchase agreements / memorandum of understanding for sale of power, package / construction contracts, O&amp;M related agreements, land lease agreements, fuel supply contracts / long term linkages, service contracts, etc.), duly acknowledged consented by the relevant counter-parties to such project documents, all as amended, varied or supplemented from time to time; (ii) all the rights, title, interest, benefits, claims and demands whatsoever of the borrower in the permits, approvals and clearances pertaining to the project; (iii) all the rights, title, interest, benefits, claims and demands whatsoever of the borrower in letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the project documents; and (iv) all insurance contracts / insurance proceeds.</li> <li>- Pledge of shares representing 51% of the total paid up equity share capital of the borrower held by the sponsors, subject to the applicable provisions of law. Quantum of equity shares pledged shall be reduced to 26% after 50% of the senior facilities is repaid, subject to there being no default. The shares to be pledged shall be free from any restrictive covenants / lien or other encumbrance under any contract / arrangement including constitutional documents / shareholder agreement / joint venture agreement financing arrangement with regard to pledge / transfer of the shares including transfer upon enforcement of the pledge and have full voting rights.</li> </ul>

(c) *Loan taken from Axis Bank*

Term Loan Agreement dated August 29, 2013 between Emco and Axis Bank Limited as lender.

(₹ In Million)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
2,600.00	2,600.00	Base rate+ 3%	<ul style="list-style-type: none"> <li>• The loan has been availed to part finance the capital expenditure for construction, development, financing and implementation of 2×300 MW coal based power plant at Warora Taluka District Chandrapur, Maharashtra.</li> <li>• The tenure of the loan is 3 years from the</li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			date of draw down.
			<ul style="list-style-type: none"> <li>The borrower has agreed to bullet repayment at the end of the tenure.</li> <li>The security has been secured by a second <i>pari passu</i> charge on all the assets of EMCO, a pledge over 26% of the shares of EMCO along with a corporate guarantee from the Company.</li> </ul>

The following restrictive covenants are applicable in relation to the aforesaid facility:

EMCO shall not without the prior consent of its facility agent:

- Permit any change in ownership or control whereby the effective beneficial ownership or control of EMCO shall change to any company outside the GMR group.
- Effect any material change in the management of the business of EMCO.
- Make any amendments in EMCO's memorandum and articles of association.
- Create any encumbrances on the property.
- Avail any further loan or facility on the property constituting the Bank's security
- Stand surety or guarantor for any third party liability or obligation.

## 2. GMR KAMALANGA ENERGY LIMITED ("GKEL")

### A. Secured Loan

- Loan taken from Andhra Bank, Bank of Baroda, Canara Bank, Central Bank of India, Corporation Bank, IDBI Bank Limited, Punjab & Sind Bank, UCO Bank, United Bank of India, State Bank of India, State bank of Mysore, Indian Bank, IDFC (as lender's agent/ facility agent) ("Lenders")*

Rupee loan agreement dated May 27, 2009, deed of hypothecation dated May 27, 2013, declaration and undertaking dated August 25, 2010 and power of attorney dated March 18, 2009 between GKEL and IDFC and lenders as Lender's agent.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
34,050.00	33,001.60	IDFC: 3 year benchmark + 3.25% SBI- SBAR less 0.25% (floating) Central Bank of India, Union Bank of India, UCO Bank and Canara Bank- BPLR less 0.5% (floating) Corporation Bank- COBAR less 0.5% (floating) IDBI- IDBI's bank base rate plus 3% per annum, currently 13.25% per annum (next reset date to be December 17, 2013)	The facility has been availed to finance the setting up of a project envisaging the development, design, engineering, procurement, construction, operation maintenance and generation and sale of electrical output and electricity capacity produced by 1050 MW (gross capacity) coal fired power plant and other facilities to be constructed and operated at Kamalanga village, Dhenkanal District, State of Orissa. Borrower to repay the loan in 48 equal quarterly instalments from the earlier of: (i) 12 months from schedule project completion date; or (ii) 51 months from financial close. The loan has been secured by: <ul style="list-style-type: none"> <li>A first mortgage and charge of the immovable properties of the borrower.</li> <li>A first charge by way of hypothecation of</li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
		Indian Bank- BPLR + 0.5% (term premia) less 2% (floating)	all the movables including movable plant and the machinery spares, tools, accessories, etc.
		Bank of Baroda- BPLR less 1.75% (floating)	- A first charge over borrower's book debts, operating cash flows, receivables, commissions, revenues and intangibles, goodwill, uncalled capital, present and future.
		Andhra Bank- BMPLR + 0.25% less 0.75% (floating)	- First charge by way of assignment or creation of charge in favour of lenders of: (i) all the right, title etc in the project documents; (ii) rights, title etc. of the borrower in clearances; (iii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iv) insurance contracts/ proceeds.
		Punjab and Sind Bank- BPLR less 2% (floating)	- First charge on trust retention account, debt service reserve account and other reserves.
		State Bank of Mysore- PLR less 1% (floating)	- Pledge of shares representing a minimum of 51% of the total paid up equity share capital of the borrower. On repayment of 50% of loans, the number of shares under pledge maybe reduced to 26% of paid up equity share capital of borrower.
			- Additional security to be provided if the lenders are of the opinion that the security is inadequate.
			• Borrower has agreed that a minimum of 51% equity shares of the borrower will be held by our Company during the currency of loans.

The following provisions are applicable in relation to the aforesaid facility:

- (i) Borrower can make prepayment to lenders to the full extent and not in part of such lender's loan by payment of prepayment premium of 2% of the amount prepaid after giving atleast 30 days prior notice in writing to such Lender.
- (ii) Management control and majority board representation to be retained by our Company.
- (iii) An overall debt to equity ratio of not more than 3:1 shall be maintained. Debt service coverage ratio of not less than 1.20 shall be maintained.
- (iv) Borrower to procure an undertaking from our Company that any overrun in cost of project to the extent of 10% of the project cost shall be met by our Company by infusion of fresh equity/ preference capital/ unsecured interest free loans/ subordinated debt, without recourse to the project assets. Minimum of 51% equity shares of the borrower will be held by our Company during currency of loans.
- (v) An interest coverage ration of 2.16 to be maintained.
- (vi) Total debt gearing of 3.50 to be maintained.
- (vii) Security margin greater than or equal to 20% to be maintained,

The following restrictive covenants are applicable in relation to the aforesaid facility:

GKEL shall not without the prior consent of its facility agent:

- (i) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
- (ii) Repay/ prepay subordinated loan or any other loans taken by the borrower from the sponsors or arranged by sponsors. Redeem any preference shares issued to any person.
- (iii) Issue any debentures, raise secured or unsecured loan, accept deposits from public, invest in share capital of or lend or advance funds to or place deposits with other companies or issue preference capital or divert short term funds for long term uses or undertake any guarantee obligations for any other company, or change in capital structure or create any security interest or give any guarantees.
- (iv) Borrower shall not without the approval of the lenders recognize or register any transfer of shares in the borrower's capital made or to be made by the sponsor to the extent that such transfer in is violation of the terms of financing documents.

(b) *Loan taken from ICICI Bank Limited*

Rupee facility agreement dated June 30, 2012 between GKEL and ICICI Bank Limited.

(USD. In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
Rs. 31,360.00 ECB Facility of USD 62.50 million (sublimit)	USD 55.40	I base plus Spread. The I base as on June 30, 2012 is 9.75% and the Spread is 3.50%	<ul style="list-style-type: none"> <li>• The facility has been availed to part finance the project for which certain banks granted loan facility as per the rupee loan agreement dated May 27, 2009.</li> <li>• The facility shall be repaid in 32 quarterly instalments from the date of initial drawdown at 3.125% of the total rupee facility.</li> <li>• The facilities are secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge / pledge on: <ul style="list-style-type: none"> <li>- All the immovable properties of borrower, present and future.</li> <li>- All the right, title etc in the project documents including all insurance contracts and clearances and all benefits incidental thereto.</li> <li>- All the movables including movable plant and the machinery spares, tools, accessories, borrower's stocks of raw materials, semi finished and finished goods and consumable goods.</li> <li>- Borrower's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future.</li> <li>- All current assets of borrower, present and future.</li> <li>- Trust and retention account, debt service reserve Account and other reserves.</li> <li>- First charge by way of assignment or creation of charge in favour of lenders of: (i) rights, title etc. of the borrower in clearances; (ii) right, title etc. of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iv) insurance contracts/</li> </ul> </li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			proceeds.
			- Pledge of shares held by GEL representing 51% of shares which will be reduced to 26% on repayment of half the loans.

The following provisions are applicable in relation to the aforesaid facility:

- (i) The borrower to submit satisfactory evidence to the rupee lender that atleast 75% of total equity requirement for the project has been brought in upfront and procure an undertaking from GEL that any overrun in cost of project to the extent of 10% of the project cost shall be met by our Company by infusion of fresh equity / preference capital / unsecured interest fee loans / subordinated debt, without recourse to the project assets, minimum of 51% equity shares of the borrower will be held by our Company during currency of loans.
- (ii) The debt to equity ratio shall not be greater than 75:25. Borrower to maintain debt service coverage ratio greater than 1.05 till final settlement date. Total long term debt gearing shall not exceed 72:28. Interest coverage ratio shall be 1.50 and security margin shall not be less than 20%.
- (iii) The borrower agrees and consents that any change in shareholding pattern of GEL would be subject to the prior written approval of the ECB lender. Provided that in the event there is deterioration in our Company's grading, determined as per the prevailing internal policies of the ECB lender, additional conditions can be stipulated by the ECB lender including but not limited to alteration in rates of interest, equity requirement etc.
- (iv) The borrower can make prepayment to the lenders to the full extent or in part of such rupee lender's loan by payment of a prepayment premium of 2% of the amount prepaid after giving atleast 15 days prior notice in writing to such lender.

The following restrictive covenants are applicable in relation to the aforesaid facility:

With respect to the above loan agreement, GKEL shall not without the prior consent of the Lenders:

- (i) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
  - (ii) Repay/ prepay subordinated loan or any other loans taken by the borrower from sponsors or arranged by sponsors or redeem any preference shares issued to any person.
  - (iii) Issue any debentures, raise secured or unsecured loan, accept deposits from public, invest in share capital, lend or advance funds to or place deposits with other companies, issue preference capital or divert short term funds for long terms uses or undertake any guarantee obligations for any other company, change its capital structure, create any security interest or give any guarantees.
  - (iv) Borrower shall not without the approval of lenders recognize or register any transfer of shares in borrower's capital made or to be made by the sponsor to the extent that such transfer in is violation of terms of financing documents.
- (c) *Loan taken from ICICI Bank*

ECB Agreement dated June 30, 2012 between GKEL and ICICI Bank Limited Singapore as amended by amendment agreement dated September 25, 2012 and the second amendment dated September 28, 2012.

(USD In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
62.50	USD 55.40	%rate per annum which is the aggregate of: (a) margin and (b) 6 months USD LIBOR, calculated 2 business days prior to the relevant interest period.	<ul style="list-style-type: none"> <li>• The facility has been availed to finance the project undertaken by GKEL.</li> <li>• GKEL shall repay 1 per cent of the loan amount payable at the end of every 12 months for the first 48 months and by the end of the 62<sup>nd</sup> month 96% of the loan amount shall get converted to rupee loan amount.</li> <li>• The loan has been secured by: <ul style="list-style-type: none"> <li>- A first mortgage or charge of the immovable and moveable properties, tangible and intangible assets of borrower.</li> <li>- A first charge over borrower's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature.</li> <li>- First charge by way of assignment or creation of charge in favour of lenders of: (i) all the right, title etc in the project documents; (ii) rights, title etc. of the borrower in clearances; (iii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iv) insurance contracts/ proceeds.</li> <li>- First ranking pledge over shares held by our Company 51% which shall be reduced to 26% of shares on repayment of half the loans.</li> <li>- The loan shall be available from September 28, 2012 until the earliest of: (i) the date on which the ECB facility shall be terminated, cancelled or reduced to zero; or (ii) the date falling three months from September 30, 2012 whichever is earlier; or (iii) such other period as may be allowed by the Lender. Provided that such period shall not exceed 1 year from September 28, 2012 or a lesser period as may be notified by the Lender pursuant to its own funding arrangements that it may have entered into in respect of the ECB facility.</li> </ul> </li> </ul>

The following provisions are applicable in relation to the aforesaid facility:

- (i) Debt service coverage ratio to be greater than 1.05; total long term debt gearing to not exceed 72:28, interest coverage ratio to be 1.50, security margin to be not less than 20%, total debt gearing to not exceed 3.50.
- (ii) GKEL shall procure an undertaking from our Company to hold atleast 51% of the shares of GKEL.
- (iii) Borrower may prepay without paying prepayment premium of by giving a notice of not less than 30 days. If prepayment is to be made otherwise, the borrower needs to pay break costs as per the ECB Agreement.
- (iv) Borrower agrees and consents that any change in shareholding pattern of our Company would be subject to prior written approval of the ECB lender. Provided that in the event there is deterioration in our Company's grading, determined as per the prevailing internal policies of

the ECB Lender, additional conditions can be stipulated by the ECB Lender including but not limited to alteration in rates of interest, equity requirement etc.

- (v) In the event of default, ECB lender may call on undrawn and unsubscribed position of the equity under the sponsor support undertaking. Our Company is required to obtain approval from the rupee lender prior to making any change in the shareholding pattern.

The following restrictive covenants are applicable in relation to the aforesaid facility:

With respect to the above loan agreement, GKEL shall not without the prior consent of the rupee lender:

- (i) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
  - (ii) Amend or modify its MoA and AoA and change the nature of scope of the project.
  - (iii) Issue equity or preference capital. The borrower shall not issue any shares other than fully paid up shares.
  - (iv) Repay/ prepay subordinated loan or any other loans taken by the borrower from the sponsors or arranged by sponsors. Redeem any preference shares issued to any person.
  - (v) Issue any debentures, raise secured or unsecured loan, accept deposits from public, invest in share capital of or lend or advance funds to or place deposits with other companies, issue preference capital, divert short term funds for long terms uses, undertake any guarantee obligations for any other company, change its capital structure, create any security interest or give any guarantees.
  - (vi) Borrower shall not without the approval of the lenders recognize or register any transfer of shares in the borrower's capital made or to be made by the sponsor to the extent that such transfer is in violation of terms of the financing documents.
- (d) *Loan taken from Corporation Bank*

Term-loan renewal letter for already sanctioned amount of ₹ 3,000 million to GKEL by Corporation Bank under the sanction letters dated February 23, 2013 and March 04, 2013 and the Rupee loan agreement dated May 27, 2009, additional financial facilities dated May 26, 2011 and working capital agreement dated July 18, 2013.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
Term loan: 3,000.00 (Import/ Inland LC cum Buyers Credit Limit of 2,200.00 as a sub-limit of the Term loan)	2928.90	Floating rate of interest at 14.5 p.a. at present i.e., COBAR minus 0.50% subject to revision after 3 years. Next reset date is December 17, 2015	<ul style="list-style-type: none"> <li>The facility has been availed to part finance the cost of setting up of thermal power plant at a total estimated cost of 45,400.00.</li> <li>The facility is repayable in 48 quarterly instalments of 6,250.00. The quarterly instalments shall commence from earlier of: (i) 12 months from project implementation; or (ii) 51 months from the date of financial closure.</li> </ul>
Facility for hedging to mitigate currency risk: 3,750.00	Nil	Working capital loan: 13.25% p.a i.e., base rate + 3.00% p.a at the date of Agreement, subject to revision	<ul style="list-style-type: none"> <li>The facility for hedging to mitigate currency risk has been availed to mitigate exchange risks involved in imports.</li> </ul>
Working capital: 1,500.00	702.50		<ul style="list-style-type: none"> <li>The purpose of the cash credit facility is to meet the working capital requirement of the company.</li> <li>The letter of credit is for procurement</li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			of the raw material
			<ul style="list-style-type: none"> <li>Bank guarantee is available for issuing advances to the Government/ other companies for bidding.</li> <li>Running account is repayable on demand subject to annual review/ renewal.</li> <li>The facilities are secured by: <ul style="list-style-type: none"> <li><i>Pari passu</i> first charge on factory land and building and other immovable properties of the borrower.</li> <li><i>Pari passu</i> hypothecation or first charge over the movable assets.</li> <li><i>Pari passu</i> first charge by way of assignment or creation of charge over all right, title, interest of company in project documents.</li> <li><i>Pari passu</i> first charge on escrow account, trust retention account, debt service reserve account and other reserves and any other bank accounts of the borrower.</li> </ul> </li> </ul>
			<i>Pari passu</i> first charge on all project assets and inventory cum book debts / current assets.

(e) *Loan taken from IDBI Bank*

Non-fund based credit facility vide original sanction letter dated June 3, 2010, credit facilities letter dated January 09, 2012, letter of modification in terms of sanction dated May 31, 2010 modified sanction letter dated December 22, 2012 and June 4, 2013, and credit facility letter dated January 5, 2013.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
2,800.00	2,770.50	0.6% per annum plus applicable tax payable annually upfront monthly on a pro-rata basis (if up to 12 months).	<ul style="list-style-type: none"> <li>The facility has been obtained for the purposes of issuing bid bond/ advance performance/ financial bank guarantees to an government or private body in respect of working capital requirements and project implementations including coal, water power purchase agreement, fuel supply agreement.</li> </ul>
Sub-limit 2,800.00			
(Standby Letter of Credit and Letter of Credit)			
LER: 700.00		0.9% per annum plus applicable tax payable annually upfront monthly on a pro-rata basis (if more than 12 months.)	<ul style="list-style-type: none"> <li>Repayment is to be made on demand.</li> <li>The LER facility has been availed for the purposes of forward derivative deals with 1 year validity to book forward contracts/ hedging for their payments towards EPC contract and other project related foreign currency payments.</li> </ul>
Adhoc working capital facility: 100.00	232.53		
	Nil	Standby letter of credit: 0.6% per annum plus applicable tax payable	<ul style="list-style-type: none"> <li>Letter of credit: issued for supply of raw materials</li> <li>Adhoc working capital facility has been</li> </ul>



Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
		upfront	availed for meeting working capital requirements.
		Letter of credit: 0.6% per annum plus applicable tax payable annually upfront monthly pro-rata basis if up to 12 months.	<ul style="list-style-type: none"> <li>The facilities are secured by: <ul style="list-style-type: none"> <li>- Second mortgage and charge by way of equitable mortgage in favour of IDBI of all the company's immovable, present and future.</li> <li>- Second charge by way of assignment or creation of charge in favour of IDBI on all insurance contracts, letter of credit, performance bonds, project documents.</li> <li>- Second charge on the escrow account, trust and retention account, any other reserves or bank accounts of the company wherever maintained, present and future.</li> <li>- Second charge on pledge of shares as representing a minimum of 51% of the total paid up equity share capital of the company.</li> </ul> </li> <li>Standby letter of credit: issued for providing standby letter of credit instead of bank guarantees to any bank for enabling the company to hedge the USD – Chinese Yuan and other currencies for its EPC payment and any other working capital requirement.</li> </ul>
		LER: 0.9% per annum plus applicable tax payable annually upfront monthly pro-rata basis if more than 12 months.	
		Adhoc working capital facility: base rate plus 350 base points per annum, presently 13.75%, payable monthly.	

The following provisions are applicable in relation to the aforesaid facility:

- (i) GKEL shall not divert the facilities to inter-corporate deposits, debentures, stocks and shares, real estate business.
- (ii) GKEL shall provide information relating to its un-hedged foreign currency exposure and if required by IDBI, appropriately hedge uncovered foreign currency exposure arising from foreign trade an/or foreign investment transactions.

(f) *Loan taken from Central Bank of India*

Sanction letters dated April 27, 2013, July 18, 2013 and working capital letter dated July 18, 2013.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
Fund based: 1,500.00	172.80	Base rate + 2.75 (to be reset at the time of renewal)	<ul style="list-style-type: none"> <li>The facility has been obtained for setting up of a 1050 MW coal based power plant at Kamalanga, Dhenkanal district, Orissa with estimated project cost of 45,400.00 and to meet the working capital requirement of the company.</li> <li>Facility is repayable on demand.</li> <li>The facilities are secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge/pledge on: <ul style="list-style-type: none"> <li>- All of immovable properties of borrower, present and future.</li> <li>- All the right, title etc in the project documents including all insurance contracts and clearances and all benefits incidental thereto.</li> <li>- All the movables including movable plant and machinery spares, tools, accessories, borrower's stocks of raw materials, semi finished and finished goods and</li> </ul> </li> </ul>
Non fund based: 600.00			

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			consumable goods.
			- Borrower's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future.
			- All current assets of borrower, present and future.
			- Trust and retention account, debt service reserve account and other reserves.
			- First charge by way of assignment or creation of charge in favour of lenders of: (i) rights, title etc. of the borrower in clearances; (ii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; (iii) insurance contracts/ proceeds.
			- Pledge of shares in dematerialized form, representing a minimum of 51% of the total paid up equity share capital of the borrower. From the date of repayment of 50% of the total debt, the number of shares under the pledge may be reduced to 26%.

(g) *Loan taken from IDFC Limited*

Facility agreement dated December 2, 2013

(₹ In Million)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
3,000.00	2,250.00	Bench mark rate + spread of 3.5%	<ul style="list-style-type: none"> <li>The loan has been availed to finance the cost overrun of the project.</li> <li>To be repaid in a single bullet instalment 13 months from the date of the first disbursement.</li> <li>The facility has been secured by a by a hypothecation over the company's movables, charge on the book debts, operating cash flows, receivables, uncalled capital present and future and a charge over the project documents, the charged accounts and a pledge of shares representing 30.44% of the borrower's preference and equity share capital.</li> </ul>

(h) *Loans taken by GKEL from GPCL*

(₹ In Million)					
S. No.	Date of Agreement	Sanctioned amount	Amount outstanding	Interest	Validity
1.	July 30, 2013	1,500.00	1,500.00	14.35%	12 months
2.	September 27, 2013	650.00	620.00	14.35%	12 months

(i) *Loan taken from GMR Highways*

S. No.	Date of Agreement	Sanctioned amount	Amount outstanding	Interest	Validity
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1.	October, 23, 2013	1,500.00	1,500.00	13.00%	6 months
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### 3. Aravali Transmission Service Company Limited (“ATSCCL”)

#### (a) Secured Loan

*Loan taken from ICICI Bank Limited- rupee facility agreement dated September 29, 2011, between ATSCCL and ICICI Bank Limited*

				(₹ In Millions)
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security	
Rupee term loan 1: 144.50	144.50	Floating rate of interest at base rate plus spread. As on the date of agreement, interest rate for both commitments was 12.75%	<ul style="list-style-type: none"> <li>The facility has been availed for financing the development, design, procurement, maintenance of the 400 Kv S/C power transmission line from Hinduan to Alwar, the 400 Kv/220 kV GSS at Alwar and associated works required for successful commissioning thereof.</li> <li>Repayment can be made in instalment of 5.16 for a period of 28 months starting from March 31, 2014 for rupee term loan 1 and repayment instalment starting from 7.9 for a period of 39 months starting from last date of quarters ended from first date of disbursement under or against the rupee term loan 2 facility.</li> <li>The facilities are secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge / pledge on: <ul style="list-style-type: none"> <li>- All of immovable properties of borrower, present and future.</li> <li>- All the right, title etc. in the project documents including all insurance contracts and clearances and all benefits incidental thereto.</li> <li>- All the movables including movable plant and the machinery spares, tools, accessories, borrower's stocks of raw materials, semi finished and finished goods and consumable goods.</li> <li>- Borrower's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future.</li> <li>- All current assets of borrower, present and future.</li> <li>- Trust and retention account, Debt service reserve account and other reserves.</li> <li>- First charge by way of assignment or creation of charge in favour of lenders of: (i) rights, title etc. of the borrower in clearances; (ii) right, title etc. of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iv) insurance contracts/ proceeds.</li> <li>- Pledge of shares representing 30% of the</li> </ul> </li> </ul>	
Rupee term loan 2 Facility: 900.00	Nil			

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			total equity share capital of borrower.
			- Non-disposal undertaking from sponsor in respect of 51% of total equity shares of borrower.
			- Corporate guarantee provided by our Company as per modification agreement to rupee facility agreement dated February 14, 2012.

The following provisions are applicable in relation to the aforesaid facility:

- (i) Borrower to obtain sponsor support from our Company to ensure entire equity contribution such that quasi equity brought in for project shall not exceed 80% of required equity, and retain management, control or ownership of borrower by holding atleast 51% of equity shares of the borrower until the final settlement date.
- (ii) Borrower permitted to prepay upon giving 15 days irrevocable written notice to lenders.
- (iii) Debt to equity ratio of 80:20 to be maintained.

The following restrictive covenants are applicable in relation to the aforesaid facility:

With respect to the above loan agreement, ATSCS shall not without the prior consent of the lenders:

- (i) Effect any change in capital structure, including its shareholding patterns, other than as provided, which shall result in debt to equity ratio increasing beyond 80:20.
- (ii) Issue equity or preference capital or any securities except as provided in the financing documents. And borrower shall not buyback, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding.
- (iii) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
- (iv) Register any transfer of shares by sponsor in the event such transfer of shares results in change in control of borrower or is likely to cause a drastic change in management set-up of the borrower.

The following are the major terms and conditions of the deed of guarantee executed between our Company and ICICI Bank Limited dated February 14, 2012:

- (i) If at any time a default is made in the repayment of the facility availed by the ATSCS under the facility agreements, our Company has agreed to indemnify ICICI Bank Limited against all such losses, damages, costs, claims and expenses whatsoever which ICICI Bank Limited may suffer as a consequence.
- (ii) Our Company has declared that they have not received and shall not receive, without prior written consent of ICICI Bank Limited, any security or commission from the ATSCS, for executing the guarantee agreement.
- (iii) Our Company has agreed not to transfer, sell, encumber, pledge, hypothecate, mortgage the secured properties, implement any scheme of amalgamation/ reorganisation, wind up, dissolve its affairs without written permission of ICICI Bank Limited.
- (iv) Our Company has agreed not to revoke this corporate guarantee during subsistence of the term loan under the facility agreement.

- (b) *Loan from ICICI Bank Limited (Bahrain)*

Foreign currency facility agreement dated July 19, 2012, between ATSCS and ICICI Bank Limited India through its Bahrain branch and modification agreement to foreign currency facility agreement dated November 23, 2012:

(USD in Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
20.00 (in aggregate not exceeding 900.00 million availed under the rupee term loan 2 commitment)	16.59	Floating rate of interest at a rate of 3 months LIBOR + 450 basis points as may be reset Each interest period is for 3 months	<ul style="list-style-type: none"> <li>The facility is availed for the purposes of part financing capital expenditure of the Project as per the rupee facility agreement.</li> <li>Outstanding foreign currency loan to be repaid as one bullet repayment on the date falling 261 weeks after the date of the first foreign currency disbursement.</li> <li>The facilities are secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge/pledge on:               <ul style="list-style-type: none"> <li>All immovable properties of the borrower, present and future.</li> <li>All the right, title etc in the project documents including all insurance contracts and clearances and all benefits incidental thereto and all the movables including movable plant and machinery spares, tools, accessories, borrower's stocks of raw materials, semi finished and finished goods and consumable goods.</li> <li>Borrower's book debts, operating cash flows, receivables, etc. and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future.</li> <li>All the current assets of borrower, present and future.</li> <li>Trust and retention account, debt service reserve account and other reserves.</li> <li>First charge by way of assignment or creation of charge in favour of lenders of: (i) rights, title etc. of the borrower in clearances; (ii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iii) insurance contracts/ proceeds.</li> <li>Pledge of shares representing a 30% of the total equity share capital of borrower.</li> <li>Non-disposal undertaking from Sponsor in respect of 51% of total equity shares of borrower.</li> </ul> </li> </ul>

The following provisions are applicable in relation to the aforesaid facility:

- Borrower to obtain sponsor support agreement from our Company to ensure entire equity contribution such that quasi equity brought in for project shall not exceed 80% of required equity.
- Borrower permitted to prepay upon giving 15 days irrevocable written notice to lenders.

The following restrictive covenants are applicable in relation to the aforesaid facility:

With respect to the above loan agreement, ATSCS shall not without the prior consent of Lenders:

- Effect any change in capital structure, including its shareholding patterns, other than as provided, which shall result in debt to equity ratio increasing beyond 80:20.

- (ii) Issue equity or preference capital or any securities except as provided in the financing documents. And borrower shall not buyback, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding.
- (iii) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
- (iv) Register any transfer of shares by sponsor in the event such transfer of shares results in change in control of borrower or is likely to cause a drastic change in management set-up of the borrower.

#### 4. GMR Rajahmundry Energy Limited (“GREL”)

##### A. Secured Loan

- (a) *Loan taken from IDBI Bank Limited, Allahabad Bank, Andhra Bank, IDFC Limited Indian Overseas Bank, Jammu and Kashmir Bank Limited, Punjab and Sind Bank, Punjab National bank, State Bank of Patiala, United Bank of India, IDBI Bank Limited (as Fronting Bank, Underwriter and Facility Agent).*

Facility agreement dated September 14, 2010, between the borrower and rupee lenders and the first amendment agreement dated March 25, 2013 and the second amendment agreement to the facility agreement dated March 25, 2013, between the borrower and rupee lenders and the bilateral facility agreement dated March 25, 2013, between the Borrower and IDFC Limited (“**Bilateral Facility**”).

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
30,450.00	24,591.93	<ul style="list-style-type: none"> <li>Base rate of IDBI Bank plus 350 bps.</li> <li>State Bank of Patiala at base rate of SBOP plus 375 bps, which however shall not be less than 14% at any situation.</li> <li>IDFC interest rate applicable is bench mark rate plus spread of 3.34%.</li> </ul>	<ul style="list-style-type: none"> <li>• The facility is availed for the purposes of part financing costs of setting up 768 MW (2×384 MW) gas based combined cycle plant at Vemagiri village, Rajahmundry District, East Godavari, Andhra Pradesh, and part financing the cost over-runs incurred for preservation and interest payments towards the completed plant whose commercial operation has been delayed by two years due to unavailability of natural gas to operate the plant .</li> <li>• The facility is repayable in 50 equal quarterly instalments commencing from October 1, 2015. IDFC Limited will be repaid in 50 equal quarterly instalments commencing from October 1, 2016. In case of a earlier repayment, IDFC will also be repaid proportionately.</li> <li>• The facilities are secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge / pledge on: <ul style="list-style-type: none"> <li>- All of immovable properties of borrower, present and future.</li> <li>- All the right, title etc. in the project documents including all insurance contracts and clearances and all benefits incidental thereto.</li> <li>- All the movables including movable plant and the machinery spares, tools, accessories, borrower’s stocks of raw materials, semi finished and finished goods and consumable goods.</li> <li>- Borrower’s book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill and uncalled capital, present and future.</li> <li>- All current assets of borrower, present and future.</li> <li>- Trust and retention account, debt service reserve</li> </ul> </li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			<p>account and other reserves.</p> <ul style="list-style-type: none"> <li>- First charge by way of assignment or creation of charge in favour of lenders over: (i) rights, title etc. of the borrower in clearances; (ii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iii) insurance contracts/ proceeds.</li> <li>- Pledge of shares representing 100% of the total issued and paid up equity share capital of the borrower. Quantum of equity and paid up capital shares shall be reduced to 51% after 50% of the rupee facility is paid up.</li> <li>- Non-disposal undertaking from sponsor in respect of 51% of total equity shares of the borrower.</li> </ul> <ul style="list-style-type: none"> <li>• The Bilateral Facility is secured by the following: <ul style="list-style-type: none"> <li>- A first charge by way of mortgage in favour of IDFC Limited on all of the borrower's immovable properties, both present and future.</li> <li>- A first charge by way of hypothecation in favour of IDFC Limited of all the borrower's movable, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, including stocks of raw material, consumable stores, etc. present and future.</li> <li>- A first charge on all book debts, operating cash flows, receivables, commissions, revenues of whatsoever arising from, of the borrower, and intangible assets including goodwill, uncalled capital both present and future.</li> <li>- A first charge on the debt service ratio guarantee, trust and retention account, debt service ratio account and other reserves and other bank accounts of the borrower wherever maintained, both present and future.</li> <li>- A first charge by way of assignment/ hypothecation or creation of security interest of: <ul style="list-style-type: none"> <li>(i) All the rights, title, interest, benefits, claims and demands whatsoever of the borrower in the project documents.</li> <li>(ii) All the rights, title, interest, benefits, claims and demands whatsoever of the borrower in the clearances.</li> <li>(iii) All the rights, title, interest, benefits, claims and demands whatsoever of the borrower in letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee etc. provided by any party to the material project documents.</li> <li>(iv) All insurance contracts/ proceeds under insurance contracts in relation to the project.</li> </ul> </li> </ul> </li> </ul> <p>Pledge of shares representing 100% of the total issued and paid-up equity share capital of the borrower. Quantum of equity shares pledged shall be reduced to 51% after 50% of the loan availed from the consortium of lenders is repaid.</p>

The following provisions are applicable in respect of the aforesaid facility:

- (i) Borrower to obtain sponsor support ensuring the our Company brings in the required equity for the project, retain management control of atleast 51% of equity shareholding of the borrower, meet cost overrun on the project upto a maximum of 10% of the estimated project cost.
- (ii) Borrower permitted to prepay voluntarily upon giving 30 days irrevocable written notice to lenders and payment of prepayment premium of 2%, by prepaying on a pro-rate basis in part or full.

The following restrictive covenants are applicable in respect of the aforesaid facility:

GREL shall not without the prior consent of Lenders:

- (i) Effect any change in capital structure, including its shareholding patterns.
- (ii) Issue equity or preference capital or any securities except as provided in the financing documents. The borrower shall not buyback, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding.
- (iii) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
- (iv) Register any transfer of shares by sponsor in the event such transfer of shares results in change in control of borrower or is likely to cause a drastic change in management set-up of the borrower.

Following are the major terms and conditions of the Deed of guarantee executed between our Company and Rupee Lenders dated March 28, 2013:

- (i) If at any time a default is made in the repayment of the facility availed by the GREL under the facility agreements, our Company has agreed to indemnify rupee lenders against all such losses, damages, costs, claims and expenses whatsoever which rupee lenders may suffer as a consequence.
- (ii) Our Company has declared that they have not received and shall not receive, without prior written consent of rupee lenders, any security or commission from the GREL, for executing the guarantee agreement.
- (iii) Our Company has agreed not to transfer, sell, encumber, pledge, hypothecate, mortgage the secured properties, implement any scheme of amalgamation/ reorganisation, wind up, dissolve its affairs without written permission of rupee lenders.
- (iv) Our Company has agreed not to revoke this corporate guarantee during the subsistence of the term loan under the sanction letter.

## 5. GMR Vemagiri Power Generation Limited (“GVPGL”)

- (a) *Loan taken IDBI Bank*

Letter for renewal and reduction of credit facilities dated October 22, 2013 between GVPGL and the Lender.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Pricing	Purpose of Loan/Repayment/Security
750.00	62.90	Letter of credit: 1% p.a. for tenor up to 180 days, payable quarterly upfront on pro-rata basis  Standby letter of credit: 1.25% p.a., payable quarterly upfront on pro-	<ul style="list-style-type: none"> <li>• The facility is availed for sourcing and transporting of raw material/ fuel, spares and other working capital purposes and as security for supply of raw material / fuel, spares.</li> <li>• GVPGL is under the obligation to honour its commitments on due date. The facility is</li> </ul>



Sanctioned amount	Amount outstanding	Pricing	Purpose of Loan/Repayment/Security
		rata basis	valid till September 10, 2014.
			<ul style="list-style-type: none"> <li>Primary Security is extension of subservient charge on the current assets of the Borrower and extension of corporate Guarantee from GMR Power Corporation Private Limited.</li> </ul>

The following restrictive covenants are applicable with respect to the aforesaid facility:

GVPGL shall not without the prior consent of the Lenders:

- (i) Effect any change in capital structure, including its shareholding patterns.
  - (ii) Issue equity or preference capital or any securities except as provided in the financing documents. And the borrower shall not buyback, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding.
  - (iii) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
- (b) *Loan obtained from ING Vysya Bank*

Sanction letter dated December 23, 2013 between GVPGL and ING Vysya Bank.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
7.50	7.50	1.25% per annum payable upfront.	<ul style="list-style-type: none"> <li>Purpose of the facility is for payment of procurement of raw material.</li> <li>The facility is valid up to 1 year.</li> <li>The facility is to be secured by 100% deposits in the name of the Company and third party companies within the GMR group.</li> </ul>

## 6. GMR Chhattisgarh Energy Limited (“GCEL”)

### A. Secured Loan

- (a) *Loan taken from Axis Bank, Andhra Bank, Bank of Baroda, Bank of India, Canara Bank, Corporation Bank, HDFC Limited, Indian Overseas Bank, Life Insurance Corporation of India, Power Finance Corporation Limited, Punjab and Sindh Bank, Punjab National Bank, State Bank of Hyderabad, State Bank of Bikaner and Jaipur, UCO Bank, Union Bank of India, United Bank of India, IIFCL (UK) Axis Bank (as fronting bank and facility agent) (“Rupee Lenders”).*

Facility Agreement dated December 10, 2010

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
62,170	35,755.00	For all rupee lenders other than PFC, floating rate of interest at base rate plus spread which as on date of the agreement is 11.25% p.a., provided that such interest rate shall at all times be higher than base rates of each rupee lender	<ul style="list-style-type: none"> <li>Purpose of the facility is part financing the capital expenditure for construction, development, financing, implementation and operation and maintenance of 2×685 MW coal based supercritical power plant at Village Raikherda Taluka Tilda, Raipur, Chhattisgarh.</li> </ul>
Letter of credit commitment: 39,110.00 (sublimit)			
Bank guarantee commitment: 22,460.00 (sublimit)		For PFC, 11.75% p.a. payable quarterly up to the next interest	<ul style="list-style-type: none"> <li>GCEL is to repay the principal amount to rupee lenders other than</li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
	payment date immediately following CoD; 11.75% thereafter (this may be reset as provided under Schedule II of the facility agreement)		<p>PFC in 40 equal consecutive instalments starting from March 1, 2015 and for PFC in 60 consecutive quarterly instalments commencing 12 months after scheduled commercial operational date (“SCOD”).</p> <p>PFC shall have mandatory repayment of 50% of the surplus cash over and above debt-service coverage ratio of 1.35 for first 7 years after SCOD and 100% of the surplus over and above debt-service coverage ratio of 1.1 from 8<sup>th</sup> year after SCOD.</p> <ul style="list-style-type: none"> <li>• The facilities are secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge / pledge on: <ul style="list-style-type: none"> <li>- All immovable properties of borrower, present and future.</li> <li>- All the right, title etc in the project documents including all insurance contracts and clearances and all benefits incidental thereto.</li> <li>- All the movables including movable plant and the machinery spares, tools, accessories, borrower’s stocks of raw materials, semi finished and finished goods and consumable goods.</li> <li>- Borrower’s book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future.</li> <li>- All current assets of borrower, present and future.</li> <li>- Trust and retention account, debt service reserve accounts and other reserves.</li> <li>- First charge by way of assignment or creation of charge in favour of lenders of: (i) rights, title etc. of the borrower in clearances; (ii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iii) insurance contracts / proceeds.</li> <li>- Pledge of equity shares representing 51% of total paid up capital and pledge of preference shares representing</li> </ul> </li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			51% of preference shares held by our Company. Upon repayment of up to 50% of rupee facility, the pledged shares shall constitute 26% of equity and preference share capital.

The following provisions are applicable in respect of the aforesaid facility:

- (i) Borrower to obtain sponsor support agreement ensuring our Company brings in equity contribution so as to maintain debt to equity ratio of 75:25, not dilute shareholding in the borrower to less than 51% without the prior approval of the Lenders and meet cost overrun on the project up to a maximum of 10% of the estimated project cost.
- (ii) Debt to equity ratio shall not be greater than 75:25. Borrower to maintain minimum fixed asset cover of 1.20 till the final settlement date and with respect to LIC, fixed asset cover ratio as stipulated under the Insurance Regulatory and Development Authority guidelines. Historical debt-service coverage ratio in respect of cash flows for trailing 12 months shall not be lower than 1.10.
- (iii) Borrower is permitted to prepay voluntarily upon giving 30 days irrevocable written notice to Lenders and payment of prepayment premium of 1%.

The following restrictive covenants are applicable in respect of the aforesaid facility:

GCEL shall not without the prior consent of Lenders:

- (i) Effect any change in capital structure, including its shareholding patterns.
  - (ii) Issue equity or preference capital or any securities except as provided in the financing documents. And borrower shall not buyback, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding.
  - (iii) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
  - (iv) Register any transfer of shares by sponsor in the event such transfer of shares results in change in control of borrower or is likely to cause a drastic change in management set-up of the borrower.
- (b) *Bank Guarantee facility taken from Corporation Bank.*

Sanction letter dated April 04, 2013.

(₹ In Million)			
Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
1,000.00	Nil	1.0% per annum payable annually in advance	<ul style="list-style-type: none"> <li>The facility is to be utilised for issuing bank guarantee favouring customs and excise department in lieu of security deposit only.</li> <li>The tenure of the facility is for a duration of 3 years.</li> <li>Primary security for the facility is <i>pari passu</i> second charge on the project assets, which are secured by way of first charge to the term lenders.</li> </ul>

The following provisions are applicable in respect of the aforementioned facility:

- (i) The company shall furnish an irrevocable authority to the bank for debiting the account with the amount of claims received from the beneficiary with incidentals if any.
- (ii) The company shall furnish a corporate guarantee from GEL.
- (iii) The company shall maintain a cash margin of 10% against the bank guarantee.
- (c) *Bank Guarantee facility taken from Bank of India.*

Sanction letters dated June 13, 2013, July 25, 2013 and October 3, 2013.

(₹ In Million)

Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
3,000.00	Nil	1.0% per annum payable annually in advance	<ul style="list-style-type: none"> <li>The facility is to be utilised for issuing bank guarantee favouring customs and excise department in lieu of customs duty payable for imports only.</li> <li>The tenure of the facility is for a duration of 3 years.</li> <li>The facility is secured by way of a second pari passu charge by mortgage over the immovable properties and the corporate guarantee extended by our Company.</li> </ul>

The following provisions are applicable in respect of the aforementioned facility:

- (i) The company shall furnish an irrevocable authority to the bank for debiting the account with the amount of claims received from the beneficiary with incidentals if any.
- (ii) Cash margin of 15% against the bank guarantee value to be maintained.
- (d) *Bank Guarantee facility taken from State Bank of Hyderabad.*

Sanction letter dated December 08, 2012.

(₹ In Million)

Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
3,000.00	1,960.00	1.0% per annum payable annually in advance	<ul style="list-style-type: none"> <li>The facility is to be utilised for issuing bank guarantee favouring customs and excise department in lieu of duty benefit availed on the goods and equipment imported for the project.</li> <li>The tenure of the facility is for a duration of 3 years.</li> <li>Primary security for the facility is <i>pari passu</i> second charge on the immovable project assets, which are secured by way of first charge to the term lenders.</li> </ul>

The following provisions are applicable in respect of the aforementioned facility:

- (i) Corporate guarantee of our Company to be obtained.
- (ii) The company shall furnish an irrevocable authority to the bank for debiting the account with the amount of claims received from the beneficiary with incidentals if any.
- (iii) Cash margin of 15% against Bank Guarantee to be maintained.
- (e) *Foreign currency loan taken from India Infrastructure Finance Company Limited*

Sanction Letter dated February 15, 2013.

(USD In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
USD 50	Nil	6 months USD LIBOR plus a margin of 215 basis points per annum	<ul style="list-style-type: none"> <li>The facility has been availed for part financing the capital expenditure for construction, development, financing, implementation and operation and maintenance of 2×685 MW coal based supercritical power plant at Village Raikheda Taluka Tilda, Raipur, Chattisgarh.</li> <li>The facility is valid till January 15, 2032.</li> <li>The facilities are secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge/pledge on: <ul style="list-style-type: none"> <li>All of immovable properties of the borrower, present and future.</li> <li>All the right, title etc in the project documents including all insurance contracts and clearances and all benefits incidental thereto.</li> <li>All the movables including movable plant and the machinery spares, tools, accessories, borrower's stocks of raw materials, semi finished and finished goods and consumable goods.</li> <li>Borrower's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future.</li> <li>All current assets of borrower, present and future.</li> <li>Trust and retention account, debt service reserve account and other reserves.</li> <li>First charge by way of assignment or creation of charge in favour of lenders of: (i) rights, title etc. of the borrower in Clearances; (ii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iii) insurance contracts/ proceeds.</li> <li>Pledge of equity shares representing 51% of total paid up capital and pledge of preference shares representing 51% of preference shares held by our Company. Upon repayment of up to 50% of rupee facility, the pledged shares shall constitute 26% of equity and preference share capital.</li> </ul> </li> </ul>

The following provisions are applicable in respect of the aforementioned facility:

- (i) Borrower to obtain sponsor support agreement ensuring our Company to bring in equity contribution envisaged for the project, not dilute shareholding in the borrower to less than 51% without prior approval of the lenders, meet cost overrun on the project upto a maximum of 10% of the estimated project cost.
- (ii) Borrower to maintain minimum Fixed asset cover of 1.20 during the tenure of term loan, historical debt-service coverage ratio in respect of cash flows for trailing 12 months shall not be lower than 1.10. Debt to Equity Ratio of 75:25 to be maintained.
- (iii) Borrower permitted to prepay voluntarily upon giving 30 days irrevocable written notice to Lenders and payment of prepayment premium of 2%.

The following restrictive covenants are applicable in respect of the aforementioned facility:

GCEL shall not without the prior consent of Lenders:

- (i) Effect any change in capital structure, including its shareholding patterns.
  - (ii) Issue equity or preference capital or any securities except as provided in the financing documents. And borrower shall not buyback, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding.
  - (iii) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
  - (iv) Register any transfer of shares by sponsor in the event such transfer of shares results in change in control of borrower or is likely to cause a drastic change in management set-up of the borrower.
- (f) *Bank Guarantee facility taken from IDBI Bank Limited*

Sanction letter dated December 16, 2009 with a renewal facility dated April 5, 2011.

(Rs. in Millions)

Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
2,000.00	1,510.00	1.0% per annum payable annually in advance	<ul style="list-style-type: none"> <li>The facility is to be utilised for issuing bank guarantees in favour of the Customs and Excise Department in lieu of duty benefit availed on the goods and equipment imported for the project and project related guarantees.</li> <li>The tenure of the facility is for a duration of 5 years.</li> <li>Primary security for the facility is <i>pari passu</i> second charge on the immovable project assets, which are secured by way of first charge to the term lenders.</li> </ul>

The following provisions are applicable in respect of the aforementioned facility:

- (i) Corporate guarantee of GMR Power Corporation Limited to be obtained.
  - (ii) The company shall furnish an irrevocable authority to the bank for debiting the account with the amount of claims received from the beneficiary with incidentals if any.
- (g) *Foreign currency loan taken from India Infrastructure Finance Company Limited*

Sanction Letter dated May 22, 2013.

(USD In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
USD 51.00	Nil	6 months USD LIBOR plus a margin of 215 basis points per annum	<ul style="list-style-type: none"> <li>The facility is availed for setting up of 2x685 MW coal based supercritical power project at Tilda district, Raipur, Chhattisgarh.</li> <li>The exact repayment schedule is to be provided by the borrower prior to the execution of the loan documents. The average tenor should be 8.51 years.</li> <li>The facility is secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge / pledge on:</li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			<ul style="list-style-type: none"> <li>- All of immovable properties of borrower, present and future.</li> <li>- All the right, title etc in the project documents including all insurance contracts and clearances and all benefits incidental thereto.</li> <li>- All the movables including movable plant and the machinery spares, tools, accessories, borrower's stocks of raw materials, semi finished and finished goods and consumable goods.</li> <li>- Borrower's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future.</li> <li>- All current assets of borrower, present and future.</li> <li>- Trust and retention account and the debt services reserve account and other reserves.</li> <li>- A first charge on the escrow account, debt services reserve account and other reserves and any other bank account of the company wherever maintained, present or future.</li> <li>- First charge by way of assignment or creation of charge in favour of lenders of (i) rights, title etc. of the borrower in Clearances; (ii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents (iii) insurance contracts/ proceeds.</li> <li>- Pledge of shares representing 51% of total paid up equity share capital of the company held by sponsors, subject to Banking Regulation Act. Quantum of the equity shares pledged shall be reduced to 26% after 50% of the senior debt facility including foreign currency loan is repaid. The shares to be pledged shall be free from any restrictive covenants/lien or other encumbrance under any contract/transfer of the shares including transfer of the shares including transfer upon enforcement of the pledge and have full voting rights.</li> <li>- The above share shall be pledged on <i>pari passu</i> basis among other lenders participating in the senior debt facility and bank borrowings for working capital requirement/ bank guarantee facility/ LER to the extent of 3,000 or a higher amount as approved by the lenders.</li> </ul>

The following provisions are applicable in respect of the aforementioned facility:

- (i) Borrower to obtain sponsor support agreement ensuring our Company brings in equity contribution envisaged for the project, not dilute shareholding in the borrower to less than 51% without prior approval of the lenders, meet cost overrun on the project upto a maximum of 10% of the estimated project cost.
- (ii) Borrower to maintain minimum fixed asset cover of 1.20 during the tenure of term loan, historical debt-service coverage ratio in respect of cash flows for trailing 12 months shall not be lower than 1.10.

- (iii) Borrower permitted to prepay voluntarily upon giving 30 days irrevocable written notice to Lenders and payment of prepayment premium of 2%. No prepayment penalty would be applicable if the lender is provided with a prior notice of 60 days.

The following restrictive covenants are applicable in respect of the aforementioned facility:

GCEL shall not without the prior consent of the lenders:

- (i) Effect any change in capital structure, including its shareholding patterns.
- (ii) Issue equity or preference capital or any securities except as provided in the financing documents. The borrower shall not buyback, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding.
- (iii) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
- (iv) Register any transfer of shares by sponsor in the event such transfer of shares results in change in control of borrower or is likely to cause a drastic change in management set-up of the borrower.

## 7. Maru Transmission Service Company Limited (“MTSCL”)

### A. Secured Loan

- (a) *Loan taken from ICICI Bank Limited*

Rupee facility agreement dated September 29, 2011, between MTSCL and ICICI Bank Limited as revolving term loan Lender and revolving term loan lender.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
Rupee term loan 1 facility: 886.50	886.50	Floating rate of interest at base rate plus spread. As on the date of agreement, interest rate for both commitments is 12.75%.	<ul style="list-style-type: none"> <li>• The facility has been availed to finance the development, design, procurement, maintenance of the 400 Kv S/C power transmission line from Bikaner-Deedwana-Ajmer line, 220 Kv d/c Deedwana Sujangarh power transmission line and the 400 Kv/220 kV GSS at Deedwana and associated works required for successful commissioning thereof.</li> <li>• Instalment period of 28 months starting from March 31, 2014 for rupee term loan 1 lender and instalment for a period of 39 months starting from last date of quarters ended from first date of disbursement under or against rupee term loan 2 facility.</li> <li>• The facility is secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge / pledge on: <ul style="list-style-type: none"> <li>- All of immovable properties of borrower, present and future.</li> <li>- All the right, title etc. in the project documents including all insurance contracts and clearances and all benefits incidental thereto.</li> <li>- All the movables including movable plant and the machinery spares, tools, accessories, borrower's stocks of raw materials, semi finished and finished goods and consumable goods.</li> </ul> </li> </ul>
Rupee term loan facility: 900.00	Nil		



Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			<ul style="list-style-type: none"> <li>- Borrower's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future.</li> <li>- All current assets of borrower, present and future.</li> <li>- Trust and retention account, debt service reserve account and other reserves.</li> <li>- First charge by way of assignment or creation of charge in favour of lenders of: (i) rights, title etc. of the borrower in Clearances; (ii) right, title etc. of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iii) insurance contracts / proceeds.</li> <li>- Pledge of shares representing 30% of the total equity share capital of borrower.</li> <li>- Non-disposal undertaking from sponsor in respect of 51% of total equity shares of borrower.</li> </ul>

The following provisions are applicable in respect of the aforementioned facility:

- Borrower to obtain sponsor support agreement from our Company to ensure entire equity contribution such that quasi-equity brought in for project shall not exceed 80% of required equity, and retain management, control or ownership of Borrower by holding at least 51% of equity shares of Borrower until the final settlement date.
- Borrower permitted to prepay voluntarily upon giving 15 days irrevocable written notice to lenders.
- Debt to equity ratio of 80:20 to be maintained. Total long term debt gearing of 80:20 to be maintained. Debt service coverage ratio in respect of cash flows for the trailing 12 months shall not be lower than 1.1.

The following restrictive covenants are applicable in respect of the aforementioned facility:

MTSCL shall not without the prior consent of lenders:

- Effect any change in capital structure, including its shareholding patterns, other than as provided, which shall result in debt to equity ratio increasing beyond 80:20.
- Issue equity or preference capital or any securities except as provided in the financing documents. The borrower shall not buyback, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding.
- Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
- Register any transfer of shares by sponsor in the event such transfer of shares results in change in control of borrower or is likely to cause a drastic change in management set-up of the borrower.

The following are the terms and conditions of the deed of guarantee executed between our Company and ICICI Bank Limited dated February 14, 2012:

- If at any time a default is made in the repayment of the facility availed by the MTSCL under

the facility agreements, our Company has agreed to indemnify ICICI Bank Limited against all such losses, damages, costs, claims and expenses whatsoever which ICICI Bank Limited may suffer as a consequence.

- (ii) Our Company has declared that they have not received and shall not receive, without prior written consent of ICICI Bank Limited, any security or commission from the MTSCL, for executing the guarantee agreement.
- (iii) Our Company has agreed not to transfer, sell, encumber, pledge, hypothecate, mortgage the secured properties, implement any scheme of amalgamation/ reorganisation, wind up, dissolve its affairs without written permission of ICICI Bank Limited.
- (iv) Our Company has agreed not to revoke this corporate guarantee during subsistence of the term loan under the facility agreement.

- (b) *Loan from ICICI Bank Limited (India) as rupee term loan 1, rupee term loan 2 lenders and foreign currency lender*

Foreign currency facility agreement dated July 19, 2012, between MTSCL and ICICI Bank Limited India (through its Bahrain branch) .

(USD in Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
20.00 (in aggregate not exceeding 900.00 availed under the rupee term loan 2 commitment)	16.59	Floating rate of interest at a rate of 3 month LIBOR + 450 basis points as may be reset. Each interest period is for 3 months	<ul style="list-style-type: none"> <li>• The purpose of the facility is part financing capital expenditure of the Project i.e. development, design, procurement, ownership, construction, commissioning, operation and maintenance of 400kV S/C power transmission line from Bikaner-Deedwana-Ajmer line, 220Kv d/c Deedwana Sujangarh power transmission line, 400 kV/ 220 kV GSS at Deedwana and associated works as per the rupee facility agreement.</li> <li>• Outstanding foreign currency loan to be repaid as one bullet repayment on the date falling 261 weeks after the date of the first foreign currency disbursement.</li> <li>• The facilities are secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge / pledge on: <ul style="list-style-type: none"> <li>- All of immovable properties of borrower, present and future.</li> <li>- All the right, title etc. in the project documents including all insurance contracts and clearances and all benefits incidental thereto and all the movables including movable plant and the machinery spares, tools, accessories, borrower's stocks of raw materials, semi-finished and finished goods and consumable goods.</li> <li>- Borrower's book debts, operating cash flows, receivables, etc and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future.</li> <li>- all current assets of borrower, present and future.</li> <li>- Trust and retention account, debt service reserve account and other reserves.</li> <li>- First charge by way of assignment or</li> </ul> </li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			creation of charge in favour of lenders of: (i) rights, title etc. of the borrower in Clearances; (ii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iii) insurance contracts / proceeds. - Pledge of shares representing 30% of the total equity share capital of borrower. - Non-disposal undertaking from sponsor in respect of 51% of total equity shares of borrower.

The following provisions are applicable in respect of the aforementioned facility:

- (i) Borrower to obtain sponsor support agreement from our Company to ensure entire equity contribution such that quasi-equity brought in for project shall not exceed 80% of required equity; retain management control of the borrower by holding atleast 51% of equity shareholding.
- (ii) Borrower permitted to prepay upon giving 15 days irrevocable written notice to lenders.

The following restrictive covenants are applicable in respect of the aforementioned facility:

MTSCL shall not without the prior consent of Lenders:

- (i) Effect any change in capital structure, including its shareholding patterns, other than as provided, which shall result in debt to equity ratio increasing beyond 80:20.
- (ii) Issue equity or preference capital or any securities except as provided in the financing documents. The borrower shall not buyback, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding.
- (iii) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
- (iv) Register any transfer of shares by sponsor in the event such transfer of shares results in change in control of borrower or is likely to cause a drastic change in management set-up of the borrower.

## 8. GMR Gujarat Solar Power Private Limited (“GSPL”)

### A. Secured Loan

- (a) *Loan taken from IDBI Bank Limited (as fronting bank and facility agent)*

Facility agreement dated June 15, 2011, between GSPL and IDBI Bank Limited as rupee term loan 1 lender and rupee term loan 2 lender and amendment to the facility agreement dated May 31, 2012 whereby IDFC and EXIM Bank have agreed to become part of rupee lenders for GSPL.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
2,260.00	2,025.30	Floating rate of interest at base rate plus spread. As on the date of agreement, interest rate commitment is	<ul style="list-style-type: none"> <li>The facility has been availed to finance the development, construction and commission of a 25 MW solar photovoltaic grid interactive power plant as described in PPA between Gujarat Urja Vikas Nigam Limited and the Borrower.</li> <li>Repayment of the principal amount is to be made</li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
		12.25%.	<p>in 46 quarterly instalments starting from July 1, 2012. Door-to-door tenure of the loan in 12 years and 7 months.</p> <ul style="list-style-type: none"> <li>The facilities are secured by way of first ranking mortgage / hypothecation / assignment / security interest / charge / pledge on: <ul style="list-style-type: none"> <li>All of immovable properties of borrower, present and future.</li> <li>All the right, title etc in the project documents including all insurance contracts and clearances and all benefits incidental thereto.</li> <li>All the movables including movable plant and the machinery spares, tools, accessories, borrower's stocks of raw materials, semi finished and finished goods and consumable goods.</li> <li>Borrower's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future.</li> <li>All current assets of borrower, present and future.</li> <li>Trust and retention account, debt service reserve account and other reserves.</li> <li>First charge by way of assignment or creation of charge in favour of lenders of: (i) rights, title etc. of the borrower in clearances; (ii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; and (iii) insurance contracts / proceeds.</li> <li>Pledge of shares representing a 51% of the total equity share capital of borrower.</li> </ul> </li> </ul>

The following provisions are applicable in respect of the aforementioned facility:

- (i) Borrower to obtain sponsor support agreement from our Company to retain management, control or ownership of Borrower by holding atleast 51% of equity shares of Borrower until the final settlement date; and bring in the required equity.
- (ii) Borrower permitted to prepay voluntarily upon giving 30 days irrevocable written notice to lenders and payment of 1% pre-payment premium p.a.
- (iii) Debt to net worth ratio shall not be greater than 62:38. Interest coverage ratio shall not be less than 1.50 and the debt-service coverage ratio shall not be less than 1.12 times.

The following restrictive covenants are applicable in respect of the aforementioned facility:

GSPL shall not without the prior consent of Lenders:

- (i) Effect any change in capital structure, including its shareholding patterns, other than as provided, which shall result in debt to equity ratio increasing beyond 80:20.
- (ii) Issue equity or preference capital or any securities except as provided in the financing documents. Borrower shall not buyback, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding.

- (iii) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
- (iv) Register any transfer of shares by sponsor in the event such transfer of shares results in change in control of borrower or is likely to cause a drastic change in management set-up of the borrower.

(b) *Loan taken from ING Vysya Bank Limited*

Sanction letters dated April 5, 2012 and May 3, 2013 for working capital facility.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
220.00	214.00	0.90% for first year and 1.40% from second year onwards	<ul style="list-style-type: none"> <li>The purpose of the facility is issuance of financial guarantee.</li> <li>The facility is secured by corporate guarantee from GIL.</li> </ul>

## 9. GMR Bajoli Holi Hydropower Private Limited (“GBHPL”)

### A. Secured Loan

(a) *Loan taken from IDBI Bank Limited, L&T Infrastructure Finance Company Limited, L&T Finance Limited*

Common loan agreement dated April 25, 2013, between GBHPL and IDBI Bank Limited and IDBI trusteeship services limited (as security trustee).

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
13,800.00 (The loan is downsold in the following proportion: IDBI Bank Limited- 2,750.00, L&T Infrastructure Finance Company Limited- 3,450.00, L&T Finance Limited- 2,600.00, Canara Bank- 5,000.00)  Letter of credit facility: 900.00 (non-fund based, sublimit)  Bank guarantee: 250.00	Nil	IDBI: base rate plus 300 bps L&T Infra: PLR minus 225 bps L&T Finance Limited: L&T Infra PLR minus 225 bps	<ul style="list-style-type: none"> <li>The facility has been availed for part financing the 180 MW run of river electricity power generation project on river Ravi, in the Chamba District of the State of Himachal Pradesh.</li> <li>Borrower is to repay in 54 consecutive unequal quarterly repayment instalments, commencing from July 1, 2019 and the last instalment shall be paid on October 1, 2032.</li> <li>The facility is secured by the following in favour of security trustee: <ul style="list-style-type: none"> <li>First mortgage and charge by way of an english mortgage on all immovable properties of borrower except private land measuring 3.4 hectares of title deeds, leasehold forest land and the land admeasuring 2.8 hectares.</li> <li>First mortgage and charge on the private land admeasuring 3.4 hectares by deposit of title deeds.</li> <li>First charge by way of hypothecation on all the movables including movable plant and the machinery spares, tools, accessories, etc and all other movable assets present and future.</li> <li>First charge on borrower's receivables, intangibles, goodwill and uncalled capital, both present and future, trust and retention account, debt service reserve account and</li> </ul> </li> </ul>

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
			<p>other reserves.</p> <ul style="list-style-type: none"> <li>- First charge by way of assignment or creation of charge in favour of lenders of (i) right, title etc. under project documents, both present and future, as defined in the agreement (ii) rights, title etc. of the borrower in clearances; (iii) right, title etc of borrower in any letter of credit, guarantee, performance bond provided by any party to project documents; (iv) insurance contracts/proceeds, and (v) rights, title and benefits incidental to project activities.</li> <li>- Pledge of fully paid up voting equity shares and preference shares in dematerialised form aggregating to 51% of the shares of the borrower held by our Company.</li> <li>- Letter of comfort from GIL that it shall arrange for funds to meet any shortfall in servicing of secured obligations.</li> <li>- Within a period of 180 days from initial disbursement date, by first mortgage and charge on all immovable properties, including but not limited to the leasehold forest land and the land admeasuring 2.8 hectares by deposit of title deeds, present and future.</li> </ul>

The following provisions are applicable in respect of the aforementioned facility:

- (i) Borrower to obtain promoter support from our Company to: (i) bring in at least 25% promoter contribution (₹ 7500 million) and promoter capital loan before the initial disbursement has been brought in, and balance 75% of the project capital, maintaining debt to equity ratio, (from time to time); (ii) maintain management control in the borrower until final settlement date; (iii) maintain shareholding of not less than 51% of the paid up share capital in the Borrower unless with prior consent of the lenders; and (iv) pledge 51% of its shareholding (equity and preference) in favour of security trustee for the benefit of the Borrower.
- (ii) Borrower permitted to prepay voluntarily upon giving 30 days written notice to lenders and payment of 1% prepayment premium p.a., plus applicable taxes, on the principle amount of the loan to be prepaid.
- (iii) Debt service coverage ratio shall not be less than 1.20. Debt to equity ratio shall not exceed 1.67:1 and the ratio of total outside liabilities and tangible net worth shall not exceed 2.50.

The following restrictive covenants are applicable in respect of the aforementioned facility:

GBHPL shall not without the prior consent of Lenders:

- (i) Effect any change in capital structure, including its shareholding patterns, other than as provided or issue equity or preference capital or any securities except as provided in the financing documents.
- (ii) Issue debentures, raise loans, make investments in any person including group companies except as otherwise provided.
- (iii) Give any guarantee or make long term investments or convey, sell, lease, assign, transfer or otherwise charge all or any part of the property except as provided.

- (iv) Recognise or register any transfer of shares in respect of 51% of the paid up equity share capital of borrower held by our Company (promoter) till the final settlement date.

**10. GMR Infrastructure Investments (Singapore) PTE. Limited (The company's name was changed to GMR Coal Resources) ("GISPL")**

**A. Secured Loan**

- (a) *Loan taken from Standard Chartered Bank as mandated lead arranger, facility agent and security agent*

Facility agreement dated October 25, 2011 between GISPL, Standard Chartered Bank and GIL as the guarantor.

(USD In Millions)			
Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
Equivalent to 470.00	Equivalent to 446.50	Interest for each interest period is the percentage rate per annum which is the aggregate of the applicable margin, LIBOR and mandatory cost as calculated by the facility agent	<ul style="list-style-type: none"> <li>The facility has been availed for payment of subscription price of the IPO target shares i.e., 30% of the issued share capital of PT Golden Energy Mines, a company incorporated and existing under the laws of Indonesia, payment of purchase price pursuant to the share and purchase agreement, and payment of all acquisition costs and fees or for any other purpose agreed by the facility agent.</li> <li>Borrower is to repay the facility in instalments by repaying on each repayment date an amount which reduces the amount of outstanding aggregate term loan by an amount equal to the relevant percentage of the term loans borrowed, including letters of credit, 5% on the date falling 24 months from the first utilisation date, 10% on the date falling 36 months from the first utilisation date, 10% on the date falling 48 months from the first utilisation date and 75% on the Term Loan maturity date, which is a date falling five years after the first utilisation date.</li> <li>Security providers are the borrower, GIL and our Company. Security has been created over the borrower's shares, the borrower's security agreement or any other document evidencing or creating security over any asset of the borrower or corporate guarantee by GIL.</li> </ul>

The following provisions are applicable in respect of the aforementioned facility:

- (i) The guarantor shall ensure that: (a) its minimum tangible net worth shall not be less than ₹ 61,000 million; (b) guarantor borrowings to equity ratio shall not be more than 3.00 to 1; (c) offshore guarantees to equity ratio shall not be more than 2.25 to 1; (d) guarantor funded borrowings to equity ratio shall not be more than 1.00 to 1; (e) guarantor total borrowings to equity ratio shall not be more than 3.5 to 1.
- (ii) Borrower may prepay by not giving less than seven business day's prior notice to the facility agent and may prepay a minimum amount of USD 10 million and an integral multiple of USD 10 million.

**11. GMR Energy (Netherlands) BV ("GEN BV")**

**A. Secured Loan**

- (a) *Loan taken from Axis Bank Limited, DIFC, Dubai (arranger), Axis Bank Limited, Singapore (agent and security trustee)*

Facility agreement dated February 20, 2009 amongst GEN BV, the arranger, agent and security trustee and our Company as original guarantor, and the restated facility agreement dated October 26, 2009, replacing our Company as guarantor with GIL.

(USD In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
40.00	13.34	For each interest period, interest is the percentage rate per annum which is the aggregate of the applicable margin and LIBOR	<ul style="list-style-type: none"> <li>The purpose of the facility is part payment of the gross acquisition cost in relation to the direct or indirect acquisition of 100 % of the issued share capital of PT BSL, PT DSI and PT Unosco and 100% of the MCBs.</li> <li>Repayment of the loan is in instalments as follows: (i) 33.33% of loan amount after 48 months from initial utilisation date; (ii) 33.33% of loan amount after 60 months from the initial utilisation date; and (iii) 33.34% after 72 months from the initial utilisation date.</li> <li>The facility is secured by: (i) all or any amounts standing to the credit of borrower account, debt service reserve account, and distribution account, together with any interest accrued on any of those accounts; (ii) all right, title, benefit and interest of our Company which it becomes liable to pay under or in connection with the finance documents as defined in the facility agreement; (iii) pledge of share capital of GEN BV); (iv) pledge of 100% shares of PT DSU , PT DSI and PT Unsoco; (v) non - disposal undertaking from PT DSI and PT Unsoco for their entire shareholding in PT BSL; (vi) non disposal undertaking of 95% of the shareholding of our Company in GEML and non disposal undertaking of 100% shareholding of GEML in GECL; and (vii) an undertaking from GIL to retain 51% direct ownership and control in our Company.</li> <li>The Facility is also secured by: (i) an irrevocable and unconditional corporate guarantee from GIL; and (ii) Charge over escrow of cash flows from target group (PT DSU , PT DSI , PT BSL and PT Unsoco) to the borrower or any other designated entity including dividends and cash sweep .</li> </ul>

The following restrictive covenant is applicable in respect of the aforementioned facility:

- (i) GIL or the borrower shall not enter into any amalgamation, demerger, merger or corporate reconstruction.

## 12. GMR Power Corporation Limited (“GPCL”)

- (a) *Loan taken from IDBI Bank*

Sanction letter for letter of credit and standby letter of credit facility dated September 23, 2013.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
Facility: 1,500.00	1,497.90	1% per annum payable annually upfront on prorated basis	<ul style="list-style-type: none"> <li>The facility is for meeting working capital requirement of the company.</li> </ul>
Inner limit to letter of credit / standby	Nil	IDBI's base rate plus 300 base points, (presently 10.25%),	<ul style="list-style-type: none"> <li>Validity is up to September 11, 2014 Security is created by <i>pari passu</i> first charge on the entire current assets of the company.</li> </ul>



Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
letter of credit limit: 1,500.00 Inner limit to Letter of credit: 100.00	Nil	payable monthly Letter of Credit: 1% per annum payable annually upfront on prorate basis Standby letter of credit: 1% per annum payable annually upfront on prorate basis	<ul style="list-style-type: none"> <li>The facility has been availed for the procurement of raw materials.</li> <li>Letter of credit is valid for a maximum usage of 180 days. Stand by letter of credit limit is valid up to September 11, 2014. Security is created by way of first <i>pari passu</i> charge on the entire current assets of the company.</li> <li>This facility is for issuance of bank guarantees to government departments and to meet other business requirements of the company.</li> <li>Validity is up to September 11, 2014. Security is created by first <i>pari passu</i> charge on the entire current assets of the company.</li> <li></li> </ul>

- (b) *Corporate Rupee Loan Facility Agreement taken from State Bank of India, Canara Bank, IDBI Bank, Bank of India ICICI Bank Limited (as lenders)*

Facility Agreement dated July 24, 2013, between GMR Power Corporation Limited the Lenders and ICICI Bank Limited ("ICICI") as the Facility Agent.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
2,500.00	2,500	I-base of 9.75% +spread of 3.60%. ICICI will have the right to reset the spread 12 months from the date of disbursement of the first tranche.	<ul style="list-style-type: none"> <li>The Facility has been availed for on lending to GKEL and GCEL and/ or to part finance the cost or capital expenditure of the GKEL and GCEL projects.</li> <li>The borrower shall repay the principal amount in 47 quarterly instalments starting from July 1, 2012. Door to door tenure of the loan in 12 years and 7 months.</li> <li>The facilities are secured by way of a first ranking charge over all the current assets of GPCL and an exclusive charge over the debt service reserve account.</li> <li>GIL will provide a corporate guarantee for 110% of the amount of the outstanding facility.</li> <li>The loan is to be repaid in 8 equal quarterly instalments after 15 months from the date of disbursement. The entire facility shall be prepaid within 3 months from the date the buyer in the power purchase agreement exercises the buy-out option and the buy-out becomes effective.</li> </ul>

The following restrictive covenants are applicable in relation to the aforesaid facility:

With respect to the above loan agreement, GPCL shall not without the prior consent of ICICI:

- Create any hypothecation, mortgage, pledge or any other encumbrance on any of its properties.
- Prepay the facility amount before the due dates.
- Contract, create, incur, assume, suffer any indebtedness in any manner.
- Create or permit to exist any encumbrance or any type of preferential arrangements in any

form whatsoever on any of its assets or sell, transfer, lease, or otherwise dispose off or deal with all or any of its assets.

- (v) Declare or distribute any dividend.
- (vi) Amend or modify its Memorandum of Association or its Articles of Association.
- (vii) Augment, modernise, expand or otherwise make any change in the scope of the borrower's project.
- (viii) Make modifications to material agreements.
- (ix) In case the power purchase agreement is not extended prior to January 31, 2014, withdraw monies from the current accounts opened with ICICI.
- (x) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.

(c) *Financial facility taken from Bank of India*

Sanction letter dated December 5, 2012 and renewal sanction letter dated March 6, 2014.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
Fund based: 80.00	70.20	2.75% over base rate (presently 12.95%)	• The loan has been availed to meet working capital requirements.
Non fund based: 280.00	240.70		• Validity is for a period of 1 year subject to annual review.
			• Security is created by <i>pari passu</i> first charge on the current assets and pledge of TDR.

The following restrictive covenants are applicable in respect of the aforementioned facility:

GPCL shall not without prior approval of Bank of India:

- (i) Effect any adverse change in its capital structure.
- (ii) Implement any scheme of amalgamation or merger or reconstruction.
- (iii) Enter into any borrowing or non-borrowing arrangements with any financial institution.
- (iv) Undertake guarantee obligations.
- (v) Make drastic change in its management.
- (vi) Approach capital market for mobilising additional resources either in form of debt or equity.
- (vii) Repay monies brought in by promoters, directors, shareholders, relatives and friends.

(d) *Financial facility taken from State Bank of India*

Sanction letter dated February 9, 2013.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
Non Fund based Letter of credit facility: 960.00	872.90	2.75% over base rate (presently 13.25%)	• The loan has been availed to meet working capital requirements.
Bank guarantee : 25.00	6.30		• Validity is for a period of 1 year from the date of sanction.

Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
Fund based Cash credit facility: 73.00 (as a sublimit to Non fund based limits)			<ul style="list-style-type: none"> <li>Facility is secured by <i>pari passu</i> first charge on the current assets of the company, both present and future.</li> </ul>

The following restrictive covenants are applicable in respect of the aforementioned facility:

GPCL shall not without prior approval of Bank of India:

- (i) Effect any change in its capital structure.
- (ii) Implement any scheme of amalgamation or merger or reconstruction.
- (iii) Undertake guarantee obligations.
- (iv) Make drastic change in its management.
- (v) Repay monies brought in by promoters, directors, shareholders, relatives and friends.
- (vi) Permit any transfer of the controlling interest.
- (vii) Sell, assign, mortgage or dispose off any fixed assets charged to the bank.

(e) *Renewal of working capital facility taken from Canara Bank.*

Sanction letter dated April 5, 2013.

(₹ In Millions)			
Sanctioned amount	Amount outstanding	Commission	Purpose of Loan/Repayment/Security
OCC/ODBD: 150.00 ILC/FLC/SLC: 510.00 Bank guarantee: 12.50	122.50  500.00	Base rate plus 4.25% per annum (presently 14.50% per annum) 0.65% per annum on letter of credit on annualised basis	<ul style="list-style-type: none"> <li>The facility has been availed to meet working capital purposes.</li> <li>The period of BDs is 90 days.</li> <li>Standby irrevocable revolving letter of credit is availed for purchase of fuel and lubricant oil under ILC. FLC for import of spares (non-revolving). Tenure of the facility is to be 12 months.</li> <li>The bank guarantee facility is availed for issuing bank guarantees to government departments.</li> <li>The facility is valid for a period of 12 months excluding the claim period of 6 months.</li> <li>Security is created by floating hypothecation charge on entire inventory and book debts on <i>pari passu</i> first charge basis with other consortium members and Power Finance Corporation Limited. <i>Pari passu</i> second charge on fixed assets with other consortium members.</li> </ul>

The following restrictive covenants are applicable in respect of the aforementioned facility:

GPCL shall not without prior approval of Bank of India:

- (i) Implement any scheme of amalgamation or merger or reconstruction.
- (ii) Enter into any borrowing or non-borrowing arrangements with any financial institution.

### 13. PT Barasentosa Lestari (PBSL)

Facility Agreement dated March 29, 2013 between PBSL and ICICI Bank, Bahrain.

(USD In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
40.00	40.00	Percentage rate per annum which is the aggregate of the applicable: (i) Margin; and (ii) LIBOR.	<ul style="list-style-type: none"> <li>Facility was availed for: (i) funding part of the costs of the development of the coal blocks; (ii) reimbursing the borrower for the capital expenditure incurred by the borrower in relation to the project during the six month period preceding the first utilisation date; (iii) repaying the existing indebtedness; and (iv) paying the costs, fees and expenses arising under or in connection with the finance documents.</li> <li>To be repaid in 10 bi-annual instalments beginning from the 42<sup>nd</sup> month from the date of disbursement.</li> </ul>

## **LOANS TAKEN BY OUR PROMOTERS**

### **1. GMR Infrastructure Limited**

*Rupee Term Loan from ICICI Bank ("ICICI")*

Letter of Intent dated December 3, 2013.

(₹ In Millions)

Sanctioned amount	Amount outstanding	Interest	Purpose of Loan/Repayment/Security
10,000.00	5,000.00	<p>I-base of 10.00% + spread of 4.75%.</p> <p>If the outstanding amount is higher than 8,000 million at the end of 2 years from the date of first drawdown, or if the facility amount is higher than 7,000 million at the end of 3 years from the date of the first draw down, the spread shall be 5.50% per annum.</p>	<ul style="list-style-type: none"> <li>The loan has been availed for on lending to our Company as a sub-debt.</li> <li>The loan has been secured by: <ul style="list-style-type: none"> <li>First ranking charge on movable fixed assets of GPCL by way of hypothecation and first ranking charge over 447.7 acres of land located in Krishnagiri.</li> <li>Subservient charge on tangible assets of EMCO, GCHL and GIL.</li> <li>Pledge over equity shares of GIL</li> <li>Pledge over 23% of equity shares of EMCO</li> <li>Pledge over 30% equity shares of GCHL</li> <li>Pledge over 30% equity shares of GEL.</li> <li>The pledge over GEL's shares and GIL's shares shall be shared pari passu with the NCD facility till the time GEL is listed. On repayment/ prepayment of the NCD facility, the pledge shall become first ranking.</li> </ul> </li> <li>The loan shall be repaid as per the schedule agreed to by the parties.</li> </ul>

In following restrictive covenants are applicable in relation to the aforesaid facility:

- GIL shall not without the approval of ICICI:
  - Declare capital returns or dividends during the subsistence of an event of default.
  - No infusion or contribution by any GMR group company in any entity in excess of Rs

1, 500 million per annum in aggregate.

- (iii) Identified projects to not incur any further indebtedness except in relation to their working capital requirements, cost overrun requirements and for hedging purposes in relation to the projects.
- (iv) Further encumber the shares of key project companies.
- (v) Enter into any transaction of merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
- (vi) Dispose off fixed assets of key identified projects.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND DEFAULTS

*Except as described below, there are no outstanding litigation, suits or criminal or civil proceedings or tax liabilities against us, our Promoter, Directors, Subsidiaries or Group Entities, whose outcome would have a material adverse effect on our business and there are no defaults, non-payment or overdues of statutory dues, institutional or bank dues or dues payable to holders of any debentures, bonds and fixed deposits, that would have a material adverse effect on our business, other than unclaimed liabilities against us and our Directors as of the date of this Draft Red Herring Prospectus.*

*As regards our Promoter, Group Entities and Subsidiaries, we have summarized outstanding litigation which, in such entities' reasonable judgment, if determined adversely, may result in a material adverse effect on the consolidated results of operations or financial condition of such entity. Based on the operations and financial results of our Promoter, Group Entities and Subsidiaries, "material and adverse effect on the consolidated results of operations or financial position" of such entity has been defined as pending litigation where any litigation, proceedings which could reasonably be expected to result in a material and adverse effect on our and/or their respective businesses as a whole.*

*Except as described below, there are no proceedings initiated for economic or civil offences or any disciplinary action taken by SEBI or any stock exchange, penalties imposed by any authorities against our Company and Directors and no adverse findings in respect of our Company as regards compliance with securities laws. Further, except as described below, there are no instances where our Company or Directors have been found guilty in suits or criminal or civil prosecutions, or proceedings initiated for economic or civil offences or any disciplinary action by SEBI or any stock exchange, or tax liabilities.*

### LITIGATION INVOLVING OUR COMPANY

#### **I. Litigation against our Company**

##### **A. Criminal Proceedings**

1. A criminal case bearing C. C. No. 2099/2010 has been filed by Chhattisgarh Environment Conservation Board, Raipur 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, before the Court of Chief Judicial Magistrate, Raipur on September 29, 2010 against our Company and our Director, B.V.N.Rao and another party. 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 pending before the Court.
2. A criminal case bearing No. 1282/SS/2012 has been filed against one of our directors, S. Rajagopal and others before the Metropolitan Magistrate, 33<sup>rd</sup> Court, Mumbai under Sections 138 and 141 of the Negotiable Instruments Act, 1881 by Kishco Limited and others. The petitioners claimed that the accused issued a cheque bearing No. 745624 dated February 22, 2012 for an amount of ₹ 2.50 million towards part payment of an assignment of immovable property in favour of Varun Industries Limited which was dishonoured by the respective bank. The Metropolitan Magistrate through order dated November 22, 2012 (the "Order"), issued process against the accused and directed them to be present for the next dates of hearing. Subsequently, a criminal revision petition bearing No. 103/2013 was filed against the Order before the Court of Sessions for Greater Bombay, dated January 31, 2013 by the accused wherein S. Rajapopal submitted, that the cheque was issued without his knowledge or information and that he resigned from the aforesaid petitioner company with effect from March 28, 2012, much before the cheque was presented to the bank, on May 17, 2012. The accused have prayed in their revision petition to set aside the Order and call for records of matter No. 1282/SS/of 2012. The matter is currently pending before the Sessions Court.

##### **B. Civil Proceedings**

1. An appeal bearing No. 65/2013 has been filed by Vimal Bhai and another against State of Uttarakhand and others before the National Green Tribunal on May 27, 2013. Our Company is impleaded as

- respondent No. 4. The contention of the appellants is that the order of the State Government of Uttarakhand granting Forest Clearance dated December 10, 2012 ought to be quashed as it was granted without consideration of the Forest Advisory Committee's report that such approval should not be accorded. The matter is pending for further proceedings before the court.
2. A civil writ petition bearing No. 25038/2012 has been filed by Nursingha Charan Dia against the State of Orissa and others before the High Court of Orissa. Our Company is impleaded as respondent No.6. The Petitioner has challenged the acquisition of land for the purposes of setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The Petitioner has prayed that the memorandum of understanding executed by our Company and others for acquisition of land dated June 9, 2006 be quashed. The matter is pending before the Court for hearing.
  3. A special leave petition bearing No. 30392/2011 has been filed by Welspun Maxsteel Limited and another before the Supreme Court of India, against the Union of India, our Company and others. The Petitioners have challenged the order of the High Court of Bombay, in the writ petition bearing No. 3748/2011 whereby the High Court had upheld the decisions of the ministry of petroleum and natural gas ("MoPNG") dated March 30, 2011; April 21, 2011 and May 4, 2011, restricting the supply of natural gas to iron and steel plants, owing to the short supply of natural gas. The matter is currently pending before the Supreme Court.
  4. A civil writ petition bearing No. 4332/2011 has been filed by Bhagbali Dhruv and another against the Ministry of Environment and Forests ("MoEF"), Union of India and others before High Court of Chhattisgarh. Our Company is Respondent No. 11. The Petitioners have challenged the grant of environmental clearances to our Company for setting up of coal-based thermal power plant at Village Raikheda in Raipur District. The matter is pending before the Court for hearing.
  5. A writ petition bearing W.P. (C) No. 5559/2012 has been filed by Babaji Rout and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The petition challenges the land acquisition for the purpose of setting up of the power plant at Kamalanga by our Company. Initially on April 6, 2012, the Court granted an order of status quo with regard to possession of land. However, on an application being made by our Company, by order dated October 19, 2012, the Court vacated the interim order of status quo with respect to acquisition of the disputed land dated April 6, 2012. The matter is pending for hearing before the Court.
  6. A writ petition bearing W.P. (C) No. 9635/2012 has been filed by Santosh Kumar Satapathy and others against the Collector, Dhenkanal and others before the High Court of Orissa. Our Company is Respondent No.4. The Petitioners have challenged the acquisition of land for construction of approach road for the power plant of our Company at Kamalanga. The Petitioners contend that an alternative 40 feet wide canal road is available, which is adjacent to the Petitioners' land and can be used as the approach road for the power plant. By order dated July 23, 2012, the Court passed an interim order directing status quo on the disputed land till the next date and issued notice to the Respondents. Subsequently by an order dated August 20, 2013, court vacated the interim order passed on July 23, 2012. The matter is pending for hearing before the court.
  7. A writ petition bearing W.P. (C) No. 10754/2012 has been filed by Ramesh Chandra Sahoo and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged the memorandum of understanding dated June 9, 2006 and notifications issued for acquisition of land for the power plant at Kamalanga. By order dated June 28, 2012, the Court issued notice to the Respondents and directed that status quo in respect of the possession of the disputed land and the entitlement of the Petitioners shall be maintained till the disposal of the application for interim stay. The High Court through its order dated August 20, 2013 vacated the status quo order. The Respondents have filed their counter-affidavits. The matter is pending for hearing before the Court.
  8. A writ petition bearing W.P. (C) No. 10755/2012 has been filed by Lambodar Sahoo and others against the State of Orissa and others before High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged the memorandum of understanding dated June 9, 2006 and notifications issued for acquisition of land for the power plant at Kamalanga. By order dated June 28, 2012, the Court issued notice to the Respondents and directed that status quo in respect of the possession of the

disputed land and the entitlement of the Petitioners shall be maintained till the disposal of the application for interim stay. The Respondents have filed their counter-affidavits. The matter is pending for hearing before the Court.

9. A writ petition bearing W.P. (C) No. 10756/2012 has been filed by Gadadhar Behera and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged the memorandum of understanding dated June 9, 2006 and notifications issued for acquisition of land for the power plant at Kamalanga. By order dated June 28, 2012, the Court issued notice to the respondents and directed that status quo in respect of the possession of the disputed land and the entitlement of the petitioners shall be maintained till the disposal of the application for interim stay. The High Court through its order dated August 20, 2013 vacated the status quo order. The respondents have filed their counter-affidavits. The matter is pending for hearing before the Court.
10. A writ petition bearing W.P. (C) No. 10946/2012 has been filed by Pradip Tripathy and others against the State of Orissa and others before High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged the memorandum of understanding dated June 9, 2006 and notifications issued for acquisition of land for the power plant at Kamalanga. By order dated June 28, 2012, the Court issued notice to the respondents and directed that status quo in respect of the possession of the disputed land and the entitlement of the petitioners shall be maintained till the disposal of the application for interim stay. The respondents have filed their counter-affidavits. The matter is pending for hearing before the Court.
11. A public interest litigation bearing W.P. (C) No. 12895/2012 has been filed by Orissa Khani Khadan Silpa Bistapita Praja Sagha against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged and sought quashing of the notifications for acquiring irrigated canal land for setting up of a thermal power plant by our Company. The matter is pending for hearing before the Court.
12. A writ petition bearing W.P. (C) No. 19473/2012 has been filed by Shyamnath Naik and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.3. The Petitioners have sought compensation for forcible installation of heavy electrical towers on the Petitioners' land and for initiating appropriate action against persons responsible for demolition of dwelling house of Mouza-Mangalpur in the District of Dhenkanal. The matter is pending for hearing before the Court.
13. A writ petition bearing W.P. (C) No. 19474/2012) has been filed by Markand Naik and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The Petitioners have also prayed that the memorandum of understanding dated June 9, 2006 should be quashed. The matter is pending for hearing before the Court.
14. A writ petition bearing W.P. (C) No. 23863/2012 has been filed by Nakula Naik and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The matter is pending for hearing before the Court.
15. A writ petition W.P. (C) No. 24709 of 2012) has been by Nirod Kumar Rout against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The matter is pending for hearing before the Court.
16. A writ petition bearing W.P. (C) No. 25523/ 2012 has been filed by Sitaya Das and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The



petitioners have prayed that the memorandum of understanding dated June 9, 2006 should be quashed. The matter is pending for hearing before the Court.

17. A writ petition bearing W.P. (C) No. 25525 of 2012) has been filed by Dibakar Naik and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The petitioners have prayed that the memorandum of understanding dated June 9, 2006 should be quashed. The matter is pending for hearing before the Court.
18. A writ petition bearing W.P. (C) No. 25526/2012 has been filed by Muralidhar Malla and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The petitioners have prayed that the memorandum of understanding dated June 9, 2006 should be quashed. The matter is pending for hearing before the Court.
19. A writ petition bearing W.P. (C) No. 25527/2012 has been filed by Mangulu Naikk and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The petitioners have prayed that the memorandum of understanding dated June 9, 2006 should be quashed. The matter is pending for hearing before the Court.
20. A writ petition bearing W.P. (C) No. 20664/2012 has been filed by Sasmita Sahoo against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No. 6. The Petitioners challenged the acquisition of Gochar Land/communal land of Mouza Mangalpur Senapati Barena and Kamalanga under Dhenkanal district for construction of thermal power plant. The Petitioners contend that the acquisition is in contravention of Orissa Communal Forest and Private Lands (Prohibition of Alienation) Act, 1948. The Court has passed an order of status quo. The matter is pending for hearing before the Court.
21. A writ petition bearing W.P. (C) No. 7387/2012 has been filed by Sadananda Nath and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The petitioners have prayed that the memorandum of understanding dated June 9, 2006 should be quashed. The High Court through its order dated August 20, 2013 vacated the status quo order. The matter is pending for hearing before the Court.
22. A writ petition bearing W.P. (C) No. 2500/2013 has been filed by Agari Malla and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The petitioners have prayed that the memorandum of understanding dated June 9, 2006 should be quashed. The High Court through its order dated August 20, 2013 vacated the status quo order. The matter is pending for hearing before the Court.
23. A writ petition bearing W.P. (C) No. 5091/2013 has been filed by Agari Malla and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The petitioners have prayed that the memorandum of understanding dated June 9, 2006 should be quashed. The High Court through its order dated August 20, 2013 vacated the status quo order. The matter is pending for hearing before the High Court.
24. A writ petition bearing W.P. (C) No. 4145/2013 has been filed by Dushmanta Sahoo and others against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The

petitioners have prayed that the memorandum of understanding dated June 9, 2006 should be quashed. The matter is pending for hearing before the Court.

25. A writ petition bearing W.P. (C) No. 22649/2012 has been filed by Ashok Kumar Nayak and another against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioners have challenged the laying of pipelines in canal Rengali right bank. The matter is pending for hearing before the Court
26. A writ petition bearing W.P. (C) No. 14241/2012 has been filed by Prafulla Saantara against the State of Orissa and others before the High Court of Orissa. Our Company is Respondent No.6. The Petitioner has challenged acquisition of land for the setting up of thermal power plant at Kamalanga on the ground that the due procedure of law was not followed in the process of land acquisition. The petitioner has prayed that the memorandum of understanding dated June 9, 2006 should be quashed. The matter is pending for hearing before the Court.
27. A civil suit bearing CS No. 208/2010 has been filed by Pramodini Rout against Akhil Behera and others before the Civil Judge (Senior Division) at Dhenkanal. Our Company is Defendant No. 20. The Plaintiff has filed the suit for recovery of ₹ 0.77 million being a portion of the total amount of compensation awarded against acquisition of the Plaintiff's land, which the Plaintiff claims as her share. The matter is pending for hearing before the Court.
28. A civil suit bearing C.S. No.209/2010 has been filed by Pramila Rout against Land Acquisition Collector and others before the Civil Judge (Senior Division) at Dhenkanal. Our Company, through GMR Power & Energy Limited, is Defendant No. 2. The Plaintiff has sought her share of compensation payable for acquisition of land. The matter is pending for hearing before the Court.
29. A civil suit bearing C.S. No. 287/2011 has been filed by Kanhu Bhutia against Jagia Bhutia and others before the Civil Judge (Senior Division) at Dhenkanal. Our Company is Defendant No.39. The Plaintiff has sought a declaration that the registered sale deed dated November 4, 2009 in favor of Defendants bearing Nos. 41-45 is void and not binding on the Plaintiff. The Plaintiff has also sought a preliminary decree and final decree for partition of the disputed suit properties. Our Company is not a necessary party to the suit, and thereby it has filed an application for deletion of its name from the suit. The matter is pending for hearing before the Court.
30. A civil suit bearing C.S. No. 158/2012 has been filed by Sumanta Kumar Deo and others against our Company and others before the Civil Judge (Junior Division) at Dhenkanal. Our Company is Defendant No.1. The Plaintiff has sought for a permanent injunction against the Defendants from entering into the disputed land belonging to the Plaintiff and carrying out any work till the final dispersal of the matter by the Court. The matter is pending for hearing before the Court.
31. A civil suit bearing C.S. No. 159/2012 has been filed by Lalatendu Keshari Rout against our Company before the Civil Judge (Junior Division) at Dhenkanal. The Plaintiff has sought permanent injunction restraining our Company from entering into the suit premises and installing electric poles to take line over the suit property. The matter is pending for hearing before the Court.
32. A civil suit bearing C.S. No. 358/2012 has been filed by Hela Naik against Guburi Naik and others before the Civil Judge (Senior Division) at Dhenkanal. Our Company is Defendant No.11. The Plaintiff has sought for a declaration that the Plaintiff owns 1/6<sup>th</sup> share in the suit land, and is entitled to 1/6<sup>th</sup> share of the compensation amount on acquisition of the said land by our Company. The matter is pending for hearing before the Court.
33. A civil suit bearing C.S. No. 471/2012 has been filed by Ajaya Kumar Rout against Land Acquisition Collector and our Company before the Civil Judge (Senior Division) at Dhenkanal. The Plaintiff has sought for a declaration that the Plaintiff is the owner and is in possession of the suit lands and the Defendants should not enter the same. Further, the Plaintiff has prayed that if the land is acquired, then the Defendant No. 1 should give him compensation within one month. The matter is pending for hearing before the Court.
34. A civil suit bearing C.S. No. 13/2013 has been filed by Bipin Sahoo against our Company before the Civil Judge (Junior Division) at Dhenkanal. The Plaintiff has sought for a permanent injunction from

restraining our Company to enter into the suit land and dispossess the Plaintiff from the same. The matter is pending for hearing before the Court.

35. A civil suit bearing C.S. No. 44/2013 has been filed by Banamali Behera against our Company and another before the Civil Judge (Junior Division) at Dhenkanal. The Plaintiff has sought permanent injunction restraining the Defendants from installing 440 KV line over the suit land and create any disturbances to the peaceful enjoyment of the Plaintiff over the disputed land. The matter is pending for hearing before the Court.
36. A civil suit bearing C.S. No. 160/2012 has been filed by Manjulika Pal against our Company before the Civil Judge (Junior Division) at Dhenkanal. The Plaintiff has sought for a permanent injunction restraining our Company from entering the suit premises and installing electric poles to take line over the suit property. The matter is pending for hearing before the Court.
37. A writ petition being No. 1043 of 2014 has been filed by Rampia Coal Mine and Energy Private Limited before the High Court of Delhi against Union of India, Ministry of Coal and others. The petitioner has prayed before the court to quash the letter dated January 15, 2014, issued by the Ministry of Coal wherein the respondent 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. The petitioner has claimed that exploration of the coal blocks depend on governmental licenses being issued on time and are beyond the control of allottee thereby de-allocation of the coal blocks would be a harsh step towards not meeting some of the criteria laid down by the Ministry of Coal. The matter is currently pending before the High Court.
38. A writ petition bearing W.P. No. 204/2014 has been filed by Fertilizer Association of India (FAI), in the High Court of Delhi, impleading our Company as respondent five. The writ petition has been filed challenging the Petroleum and Natural Gas Regulatory Board (“**PNGRB**”) order dated November 18, 2013 whereby PNGRB directed Reliance Gas Transportation Infrastructure Limited (“**RGTIL**”) to provide open access to our Company for transportation of natural gas from west coast to power plant of our Company situated in the State of Andhra Pradesh through RGTIL’s East West Pipeline. The Delhi High Court through its order dated January 22, 2014 ordered to maintain status quo and further directed PNGRB not to take any coercive steps in pursuance to the impugned order of PNGRB dated Nov 18, 2013 against RGTIL till further orders.
39. A writ petition bearing W.P. No. 799/2014 has been filed by Reliance Gas Transportation Infrastructure Limited (“**RGTIL**”), in the High Court of Delhi, impleading our Company as respondent five. The writ petition has been filed challenging the PNGRB directions/orders through letters dated January 10, 2013 and April 29, 2013 public notice dated August 5, 2013 and order dated November 18, 2013 whereby PNGRB directed RGTIL to provide open access to our Company for transportation of natural gas from west coast to power plant of our Company situated in the State of Andhra Pradesh through RGTIL’s east west pipeline. PNGRB also issued a show cause notice dated January 10, 2014 to RGTIL for imposition of penalty under Section 28 of PNGRB Act, 2006 for contravention of PNGRB’s order dated November 18, 2013. The Hon’ble Delhi High Court through its order dated February 3, 2014 ordered to maintain for status quo and further directed PNGRB not to take any coercive steps in pursuance to the impugned order of PNGRB dated November 18, 2013 till further orders. Matter is currently pending before the High Court.
40. An application under Section 11(5&6) of the Arbitration and Conciliation Act, 1996 bearing C.M.P. No. 72/2013 has been filed by Bharat Petroleum Corporation Limited against our Company before the Karnataka High Court, on April 15, 2013. The Petitioner has prayed for the appointment of a sole arbitrator to resolve the dispute between the Petitioner and our Company regarding the Fuel Supply Agreement (the “**FSA**”) dated August 5, 1998, as per the provisions of the arbitration clause in the FSA. The contention of the Petitioner is that our Company failed to fulfil their obligation to purchase the annual guaranteed quantity of naphtha fuel for their power plant at Tanirbhavi Village, Mangalore from the Petitioner, and thus was liable to pay liquidated damages of ₹ 272.63 million together with interest at 15% p.a as per the provisions of the FSA. The matter is pending for further hearing before the Court.

### **C. Tax Proceedings**

1. The Additional Commissioner of Service Tax, S. P. Complex (the “**Additional Commissioner**”), Bangalore served a show-cause notice bearing No. C.No.16/64/2012ST Adjn/1915 (the “**Notice**”), on our Company dated February 29, 2012. The Notice intended to levy service tax of ₹ 0.49 million under Section 73(1) and ₹ 0.52 million for management and consultancy services. Our Company claimed that the services availed were legal in nature and thereby no service tax can be levied on the same under the head of management or business consultancy. The matter was decided against our Company by the Additional Commissioner in his order bearing No. 29/2013 on February 11, 2013. Our Company filed an appeal against the said order of February 11, 2013 before the Commissioner of (Appeals) on April 29, 2013. The matter is currently pending for hearing.
2. The Assistant Commissioner of Central Excise, Mumbai (the “**Assistant Commissioner**”) served a show-cause notice bearing SCN No. V(Ch.27) 18-29/10-11/185&186 (the “**Notice**”), on GEL dated January 16, 2012. GEL had filed an application for a refund of ₹ 47.98 million on June 22, 2010 (the “**Refund Claim**”). GEL had entered into a naptha supply agreement (“**NSA**”) with Bharat Petroleum Corporation Limited (“**BPCL**”) whereunder excise duty was paid by BPCL. The NSA had a provision for price fluctuation adjustment (“**PFA**”) that could be exercised by GEL, and upon the exercise of PFA, it was discovered that the agreed price between GEL and BPCL was lower than the value adopted for payment of excise duty. The contention of GEL was that therefore excess excise duty had been paid by BPCL, and GEL filed the Refund Claim to recover the amount of excess excise duty so paid by BPCL. The Notice proposed to reject the Refund Claim. The matter was decided against GEL by the Assistant Commissioner in his order-in-original bearing No. UVD/Refund/01-R/CG-I/2012-13 dated July 12, 2012 (the “**Order**”). Aggrieved by the Order, GEL filed an appeal before the Commissioner (Appeals) on September 13, 2012. The matter is currently pending for hearing before the Commissioner (Appeals).
3. The Deputy Commissioner of Income Tax had passed an order dated March 25, 2011 (“**Order**”) granting a tax refund of ₹ 5.86 million in respect of the assessment year 2006-07. The Company has filed an application for rectification under section 154, Income Tax Act, 1961 dated June 20, 2011 before the Assessing Officer, against the Order. The Company has claimed that the order determined tax refund of ₹ 5.86 million as against the refund of ₹ 14.27 million thereby short granted refund amounting to ₹ 8.41million. The Company contended that this short grant of refund was due to an arithmetical totalling error in the computation of revised book profit, which constituted a mistake apparent on record. The Company has prayed before the Assessing Officer to rectify the same and determine the amount of tax refund. The matter is currently pending before the Assessing Officer.
4. The Additional Commissioner, Range – 11, Bangalore (“**Assessing Officer**”) had passed an assessment order (“**Assessment Order**”) dated December 27, 2012 for the assessment year 2007-08. The Assessing Officer determined a taxable income of ₹ 464.98 million and book profit of ₹ 1550.88 million after determining disallowance under section 14A of the Income Tax Act, 1961 (the “**Act**”) of ₹ 75.82 million as against the amount of ₹ 0.11 million considered for disallowance by the Company in its return of income. The Company filed an appeal under Form 35 dated January 28, 2011 before the Commissioner of Income Tax (Appeals) (“**CIT(A)**”) against the Assessment Order. The Company contended that the Assessing Officer had erred in (i) disallowing an amount of ₹ 75.82 million as expenses incurred towards earning of exempt income under section 14A of the Act; (ii) determining the amount of book profit under section 115JB of the IT Act at ₹ 1,550.88 million as against the amount of ₹ 1,445.24 million as submitted by the Company in its return of income; and (iii) determining taxable income as per the normal provisions of the IT Act at ₹ 464.89 million as against the correct amount of ₹ 164.06 million declared in the return of income. The Assessing Officer corrected the amount of book profit in his rectification order dated June 24, 2011, and accordingly the same was not pressed as grounds during the appeal. The CIT(A) passed an order dated June 29, 2012 (“**CIT(A) Order**”) partly upholding the assessment made by the Assessing Officer by disallowing a sum of ₹ 30.44 under section 14A of the IT Act and directing the Assessing Officer to consider the assessed income in respect of the power generation business after giving effect to the appellate order for the purpose of deduction under section 80-IA of the Act. The Company has sent a letter dated July 25, 2012 to the Deputy Commissioner of Income Tax (“**DCIT**”) requesting for an order giving effect to the CIT(A) Order and granting the tax refund to the extent allowed in the CIT(A) Order. The Company has filed an appeal under Form 36 bearing appeal no. 946/13/12 dated July 25, 2012 before the Income Tax Appellate Tribunal (“**ITAT**”) against the CIT(A) Order. The Company has claimed before the ITAT that the CIT(A) erred in merely reducing the amount of disallowance under section 14A to ₹ 30.43 million and not reducing the disallowance under that section to ₹ 0.11 in respect of expenditure incurred by the

Company in relation to exempted income. The Company has further claimed that the CIT(A) erred in not deciding the ground relating to not adding the amount of disallowance made under section 14A of the IT Act to the cost of investments. The Company has prayed before the ITAT to direct the Assessing Officer to disallow and add the amounts respectively and allow the appeal. The matter is currently pending before the ITAT.

5. The DCIT has filed an appeal under Form 36 bearing no. ITA 1184/13/12 dated September 12, 2012 before the ITAT, against the CIT(A) Order. The DCIT has alleged before the ITAT that the CIT(A) had erred in not considering certain amounts for disallowance as they were allegedly directly attributable to the power generation business and were paid towards employee payments and provisions, and in not allowing the disallowance of amounts used to provide interest free financial assistance to a subsidiary of the Company. The DCIT has prayed before the ITAT to set aside the CIT(A) Order and allow the appeal. The matter is currently pending before the ITAT.
6. The Deputy Commissioner of Income Tax (“**DCIT**”) had passed a tax refund order dated June 7, 2011 (“**Refund Order**”) partly granting the rectification request made by the Company. The DCIT had granted ₹ 0.92 million as against the amount of ₹ 0.97 million as claimed by the Company. The Company has sent a rectification request dated June 16, 2011 to the DCIT, against the Refund Order. The Company has alleged before the DCIT that under section 234C, the interest for deferment of advance tax comes to ₹ 2.93 million whereas in the Refund Order the interest has been charged at ₹ 2.98 million. The Company has prayed before the DCIT to correct the mistake apparent on record and determine the amount of tax refund. The matter is currently pending before the DCIT.
7. The Transfer Pricing Officer (“**TPO**”), has passed the order under Section 92CA dated January 28, 2013 for the Assessment Year 2009-10 on reference made by the Deputy Commissioner of Income Tax, Circle-11(3), Bangalore. The TPO has observed that the adjustment of ₹ 57.24 million should be made towards interest free loan offered to our subsidiary and corporate guarantee offered to our step down subsidiary. Further, the TPO has instructed the assessing officer to initiate the penalty proceedings for non-disclosure of some transactions in Form 3CEB. The matter is currently pending before the assessing officer.
8. The Deputy Commissioner of Income Tax (“**DCIT**”) had passed an order dated May 16, 2011 (“**Refund Order**”) granting a tax refund of ₹ 76.14 million. The Company had claimed a refund of ₹ 77.75 million in its income tax return. The Company has sent a rectification application under Section 154 of the IT Act dated May 30, 2011 to the DCIT, against the Refund Order. The Company has filed before the DCIT the original certificates showing amount of credit for tax deducted at source (“**TDS**”) claimed in the return of income filed by the Company of ₹ 91.27 million. The Company has prayed before the DCIT to correct the mistake apparent on record and determine the amount of tax refund. Company has claimed credit for TDS amounting of ₹ 2.34 million. The matter is currently pending before the DCIT.
9. The Transfer Pricing Officer (“**TPO**”), has passed the order under Section 92CA dated January 30, 2014 for the Assessment Year 2010-11 on reference made by the Deputy Commissioner of Income Tax, Circle-11(3), Bangalore. The TPO has observed that the adjustment of ₹ 18,95,854 should be made towards interest free loan offered to our subsidiary, corporate guarantee offered to our step down subsidiary and share application paid to subsidiaries and pending allotment which is in the nature of interest free loan. Further, the TPO has instructed the assessing officer to initiate the penalty proceedings for non-disclosure of some transactions in Form 3CEB. The matter is currently pending before the assessing officer.
10. The Deputy Commissioner of Income Tax (“**DCIT**”) had passed an order dated August 16, 2012 (“**Refund Order**”) granting a tax refund to the Company. The Refund Order granted credit for tax deducted at source at ₹ 6,34,48,581, granted interest under section 244A of the Income Tax Act, 1961 (the “**Act**”) at ₹ 41,67,355 and charged interest under section 234C of the IT Act for deferment in payment of advance tax amounting to ₹ 2,47,674. The Company has sent a rectification application dated November 21, 2012 to the DCIT against the Refund Order. The Company has filed before the DCIT the original certificates showing amount of credit for tax deducted at source claimed in the return of income filed by the Company of ₹ 6,35,43,705 and challan for credit for the amount of dividend distribution tax of ₹ 6,85,721. Accordingly, the Company has claimed that the interest payable under section 234 of the IT Act for deferment in payment of advance tax would be nil, and the interest granted

under section 244A of the Act on the amount of refund would be ₹ 42,54,780. The Company has prayed before the DCIT to correct the mistake apparent on record and determine the amount of tax refund and interest thereon. The matter is currently pending before the DCIT.

11. Assistant Commissioner of Income Tax, CPC, Bangalore through an intimation made under Section 143(1) of the IT Act demanded payment of ₹ 3,55,08,430 for the Assessment Year 2012-13. Our Company filed a rectification application against the said order before the Assistant Commissioner filing its reply and protesting against the demand order. The Assistant Commissioner through his order dated November 7, 2013 partially granted our Company's prayer and has not considered the prayer for payment of dividend distribution tax of ₹ 11,28,574. Our Company intends to file a rectification application against the said order.
12. A Show-cause Notice No. DRI/MRU/INVN/2/2003/749 dated August 12, 2004 (the "Notice") was served on our Company by the Director of Revenue Intelligence with respect to undervaluation of the hot gas path parts imported from GE, USA, in terms of the Long Term Parts Supply Agreement entered into with GE and evasion of customs duty by our Company. The Notice also contended that in respect of two bills of entry, the Company had availed the benefits of concessional assessment in terms of Notification No. 21/2002 dated March 1, 2002. However, the Company had failed to produce the requisite exemption certificate from the competent authority at the time of importation of the parts. The same was not accepted by the DRI and the Notice was issued, claiming an amount of ₹ 42.00 million for undervaluation on importation of Hot-path parts and an amount of ₹ 31.70 million towards benefits availed in terms of the exemption notification. The Company challenged the Notice before Commissioner of Customs, Bangalore (the "Commissioner"). The Commissioner passed the order no. 23/2005 dated May 2, 2006, requiring to pay customs duty of ₹ 73.70 million, along with interest and penalty, equivalent to the duty amount demanded. Aggrieved by the order of the Commissioner, GEL filed an appeal before CESTAT, Bangalore. CESTAT passed an order no. 870 & 871/ 2007, dated August 3, 2007, partially allowing our Company's appeal on ₹ 31.70 million and rejecting the appeal to the extent of ₹ 42.00 million and reduced the penalty to ₹ 4.0 million. The Company appealed against the order of CESTAT, vide Civil Appeal No. 3594 of 2008 before the Supreme Court. The Customs Department also appealed against the order of CESTAT, in relation to the exemption issue before the Supreme Court. Based on the CESTAT order, the Customs Department approached our Company for payment of customs duty of ₹ 42.00 million, along with interest of ₹ 48.00 million. Our Company had paid the paid amounts. The Supreme Court had granted a stay on the penalty amount of ₹ 4.0 million on August 8, 2013. However, the case is still pending before Supreme Court for hearing.
13. The Service Tax Department had issued show cause notice no.6824/2012 dated October 22, 2012 (the "Notice") on GEL, demanding payment of ₹ 548.55 million. GEL had, earlier acquired shares of 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 books of GEL. The Service Tax Department has issued the Notice, demanding payment of service tax of ₹ 548.55 million along with equal penalty and interest on the ground that the shareholders had provided 'Business Auxiliary Service' to GEL. GEL filed a reply to the Notice on December 24, 2012, contending that 'Goodwill' is an asset and could not be interpreted as a 'service'. The Commissioner of Central Excise (Adjudication), Bangalore heard the matter on August 23, 2013 and written submissions were filed by GEL on September 04, 2013. The issue of order, being pending, the Service Tax Department further issued the second show cause notice no. 1961/2013 dated April 25, 2013, demanding payment of service tax of ₹ 5,690.92 million along with interest and penalty. GEL filed a reply to the said notice on August 27, 2013. The matter is posted for hearing before the Commissioner of Central Excise (Adjudication) in April, 2014.

## II. Litigation by our Company

1. A complaint has been filed by our Company against GAIL (India) Limited, the Respondent, before the Petroleum and Natural Gas Regulatory Board (the "**Board**"). The contention of our Company is that the Respondent raised illegal invoices in contravention of the Gas Transmission Agreement (the "**GTA**"). The GTA contained provisions permitting the Respondent to impose ship-or-pay charges on our Company in case of failure to supply gas, and the Respondent invoked the same to raise invoices amounting to ₹ 8.02 million dated November 30, 2012 and ₹ 8.73 million dated December 31, 2012. Payment under protest were made by our Company for both invoices, along with payment of ₹ 63.78 million on account of ship-or-pay charges from February 2011 till November 2013. The contention of our Company is that the shortage in supply was caused due to force majeure reasons. Our Company has

prayed for the invoices to be set aside and quashed and the charges paid thereunder to be refunded. An interim order was passed by the Board on April 12, 2013 directing the Respondent not to take any coercive or precipitate steps to enforce payment for invoices which are raised and outstanding after November 15, 2012 and directing our Company to maintain the value of its letter of credit equivalent to the outstanding invoices. The matter is pending before the Board.

2. An appeal bearing No. 37/2013 has been filed by our Company against Karnataka Electricity Regulatory Commission (“**KERC**”) before the Appellate Tribunal for Electricity, Chennai Circuit Bench against the order dated November 30, 2012 passed by KERC. The KERC by the impugned order had directed that distribution companies (the “**DISCOMs**”) will pay to our Company ₹ 6.90/unit of electricity supplied from January-May 2009. Our Company had pleaded that it had a valid agreement to receive ₹ 8.85/unit but in view of the Government orders, it was paid only ₹ 5.50/unit. The DISCOMs had also filed a review petition before the KERC, in which arguments were heard on April 18, 2013 and judgment was reserved. The matter is pending for hearing before the Court.
3. A writ petition bearing W.P. No. 10198/2012 has been filed by our Company against Government of Andhra Pradesh and Chief Electrical Inspectorate to Government of Andhra Pradesh before the High Court of Andhra Pradesh. Our Company sought for quashing the decision of Respondent No. 2 determining that our Company is liable to pay electricity duty under Andhra Pradesh Electricity Duty Act, 1939 on the sale of energy made to the trading licensees, and consequently setting aside the demand raised against our Company on January 31, 2012. The matter is pending for hearing before the Court.
4. A writ petition bearing W.P. No. 4163/2013 has been filed by our Company against Central Power Distribution Company of Andhra Pradesh and others before the High Court of Andhra Pradesh. Our Company challenged the twin directions of the Central Andhra Pradesh Distribution Company whereby our Company was asked to convey its concurrence (a) to recover the differential amount of unit rate paid under the short term power purchase agreement (letter of intent) from the benchmark unit rate paid to the new independent power producers (“**IPP**”), under long term power purchase agreements for the power supplied by our Company 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. On June 3, 2013 the Court passed order quashing the arbitrary impugned directions. Thereafter, GMR Energy Trading Limited (GETL) filed a Writ petition bearing No. W.P. 33233/2013 seeking payment of outstanding amount of ₹ 94.60 million with surcharge at the rate of ₹ 1.25 million (which amount was withheld by APDISCOMS during pendency of the W.P. no.4163 of 13). It that in the meanwhile GETL received an amount of ₹ 86.18 million from APDISCOMS towards part payment of total amount due under the purchase order / LOI which is the subject matter under writ petition filed by GEL. The Matter has been reserved for judgment.

#### **A. Tax Proceedings**

5. A rectification application dated February 26, 2014 has been filed by our Company before the Deputy Commissioner of Income Tax, Bangalore. Our Company has claimed that the Assistant Commissioner of Income Tax has wrongly adjusted part of the refund granted for the Assessment Year 2012-13 of ₹ 0.22 million towards outstanding demand for the Assessment Year 2007-08. Our Company has claimed that the no tax amount is due towards the Assessment Year 2007-08 and thereby the deduction is incorrect. The matter is currently pending before the Deputy Commissioner for adjudication.
6. An application dated July 25, 2012, has been filed by our Company before the Deputy Commissioner of Income-Tax, Bangalore. Our Company has claimed that in relation to the assessment order dated December 27, 2010 for the Assessment Year 2008-09, our Company had challenged the assessment order before the Commissioner of Income Tax (Appeals), Bangalore. Appellate Commissioner partly granted relief by his order dated June 29, 2012. Our Company has filed this application with the Deputy Commissioner to release the total amount along with interest aggregating to ₹ 4.69 million giving effect to the Appellate Commissioner’s order in our favour. The matter is currently pending before the Deputy Commissioner.
7. A rectification application dated February 26, 2014 has been filed by our Company before the Deputy Commissioner of Income Tax, Bangalore. Our Company has claimed that the Assistant Commissioner of Income Tax has wrongly adjusted part of the refund granted for the Assessment Year 2012-13 of ₹

0.08 million towards outstanding demand for the Assessment Year 2008-09. Our Company has claimed that the no tax amount is due towards the Assessment Year 2007-08 and thereby the deduction is incorrect. The matter is currently pending before the Deputy Commissioner for adjudication.

8. A rectification application dated July 23, 2013 has been filed by our Company before the Assistant Commissioner of Income Tax by our Company. Our company has claimed that with respect to the Assessment Year 2012-13, the assessing officer has incorrectly taken the ratio of income tax and dividend distribution tax. Our Company has prayed before the assessing office to correct the records and grant the refund of ₹ 12.25 million along with interest under Section 244A of the IT Act. The application is currently pending before the assessing officer.
9. Deputy Commissioner of Income Tax, Bangalore. Our Company has claimed that the Assistant Commissioner of Income Tax has wrongly adjusted part of the refund granted for the Assessment Year 2012-13 of ₹ 0.09 towards outstanding demand for the Assessment Year 2008-09. Our Company has claimed that the no tax amount is due towards the Assessment Year 2007-08 and thereby the deduction is incorrect. The matter is currently pending before the Deputy Commissioner for adjudication

## **LITIGATION INVOLVING OUR SUBSIDIARIES**

### **I. Litigation involving GMR Vemagiri Power Generation Limited (“GVPGL”)**

#### **Litigation against GVPGL**

##### **A. Civil Proceedings**

1. A writ petition bearing M.P. No. 8155 in No. 6139/2005 has been filed by A.B.K. Prasad against the Union of India, GVPGL and others before the High Court of Andhra Pradesh. The writ petition has been filed questioning the action of some of the Respondents in allowing them to set up natural gas based power projects within the Krishna Godavari basin region without there being adequate supply of gas when admittedly the projections indicate that there will be no availability of additional gas by the end of the year 2008. The Petitioner has prayed for issuance of a writ of mandamus directing Respondents not to implement their power purchase agreements and gas supply agreement till the supply of natural gas in the Krishna Godavari basin improves. The matter is pending before the Court..
2. A writ petition bearing W.P. No. 1442/2006 has been filed by Andhra Sugars Limited against Union of India, through the Secretary; Ministry of Petroleum and Natural Gas; GAIL; Andhra Pradesh Gas Power Corporation Limited; Eastern Power Distribution Company of Andhra Pradesh Limited; Konaseema EPS Oakwell Power Limited; Lanco Kondapalli Power Private Limited; Reliance Energy Limited; GVPGL and Gautami Power Private Limited in the High Court of Andhra Pradesh. The Petitioner has challenged the action of Respondents No. 1 and 2 in curtailing the gas supply to Respondent No. 3, which has led to the Respondent No. 3 to shut down a gas turbine and subsequently reducing the generation of power by Respondent No. 3 and affecting and causing irreparable harm and injury to the Petitioner. The Petitioner has prayed that the Court declare the action of the Respondent No. 2 in curtailing the gas supply to Respondent No. 3 and supplying gas to the Respondents No. 5 to 9 and any others who have subsequent allocations as arbitrary, and direct Respondents No. 1 and 2 to ensure that the entire quantity of gas is supplied regularly to Respondent No. 3. The matter is pending before the Court.
3. A writ petition bearing W.P. No. 1443/2006 has been filed by Hindustan Zinc Limited against Union of India, through the Secretary; Ministry of Petroleum and Natural Gas; GAIL; Andhra Pradesh Gas Power Corporation Limited; Eastern Power Distribution Company of Andhra Pradesh Limited; Konaseema EPS Oakwell Power Limited; Lanco Kondapalli Power Private Limited; Reliance Energy Limited; GVPGL and Gautami Power Private Limited before the High Court of Andhra Pradesh. The Petitioner has challenged the action of Respondents No. 1 and 2 in curtailing the gas supply to Respondent No. 3, which has led to the Respondent No. 3 to shut down a gas turbine and subsequently reducing the generation of power by Respondent No. 3 and affecting and causing irreparable harm and injury to the Petitioner. The Petitioner has prayed that the Court declare the action of the Respondent No. 2 in curtailing the gas supply to Respondent No. 3 and supplying gas to the Respondents No. 5 to 9 and any others who have subsequent allocations as arbitrary, and direct Respondents No. 1 and 2 to



ensure that the entire quantity of gas is supplied regularly to Respondent No. 3. The matter is pending before the Court.

4. Ispat Power Limited awarded a contract to one K. Subba Raju (Contractor) to carry out earth work excavation at the project site in October, 1998. The Creditors of the Contractor filed civil suit O.S. No. 52/1999 in the Addl Senior Civil Judge Court, Rajahmundry praying for attachment of the outstanding amount of ₹ 0.19 against the money to be received by them from the Contractor. On April 23, 2001, the Senior Civil Judge passed orders directing Ispat Power Ltd to send the attached amount to the credit of the suit on the file of court in I.A. No. 460/2001 in O.S. No. 52/1999. On August 28, 2001, GMR group had taken over the controlling stake in the Project from Ispat Group. On November 22, 2002, the Addl Senior Civil Judge Court passed orders to deposit the amount with 24% interest from the date of initial orders for depositing the amount in the court i.e. from December 27, 1999. On October 16, 2003, GVPGL deposited the outstanding amounts in the Court of Addl Senior Civil Judge, Rajahmundry. In March, 2003, GVPGL filed Civil Revision Petition in AP High Court challenging the order of Senior Civil Judge Dated November 22, 2002 in I.A. No. 727/2002 in O.S. No. 52/1999. On November 21, 2003, in C.M.P. No. 7445/2003 in C.R.P No. 1580/2003, the High Court of Andhra Pradesh passed orders suspending the order dated November 22, 2002 in so far as it directed the Petitioner to deposit the amount lying with him and due to the defendant in the in the suit with interest at 24% per annum only as far as the direction regarding interest is concerned. The order further directed the GVPGL to deposit the principal amount in accordance with the terms of the November 22, 2002 order. The Civil Revision Petition is pending in the Andhra Pradesh High Court. GVPGL had already deposited amounts in the Court as ordered by the High Court.

#### **B. Tax Proceedings**

1. The service tax department Chennai, served a show-cause notice (the “**Notice**”), on GVPGL dated April 29, 2011. GVPGL had filed an application for a refund of ₹ 9.30 million on July 6, 2010 (the “**Refund Claim**”). The claim of GVPGL was that it had entered into an agreement for operations and maintenance of their power plant with M/s Korea Plant Service & Engineering Company Limited (“**KPS**”). KPS collected service tax from GVPGL despite GVPGL’s claim that the scope of work of KPS was limited only to generation of electricity and giving the same to consumers, which is a manufacturing activity under the Central Excise Act, 1944 and therefore not an activity liable for the levy of service tax. GVPGL filed the Refund Claim to recover the amount of service tax so paid by KPS. The Notice proposed to reject the Refund Claim. The matter was decided against GVPGL by the Assistant Commissioner of Central Excise and Customs, Rajahmundry, (the “**Assistant Commissioner**”), in his order-in-original bearing No. 13/2011 on August 14, 2011 (the “**Order**”). GVPGL filed an appeal against the Order before the Commissioner of Central Excise and Customs (Appeals), Vishakahapatnam (the “**Appeals Commissioner**”). The Appeals Commissioner by his order-in-appeal bearing No. 7/2012(V-II)-ST dated March 8 and 20, 2012 (“**Appeal Order**”) set aside the Order. Aggrieved by the Appeal Order, GVPGL filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, South Zone Bench, Chennai (“**CESTAT**”), on June 26, 2012. The matter is currently pending for hearing before the CESTAT.
2. The service tax department, Rajahmundry, served various show-cause notices in connection with the Refund Claims filed by GVPGL. GVPGL had filed 7 refund applications, claiming refund of periodical service tax amounts of (i) ₹ 9.30 million on July 06, 2010; (ii) ₹ 4.55 million on June 07, 2011; (iii) ₹ 1.49 million on June 06, 2011; (iv) ₹ 2.24 million on January 30, 2012; (v) ₹ 2.42 million on November 16, 2012; (vi) ₹ 1.45 million on July 18, 2013; and (vii) ₹ 2.18 million on August 23, 2013 (the “**Refund Claims**”). GVPGL’s contention was that it had entered into an agreement for operations and maintenance of their power plant with M/s Korea Plant Service & Engineering Company Limited (“**KPS**”) and that KPS had collected service tax from GVPGL despite GVPGL’s claim that the scope of work of KPS was limited only to generation of electricity and giving the same to consumers, which is a manufacturing activity under the Central Excise Act, 1944 and therefore not an activity liable for the levy of service tax. GVPGL filed the Refund Claims to recover the amount of service tax so paid by KPS. The Notice proposed to reject the Refund Claims. The matter was decided against GVPGL by the Assistant Commissioner of Central Excise and Customs, Rajahmundry, (the “**Assistant Commissioner**”) with respect to cases (i) to (v) and orders were passed (the “**Orders**”). GVPGL filed an appeal against the Orders for cases (i) to (v) before the Commissioner of Central Excise and Customs (Appeals), Vishakahapatnam (“**Appeals Commissioner**”). The Appeals Commissioner has rejected the appeals for cases (i) to (iv) (“**Appeal Orders**”). With respect to matter no. (v), the same is pending before the

Appeals Commissioner for orders. Aggrieved by the Appeal Orders, GVPGL filed further appeals before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore (“CESTAT”). The matters (i) to (iv) are currently pending for hearing before CESTAT. Matters (vi) and (vii) are currently pending before the Assistant Commissioner, Rajahmundry.

### **Litigation by GVPGL**

#### **A. Civil Proceedings**

1. An original petition bearing No. O.P. 58 of 2013 has been filed by GVPGL against Andhra Pradesh Power Co-ordination Committee and distribution companies before the Andhra Pradesh Electricity Regulatory Commission. GVPGL’s contention was that the provisions of power purchase agreement requiring generation at 80% plant load factor have been rendered void in view of the empowered group of ministers’ directions allocating 75% of natural gas, which has also been rendered unfulfilled on account of very low generation of gas from the KGD6 basin. GVPGL has claimed for refund of capacity charges deducted from monthly invoices from October 2012 onwards, amounting to ₹ 121,62,28,800 with interest. The Court is yet to take up the matter for admission.
2. A writ petition bearing W.P. No. 39390/2012 was filed by GVPGL and other power plant owners through Independent Gas Based Power Producer’s Association against the Union of India and others before the High Court of Andhra Pradesh. The Petitioners challenge the government order dated March 30, 2011 by 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. By this order, the gas-based power plants in Andhra Pradesh which have been set up mainly on the assurance of the central government that natural gas would be made available to them from KGD6 basin, would not get any supply of natural gas. The matter is pending for hearing before the Court.
3. An original petition bearing O.P. No. 12/2013 has been filed by GVPGL against Andhra Pradesh Power Co-ordination Committee and distribution companies before the Andhra Pradesh Electricity Regulatory Commission. GVPGL sought to set aside and quash the invoices raised by the Respondents for an amount of ₹ 9.57 million towards ship-or-pay charges raised through bills/invoices dated February 23, 2011 (two in number) and March 28, 2011 and to refund the said amount paid under protest by GVPGL. GVPGL has claimed that it has paid for fuel imbalance, for which GVPGL’s failure was due to the instructions of the Respondents. The matter is pending for hearing before the Court.
4. Three original petitions bearing O.S. Nos. 70, 71 and 72/2012 have been filed by distribution companies and GVPGL (O.P. No. 70/2012 and O.P. 71/2012 respectively) against APDISCOMS before the Andhra Pradesh Electricity Regulatory Commission. The Petitioners have sought the consent of the Court for the amendments to the power purchase agreements, pursuant to order dated December 5, 2009 passed by the Court. GVPGL has further sought for a declaration that GVPGL is entitled to compensation of ₹ 4,470 million towards loss of capacity charges for the period till April 10, 2009 and to direct Respondents to pay additional fixed cost of ₹ 0.439 p/kwh for the balance period of the power purchase agreement. Since the amendments propose an additional rate per unit (AFC) to be paid to the GVPGL, OP 72/2012 was filed by the Petitioners to justify the AFC calculation. The matter is pending for hearing before the Court.
5. GVPGL has also filed an appeal bearing Appeal No. 81/2013 before Appellate Tribunal for Electricity challenging the order of Andhra Pradesh Electricity Regulatory Commission (“APERC”), wherein APERC allowed the distribution companies to withdraw their O.P. No. 70/2012. GVPGL also filed a writ petition bearing W.P. No. 11417/2013 against APERC before the High Court of Andhra Pradesh seeking expeditious disposal of the O.P. No. 72/2012. The matter is pending for hearing before the Court.
6. An original petition bearing complaint No. F.No./Legal/31/2013 and 32/ 2013, has been filed by GVPGL against Gas Authority of India Limited, the Respondent, before the Petroleum & Natural Gas Regulatory Board. GVPGL has sought to set aside and quash the invoices raised by the Respondent for an amount of ₹ 13.62 million and ₹ 9.13 million towards ship-or-pay charges and to refund the said amount paid under protest by GVPGL. GVPGL has claimed its inability to ship the contracted quantity of gas to the Respondent as a reason due to the decreased supply of gas by the supplier in compliance

with the directions of the Ministry of Petroleum and Natural Gas. The matter is pending before the Court.

7. GVPGL have impleaded itself in Appeal No. 161 of 2013 filed by GAIL (India) Ltd. before APTEL challenging the Tariff Order dated 10.05.2013 passed by Petroleum and Natural Gas Regulatory Board. Also, GVPGL have filed its Application in Appeal No. 161/2013 for refund of excess pipeline transmission charges of ₹ 905.75 million. The matter is pending before APTEL.
8. An execution application on October 22, 2013 before has been filed by GVPGL, APERC for execution of APERC Order dated November 27, 2012 passed in O.P. No. 26 of 2012 directing the Andhra Pradesh Power Coordination Committee, Transmission Corporation of Andhra Pradesh Limited and Andhra Pradesh State Electricity Distributing Companies for reimbursement to GVPGL the Minimum Alternate Tax of ₹ 153.56 million (along with interest) paid by GVPGL to Tax Authorities for the year. The said Application has not been heard and is awaiting listing for hearing before APERC.
9. A petition being OP No. 20 of 2013 was filed by GVPGL before the APERC against APTRANSCO and others to declare that the definition 'natural gas' in PPA dated March 31, 1997 as amended includes Re-gasified Liquefied Natural Gas (RLNG) and permit the Company to declare plant availability using RLNG. GVPGL in its petition pleaded that RLNG is one form of natural gas as per PNGRB Act, and also as per GAIL and many other expert opinions. PPA defines 'Fuel' as 'Natural Gas' only. But Natural Gas is not defined in the PPA and therefore has to be understood from commercial parlance, from conduct of the parties and from PNGRB Act and other relevant material on the subject. APERC has failed to appreciate this aspect and on August 8, 2013, APERC passed orders dismissing our petition on vague grounds. An appeal being Appeal No. 222 of 2013 was filed on September 4, 2013 in APTEL against the order dated August 8, 2013 of APERC. Interlocutory Applications were also filed seeking orders to restraint DISCOMs from taking any coercive steps for recovery of capacity charges paid to GVPGL for tariff year 2012-13 pending disposal of the appeal was also filed in the Appeal. The matter is pending before APTEL.

#### **B. Tax Proceedings**

1. A writ petition bearing W.P. (Civil) No. 2470/2012 has been filed by GVPGL and another against Union of India and others before the High Court of Delhi in April, 2012. GVPGL was availing of deemed exports benefits which were withdrawn by the Respondents. By applications dated July 20, 2009, November 9, 2009 and October 12, 2009, GVPGL had claimed a total duty drawback amount of ₹ 708.28 million from the Respondents. The Respondents approved an amount of ₹ 690.66 for refund of duty drawback to GVPGL. GVPGL has subsequently been granted the drawback amounting to ₹ 591.00 million and ₹ 3.98 million only through cheques dated December 31, 2009, May 13, 2010 and June 8, 2010. The eligibility and conditions in the scheme of deemed exports were altered by the Respondents on March 15, 2011 at a Policy Interpretation Committee meeting (the "**PIC Meeting**"). The Respondents circulated the minutes of the PIC Meeting through trade notice bearing No. 8 and conducted a meeting with members of trade and industry held on March 18, 2011. 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 ₹ 591.00 million and ₹ 3.90 million. The contention of GVPGL is that the withdrawal of such 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 pending for hearing before the Court.
2. An appeal has been filed GVPGL before the Income Tax Appellate Tribunal, Mumbai on January 29, 2010 against the order passed by the Deputy Commissioner of Income Tax, Circle 3(3), Mumbai for the Assessment Year 2007-08. GVPGL has challenged the amount of allowable depreciation calculated over ₹ 3,709.48 million and further imposition of a penalty of ₹ 0.02 million. GVPGL has claimed that the assessing officer erred in not considering the amounts of tax paid on interest to Canara Bank and consideration of short grant of tax refund. GVPGL has before the appellate authority to, i) consider that the claims made during the assessment or appellate proceedings, if tenable in law, must be accepted even if such claims are not made by filing a revised return of income; ii) issue directions to compute the correct WDV by adding the unrealized forex gain of ₹ 77.70 million on re-instatement of loans taken for fixed assets, which were reduced from the written down value of assets for the purpose of allowing

depreciation under income tax; and iii) consideration of the value of plant, machinery and building aggregating to ₹ 13.71 million under the head of 'Expenditure during the construction period accounts'. The matter is currently pending before the appellate tribunal.

3. An appeal has been filed by GVPGL before the Income Tax Appellate Tribunal, Mumbai on April 22, 2013 against the order of the Deputy Commissioner of Income Tax dated December 28, 2012 passed under Section 250 of the IT Act for the Assessment Year 2008-09. GVPGL has prayed before the appellate authority to for i) issuance of directions for computation of the correct WDV by adding the unrealized forex gain of ₹ 124.90 million 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 IT Act and ii) to consider the opening of written down value of the block of assets for the Assessment Year 2008-09 after making adjustments in accordance with the Appellant's claim of computation of WDV for Assessment Year 2007-08. The matter is currently pending before the appellate authority.
4. An appeal has been filed GVPGL before the Income Tax Appellate Tribunal, Mumbai on April 22, 2013 against the order passed by the Commissioner of Income Tax, (Appeals) - 7, Mumbai for the Assessment Year 2009-10. GVPGL has claimed that the Commissioner has erred in not considering the forex loss incurred by GVPGL and prayed for i) issuance of directions to allow depreciation after making adjustment for the amount of ₹ 383.75 million 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 IT Act and ii) consider the 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 WDV for the Assessment Year 2008-09. The matter is currently pending before the appellate authority.
5. An appeal has been filed GVPGL before the Commissioner of Income Tax, (Appeals) - 7, Mumbai on April 8, 2013 against the order passed by the Deputy Commissioner of Income Tax, 3(3), Mumbai for the Assessment Year 2010-11. GVPGL has claimed the Deputy Commissioner has erred in upholding the findings of the assessment order dated March 11, 2013 passed under Section 143(3) of the IT Act. GVPGL has claimed before the appellate authority that the forex gain of ₹ 168.71 million on re-instatement of loans taken for fixed assets should not be reduced from the block of plant and machinery for the purpose of allowing depreciation under income tax. GVPGL has claimed that i) an order be issued in favour of GVPGL granting depreciation allowance after considering the correct amount of opening written down value of block of assets as per the assessment order for the Assessment Year 2009-10 and ii) to consider 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 IT Act. The matter is currently pending before the appellate authority.
6. Rectification application under Section 154 of the IT Act has been filed by GVPGL before the Deputy Commissioner of Income Tax, Mumbai on May 14, 2010 for the Assessment Year 2005-06. GVPGL has claimed against the short grant of TDS credit of ₹ 0.02 million and short grant of relief in the matter of interest income from margin money by ₹ 0.02 million. GVPGL has prayed for rectification to be made to the assessment order. The matter is currently pending before the Deputy Commissioner.
7. Rectification application under Section 154 of the IT Act has been filed by GVPGL before the Deputy Commissioner of Income Tax, Mumbai on May 28, 2011 for the Assessment Year 2006-07. GVPGL has claimed against the short grant of TDS credit of ₹ 1.5 million non-grant of deduction under Section 80G of the IT Act for an amount of ₹ 0.02 million and short grant of interest under Section.244A of the IT Act. GVPGL has prayed for rectification to be made to the assessment order. The matter is currently pending before the Deputy Commissioner.
8. An application has been filed with the Assistant Commissioner of Income Tax 3(3) dated May 21, 2013 as per the order of the Commissioner of Income Tax (Appeals), Mumbai. GVPGL has claimed that the Commissioner has passed an order on December 28, 2012 directing the Assistant Commissioner to consider the assessment order for the Assessment Year 2007-08 and issue a consequential order, awarding credit for TDS of ₹ 0.05 million. The matter is currently pending with the Assistant Commissioner.
9. An application has been filed with the Assistant Commissioner of Income Tax, Circle 3(3), Mumbai dated May 29, 2013. GVPGL has claimed that the Commissioner of Income tax (Appeals) by order

dated December 28, 2012 has directed the Assistant Commissioner to reduce the disallowance made under Section 14A of the IT Act from ₹ 0.04 million as against ₹ 1.10 million for the Assessment Year 2008-09. GVPGL has also filed a application on February 18, 2010 for issue fresh refund order since the validity of refund order issued for ₹ 0.019 million has expired The matter is currently pending before the Assistant Commissioner.

10. Rectification application under Section 154 of the IT Act has been filed by GVPGL before the Deputy Commissioner of Income Tax, Mumbai on March 12, 2010 for the Assessment Year 2008-09. GVPGL has claimed against the short grant of TDS credit of ₹ 14,99,526, for non-grant of FBT refund of ₹ 4,33,292 which was determined through the intimation under Section 115WE(1) of the IT Act dated July 16, 2009. The matter is currently pending before the assessing officer.
11. Rectification application under Section 154 of the IT Act has been filed by GVPGL before the assessing officer on April 12, 2013 for the Assessment Year 2010-11. GVPGL has claimed against the assessment order dated March 11, 2013 passed under Section 143(3) of the IT Act for the Assessment Year 2010-11 for short grant of depreciation. The matter is currently pending before the assessing officer.
12. Rectification application under Section 154 of the IT Act has been filed by GVPGL before the assessing officer on February 3, 2014 for the Assessment Year 2012-13. GVPGL has claimed against the intimation under Section 154 of the IT Act dated November 14, 2013 for first quarter of the financial year 2012-13 to reduce the interest liability to ₹ 35,753 in the event the date of remittance of TDS made by the company, made online on May 7, 2012 is not accepted. The matter is currently pending before the assessing officer.

## **II. Litigation involving GMR Chhattisgarh Energy Limited (“GCEL”)**

### **Litigation against GCEL**

#### **A. Civil Proceedings**

1. A writ petition bearing W.P. (C) No. 1868/2012 has been filed by Century Cement against the Department of Commerce and Industries, State of Chhattisgarh and others before the High Court of Chhattisgarh. GCEL is Respondent No. 5. The Petitioner have challenged the acquisition of the land for development of railway line for a power project. The Petitioner claims to be the owner of the disputed land, which connects to the Petitioner’s cement plant and is used for transportation of raw material, machinery, cement to the cement plant at village Bahesar. The disputed land is also used by the villagers including the factory workers. The matter is pending before the Court.
2. A writ petition bearing W.P. (C) No. 473/2013 was filed by Santram Kashyap and another against the State of Chhattisgarh and others before the High Court of Chhattisgarh. GCEL is Respondent No. 8. The Petitioners have challenged the acquisition of land for construction of railway siding on the basis that the due process of land acquisition had not been followed. The Court directed that this matter be tagged with W.P.(C) No. 316/2013, which deals with similar issue. The matter is pending before the Court.
3. A writ petition bearing W.P. (C) No. 316/2013 has been filed by Ramesh Satnami and another against the State of Chhattisgarh and others (the “**Respondent**”) before the High Court of Chhattisgarh. GCEL is Respondent No. 8. The Petitioner has challenged the acquisition of land for construction of railway siding on the basis that the due process of land acquisition has not been followed. The matter is pending before the Court.
4. A writ petition has been filed in the High Court of Chhattisgarh , by a group of individuals (“**Petitioners**”) against the State of Chhattisgarh, GCEL and others. Petitioners have challenged the legality of the land acquisition proceedings initiated by the sub-divisional officer and the land acquisition officer, Raipur against acquisition of land in Getra Village, Tehsil Tilda, District Raipur and challenging the Notification dated May 21, 2012 under Section 4(1) of the Land Acquisition Act, 1894 (the “**Act**”) and the Notification dated July 18, 2012 under Section 6 of the Act. The petitioners have prayed that the action on part of Respondents initiating acquisition proceedings for providing land to a private Company under Part II of the Act instead of Part VII of the Act and without giving proper

opportunity of hearing to the Petitioners is bad in law and thereby the same be invalidated. The matter is currently pending before the Court.

5. A writ petition bearing No. W.P. (C) No. 1243/2013, has been filed by Kamleshwar Prasad Chandravanshi and others in the High Court of Chhattisgarh at Bilaspur against State of Chhattisgarh and seven others. GCEL is respondent No. 8. The Petitioners have claimed that the sub-divisional officer cum land acquisition officer, Raipur (the “**Officer**”), has issued the draft notification under Section 4(1) in relation to acquisition of private lands located in Getra Village, Tahsil Tilda, Raipur, in violation of the Land Acquisition Act, 1894 (the “**Act**”). The Petitioners have prayed before the Court that the notification dated May 21, 2012 under Section 4(1) of the Act be declared as illegal and approval for acquisition of private land belonging to the Petitioners be quashed.

**B. Tax Proceedings**

The Assistant Commissioner of Income Tax, Bangalore (the “**Assistant Commissioner**”) had passed a rectification order dated March 22, 2012 upholding the demands made for the payment of interest payable on deferred payment of advance income tax and advance fringe benefit tax under sections 234C, 115WJ(3) and 115WJ(4), IT Act and interest for default in payment of advance tax under section 234B, IT Act and thereby imposed interest of ₹ 1038 under section 234B, ₹ 2343 under section 234C, and ₹ 85,335 under sections 115WJ(3)/115WJ(4), IT Act. GCEL has filed an appeal under Form 45 dated July 17, 2012 before the Commissioner of Income Tax (Appeals) (the “**Appeals Commissioner**”), against the order dated March 22, 2012 passed by the Assistant Commissioner. GCEL has alleged before the Appeals Commissioner that (i) under section 234B, IT Act, interest is payable from beginning of the assessment year till the date of determination of total income or date of payment of self-assessment tax, and since GCEL had paid the self-assessment tax on May 25, 2009, the interest period should also run till that date and not till the date of determination of total income, and (ii) as GCEL was incorporated during the year on October 1, 2008, the interest on delayed payment of advance tax should only be calculated on the instalments of advance tax that GCEL was liable to pay, i.e. the two instalments becoming due after its date of incorporation, and not all four instalments of the assessment year. GCEL has prayed before the Appeals Commissioner to direct the Assistant Commissioner to calculate the correct amount of interest payable and allow the appeal. The matter is currently pending before the Appeals Commissioner.

**Litigation by GCEL**

**A. Tax Proceedings**

1. An appeal has been filed by GCEL against the Deputy Commissioner of Customs, Vishakhapatnam, the Respondent, before the Commissioner of Customs (Appeals) on July 2, 2012. GCEL challenged the Respondent’s order-in-original bearing No. 26/2012(R) (the “**Order**”) dated April 18, 2012 rejecting GCEL’s refund claim of customs duty paid on import of goods. Under notification bearing No. 65/2011, the Government of India 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 of India dated September 8, 2011. After issue of the Certificate, GCEL had claimed a refund of ₹ 24,20,17,889, which was the amount paid as duty on imported goods under seven different bills of entry. The Respondent by his Order had 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. The matter is pending before the Court.
2. Rectification application under Section 154 of the IT Act has been filed by GCEL before the assessing officer on January 7, 2014 against the online intimation under Section 143(1) of the IT Act dated March 15, 2013 involving Assessment Year 2012-13 for short grant of interest under Section 244A of the IT Act for an amount of ₹ 38,944. The matter is currently pending before the assessing officer.

**III. Litigation involving GMR Power Corporation Private Limited (“GPCPL”)**

**Litigation against GPCPL**

**A. Tax Proceedings**

1. The Commissionerate of Service Tax, Chennai (the “**Commissioner**”), served a show-cause notice bearing SCN No. 92 (the “**Notice**”), on Hyundai Heavy Industries Limited (“**HHIL**”) dated March 21, 2002. HHIL has its head office in South Korea and has an office within the premises of GPCPL. The Notice intended to levy service tax of ₹ 1,68,53,964 on HHIL under Section 73(a) of the Finance Act, 1994, (the “**Act**”) for services rendered by a consultant engineer. The Commissioner claimed that GPCPL had entered into an operations and maintenance agreement (the “**Agreement**”) with HHIL for operation and maintenance of the power plant which was in effect an agreement to advise and assist GMR in the technical aspects of the power plant. HHIL claimed that scope of service as provided under the Agreement had no scope for advice or consultancy and was only a labour contract. The matter was decided against HHIL by the Deputy Commissioner of Central Excise, Service Tax Cell, Chennai – I Commissionerate (the “**Deputy Commissioner**”), in his order-in-original bearing No. 5/2003 on March 19, 2003 (the “**Order**”). HHIL filed an appeal against the Order before the Commissioner (Appeals). The Commissioner (Appeals) by his order-in-appeal bearing No. 135/2003 (M-I) dated October 17, 2003 (the “**Appeal Order**”) set aside the Order on the basis that HHIL is subject to a works contract and provide services falling under the scope of engineering consultancy services. Aggrieved by the Appeal Order, the Deputy Commissioner filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, South Zone Bench, Chennai (“**CESTAT**”), on March 5, 2004. The matter is currently pending for hearing before the CESTAT.
2. Tamil Nadu Generation and Distribution Corporation Limited (“**TNGDCL**”), has filed a petition bearing No. P.P.A.P. No. 2/2014 before the Tamil Nadu Electricity Regulatory Commission, Chennai, against GPCPL on February 12, 2014. TNGDCL has submitted that the power purchase agreement executed between Tamil Nadu Electricity Board (“**TANGEDCO**”) and GPCPL dated September 12, 1996 which is due to expire on February 15, 2014 is required to be renewed by TANGEDCO to meet the shortage of electricity in Chennai. TNGDCL has prayed before the Court to direct TANGEDCO to renew its expiring power purchase agreement with GPCPL from February 15, 2014 to February 14, 2015 subject to merit order dispatch in force by extending the aforesaid agreement under proviso 2.1 (c) of the agreement. The matter is currently pending before the Court.
3. The Deputy Commissioner of Income Tax (“**DCIT**”) had passed an order dated July 6, 2012 giving effect to the order of the Commissioner of Income Tax (Appeals) and granting a tax refund of ₹ 37,40,046. GPCPL has sent a rectification request dated August 27, 2012 to the DCIT. GPCPL has claimed that (i) a double disallowance of ₹ 1,11,508 had been made in the computation of income under normal conditions, (ii) an excess deduction of ₹ 2,54,49,488 had been made under section 80-IA of the Income Tax Act, 1961 (the “**Act**”), and (iii) a wrong computation of income tax payable under the normal provisions of the Act had been made. GPCPL has submitted that as the amount of tax payable under section 115JB of the Act is more than the amount of tax payable under normal provisions of the Act, it is liable to pay tax only under section 115JB, which is correctly calculated in the order dated July 6, 2012 passed by the DCIT. GPCPL has prayed before the DCIT to correct the mistake apparent on record and determine the amount of tax refund. The matter is currently pending before the DCIT.
4. The Additional Commissioner of Income Tax (“**Assessing Officer**”) had passed an assessment order dated November 24, 2010 (“**Assessment Order**”). GPCPL had filed an appeal under Form 35 dated January 5, 2011 before the Commissioner of Income Tax (Appeals) (“**CIT(A)**”), against the Assessment Order. GPCPL had alleged before the CIT(A) that the Assessing Officer had (i) erred in determining book profit under section 115JB of the IT Act to be ₹ 26,66,06,965, (ii) erred in disallowing an amount of ₹ 3,11,53,328 allegedly as expenses incurred towards earning of exempt income under section 14A of the IT Act and erred in computing the amount based on average amount of investments to total assets, (iii) erred in not considering the reversal of an amount of ₹ 5,72,59,693, (iv) erred in not granting credit for self assessment tax paid by the appellant of ₹ 1,54,76,928, (v) erred in not considering the fringe benefit tax of ₹ 18,00,000 as deductible for the purposes of computation of book profit, and (vi) erred in not granting deduction of ₹ 7,62,357 under section 80G of the IT Act. The CIT(A) passed an order bearing no. ITA No. 93/Addl.CIT/R-11/A-I/10-11 dated March 27, 2012 (“**CIT(A) Order**”) with regard to the disallowance of an amount of ₹ 3,11,53,328 allegedly as expenses incurred towards earning of exempt income under section 14A. The CIT(A) partly allowed the appeal by limiting the amount to ₹ 58,15,348 instead of ₹ 3,11,53,328. GPCPL had filed an appeal under Form 36 bearing no. 778/13/12 dated June 1, 2012 before the Income Tax Appellate Tribunal (“**ITAT**”) against the CIT(A) Order. GPCPL had alleged before the ITAT that the CIT(A) had erred in upholding the action of the Assessment Officer by merely reducing the amount of disallowance and not deleting the whole disallowance under section 14A of the IT Act, and has erred in not adding the amount of such

disallowance under section 14A to the cost of investments. GPCPL has prayed before the ITAT to set aside the CIT(A) Order and restrict the amount of disallowance at ₹ 1,11,508, and to direct the Assessing Officer to add the same to the cost of mutual fund units. The matter is currently pending before the ITAT.

5. The Commissioner of Income Tax, Appeals (“**CIT(A)**”) had passed an order upholding the assessment order and deleting a disallowance of ₹ 2,37,24,830 made on account of proportionate indirect interest expenses. The Deputy Commissioner of Income Tax (“**DCIT**”) has filed an appeal under Form 36 bearing no. ITA 810/13/12 dated June 8, 2012 before the Income Tax Appellate Tribunal (“**ITAT**”). The DCIT has claimed that the CIT(A) erred in deleting the disallowance. The DCIT has prayed before the ITAT to reverse the order of the CIT(A) and restore the order of the assessing officer. The matter is currently pending before the ITAT.
6. The Commissioner of Income Tax (Appeals) (“**CIT(A)**”) had passed an order bearing no. ITA No. 167/DC-11(3)/A11-12 dated September 25, 2012 (“**CIT(A) Order**”). The Deputy Commissioner of Income Tax (“**DCIT**”) passed an order dated November 8, 2012 to give effect to the CIT(A) Order (“**DCIT Order**”) and granting a tax refund of ₹ 32,57,720. GPCPL has filed a rectification request dated May 21, 2013 with the DCIT with regard to the DCIT Order. GPCPL has claimed in their rectification request that the correct tax refund amount would have been ₹ 36,21,703 and the difference between this amount and the amount granted by the DCIT was mainly due to excess charge of interest under section 234C of the Income IT Act and short charge of interest under section 244A of the IT Act. GPCPL has prayed before the DCIT to rectify the mistake apparent from the record and grant further tax refund of ₹ 3,63,983. The matter is currently pending before the DCIT.
7. The Commissioner of Income Tax (Appeals) (“**CIT(A)**”) had passed an order bearing no. ITA.No.167/DC-11(3)/A-1/11-12 dated September 25, 2012 (“**CIT(A) Order**”) for the Assessment Year 2009-10. GPCPL has filed an appeal under Form 36 bearing appeal no. 11556/13/12 dated November 21, 2012 before the Income Tax Appellate Tribunal (“**ITAT**”) against the CIT(A) Order. GPCPL has claimed before the ITAT that the CIT(A) erred in disallowing a sum of ₹ 50,12,071 as indirect expenditure on earning exempted income under section 14A of the IT Act and disallowing deduction under section 57(iii) of the IT Act. GPCPL has further claimed that only an amount of ₹ 8,989 has been incurred in relation to exempted income and the amount of disallowance should be accordingly restricted, that the amount of ₹ 8,989 should be added to the cost of investments and that the amount of ₹ 9,72,59,364 is to be allowed as a deduction under the category of income from other sources and not the category of income from business. GPCPL has prayed before the ITAT that the assessing officer be directed to (i) restrict the amount of disallowance under section 14A of the IT Act to ₹ 8,989, (ii) add the amount of disallowance, if any, made under section 14A of the IT Act to the cost of mutual fund units, (iii) allow the deduction for ₹ 9,72,59, under the category of income from other sources, and (iv) tax the interest income of ₹ 14,03,18,975 and allow the corresponding interest expense either under the category income from business or income from other sources. The matter is currently pending before the ITAT.
8. The Additional Commissioner of Income Tax (“**Assessing Officer**”) issued a notice of demand dated February 6, 2013 to GPCPL for a nil demand for the assessment year 2010-11. The Assessing Officer had passed an order dated February 6, 2013 determining the total income under normal provisions and book profit. GPCPL has filed an appeal under Form 35 dated March 5, 2013 before the Commissioner of Income Tax, Appeals (“**CIT(A)**”) against the Assessment Order. GPCPL has claimed that the Assessing Officer erred in (i) determining the total income under normal provisions of the IT Act at ₹ 28,62,02,640 and book profit under section 115JB of the IT Act at ₹ 110,24,32,035 as against GPCPL’s claimed amount of the total income under normal provisions of the IT Act at ₹ 15,96,48,879 and book profit at ₹ 110,22,91,692; (ii) disallowing the amount of ₹ 1,62,753 as against the amount of ₹ 22,410 considered by GPCPL for disallowance under section 14A of the IT Act; (iii) without prejudice to ground (ii), disallowance of RS 1,62,753 as against the amount of ₹ 1,40,934 alternatively considered by GPCPL for disallowance under section s. 14A of the IT Act; (iv) holding that the amount of interest expense of ₹ 12,66,13,762 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 GPCPL; (v) granting deduction under section 80G of the IT Act at ₹ 69,65,000 as against the amount of ₹ 69,05,000 as claimed by GPCPL; (vi) computing the income tax payable under normal provisions at RS 8,86,97,355 as against the amount of ₹ 9,72,75,330 as claimed by GPCPL; (vii) charging dividend distribution tax at the rate of 16.995% as against the rate of 16.60875% as claimed by GPCPL; (viii) granting tax



deduction at source credit of an amount of ₹ 2,08,47,721 as against the amount of ₹ 2,21,20,836 as claimed by GPCPL; and (ix) in determining the income tax refundable at ₹ 1,54,64,630 but not granting any interest under section 244A of the IT Act.

9. The Deputy Commissioner of Income Tax, Circle 11(3), has issued an assessment order to GPCPL for the assessment year 2011-12, dated March 3, 2014. The Deputy Commissioner has recalculated the refundable the amount to GPCPL to be ₹ 33,38,893. The assessing officer has provided a duration of 30 days for GPCPL to appeal against the order. GPCPL is in the process of filing an appeal against the said assessment order.

#### **IV. Litigation involving GMR Energy Trading Limited (“GETL”)**

##### **Litigation by GETL**

1. A rectification application under Section 154 of the IT Act has been filed by GETL before the assessment officer on April 24, 2012 for Assessment Year 2010-2011. GETL has claimed that the assessment officer has miscalculated the short grant of interest under Section 244A of the IT Act amounting to ₹ 1,05,059. The matter is currently pending before the assessment officer.
2. A writ petition bearing No. 33233/2013 has been filed before the High Court of Andhra Pradesh against Andhra Pradesh Power Coordination Committee and Andhra Pradesh DISCOM. GETL has prayed before the High Court to issue directions to the respondents to forthwith release the payment of ₹ 9,46,48,89 to GETL towards invoices raised for the electricity supplied by the GETL under purchase order dated May 31, 2012. Subsequently, APPCC made payment of ₹ 8,61,79,493 to GETL. GETL through its letter No. GMRETL/APPCC/GEN/SM/FY14/713 dated January 13, 2014 addressed to APPCC requested for release of balance outstanding amount of ₹ 1,21,47,723 due to GETL, the petitioner under various invoices also requested for refund of the EMD amount of ₹ 18,00,000. GETL has filed an additional affidavit on March 4, 2014 stating that the balance amount to be paid by APDISCOM. The petition is pending before the High Court for adjudication.

#### **V. Litigation by GPCPL**

##### **A. Civil Proceedings**

1. Two appeals bearing Civil Appeal Nos. 3201-3202/2012 have been filed by GPCPL before the Supreme Court of India. GPCPL challenged a portion of the order passed by Appellate Tribunal for Electricity which required GPCPL to pay interest for an amount of fuel invoices payable by GPCPL to Hindustan Petroleum Corporation Limited for credit periods either by way of separate payment or set-off against payments due to GPCPL from Tamil Nadu Electricity Board Limited. The Court had passed a status quo order. The matter is pending for hearing before the Court.
2. An appeal bearing Civil Appeal No. 4913/2012 has been filed by Tamil Nadu Electricity Board Limited (“TNEB”) before the Supreme Court of India, challenging the order passed by Appellate Tribunal for Electricity pursuant to which TNEB has paid sum of ₹ 5,370 million including interest to GPCPL. The matter is pending before the Court.

##### **B. Tax Proceedings**

1. A rectification application under Section 154 of the IT Act has been filed by GPCPL before the assessment officer on October 23, 2013. GPCPL has claimed that the order dated September 23, 2013 for the Assessment Year 2009-10 for not granting MAT credit, mistake in computation disallowance under Section 14A of the IT Act, deduction under Section 80G, taxable income under normal provisions, interest under Section 234C and 234D. The matter is currently pending before the assessment officer.
2. A rectification application has been filed before the Deputy Commissioner of Income Tax, Bangalore, under Section 154 the IT Act February 22, 2013. GPCPL has filed this application against the assessment order passed under Section 143(3) of the IT Act by assessment officer, for the Assessment Year 2010-11 for short grant of TDS credit amounting to ₹ 12,73,115; correction of mistake in

computing tax payable under normal provisions and levy of tax in excess under Section 234C of the IT Act. The application is pending before the Deputy Commissioner.

3. An appeal bearing No. ITA 1629/B/12 has been filed by GPCPL on December 17, 2012. GPCPL has claimed that Commissioner of Income Tax (Appeals) has erred in holding that the assessing officer has correctly disallowed the indirect interest of ₹ 2,61,93,197 computed under rule 8D(2) (ii) under the IT Act and in making the disallowance under Section 14A of the IT Act. GPCPL has prayed that the assessment order be amended to calculate total income at ₹ 4,09,32,002 as against ₹ 13,81,64,659. The proceeding is pending before the Appellate authority.

## **VI. Litigation involving GMR Kamalanga Energy Limited (“GKEL”)**

### **Litigation against GKEL**

#### **A. Civil Proceedings**

1. A petition bearing Petition No. 77/GT/2013 has been filed by GKEL against GridCo and Orissa DISCOMs before Central Electricity Regulatory Commission. GKEL has sought determination of tariff in respect of 262.5 MW gross capacity sale from its power plant to Grid Corporation of Orissa Limited acting as nominee of Government of Odisha for procuring power for the Odisha Distribution Companies from the period commencing from April 1, 2013 upto March 31, 2014. The matter is pending for hearing before the Court.
2. A petition bearing petition No. 71/2011 has been filed by Odisha Power Transmission Corporation Limited against Commissioner– Cum-Secretary to Government, Department of Energy and others before the Orissa Electricity Regulatory Commission, Bhubaneswar. GKEL is one of the defendant. Application has been filed seeking approval of the evacuation plan and for directions to Respondent independent power producers (“IPPs”), to have connectivity as envisaged in the evacuation plan. The matter is pending for hearing before the Court.
3. An application under Form T-3 of Industrial Disputes Act, 1947 has been filed by Ranjan Nayak against Boyance Engineering and Services Private Limited and GKEL before the Presiding Officer, Labour Court, Goutamnagar, Bhubneshwar. The Applicant has claimed that the Respondents have not paid Applicant’s salary as per computation under the provisions of Industrial Disputes Act. The Applicant has prayed that the Respondents be directed to pay ₹ 31,374. The matter is currently pending before the Court.
4. An application under Form T-3 of Industrial Disputes Act, 1947 has been filed by Tutu Dehuri against Boyance Engineering and Services Private Limited and GKEL before the Presiding Officer, Labour Court, Goutamnagar, Bhubneshwar. The Applicant has claimed that the Respondents have not paid Applicant’s salary as per computation under the provisions of Industrial Disputes Act. The Applicant has prayed that the Respondents be directed to pay ₹ 39,176. The matter is currently pending before the Court.
5. An application under Form T-3 of Industrial Disputes Act, 1947 has been filed by Subhrakanta Behera against Boyance Engineering and Services Private Limited and GKEL before the Presiding Officer, Labour Court, Goutamnagar, Bhubneshwar. The Applicant has claimed that the Respondents have not paid Applicant’s salary as per computation under the provisions of Industrial Disputes Act. The Applicant has prayed that the Respondents be directed to pay ₹ 17,590. The matter is currently pending before the Court.
6. An application under Form T-3 of Industrial Disputes Act, 1947 has been filed by Ghanashyam Nayak against Boyance Engineering and Services Private Limited and GKEL before the Presiding Officer, Labour Court, Goutamnagar, Bhubneshwar. The Applicant has claimed that the Respondents have not paid Applicant’s salary as per computation under the provisions of Industrial Disputes Act. The Applicant has prayed that the Respondents be directed to pay ₹ 27,267. The matter is currently pending before the Court.
7. An application under Form T-3 of Industrial Disputes Act, 1947 has been filed by Bibhuti Bhusan Garanayak against Boyance Engineering and Services Private Limited and GKEL before the Presiding

Officer, Labour Court, Goutamnagar, Bhubneshwar. The Applicant has claimed that the Respondents have not paid Applicant's salary as per computation under the provisions of Industrial Disputes Act. The Applicant has prayed that the Respondents be directed to pay ₹ 42,280. The matter is currently pending before the Court.

8. A civil suit bearing No. 2/2014 has been filed by Sudhakar Bhoi before the Court of Civil Judge (J.D.), Dhenkanal against GKEL. The plaintiff has claimed that the respondent intends to draw a high tension electric cable over the parcel of land owned by the plaintiff. The plaintiff has claimed that if a high tension electric cable is allowed to be drawn over the plaintiff's land, it may cause threat to human life. The plaintiff has prayed before the court that an injunction order be issued against the respondent, restraining them from using plaintiff's land. Court has issued a summon for settlement of issue to the defendant dated January 17, 2014. The matter is pending before the court.
9. A civil suit bearing No. 3/2014 has been filed by Santosh Kumar Satpathy before the High Court of High Court Orissa against GKEL. The plaintiff has challenged the acquisition of land by GKEL to lay down tower lines for transport of energy using land claimed to be the parcel of land owned by the plaintiff. The court The plaintiff has prayed before the court that an injunction order be issued against the acquisition of land by the respondent, restraining them from using plaintiff's land. Court vacated the status quo order dated July 23, 2012 and held that the final decision on land be taken once decision on pending matters of similar nature under case No. 9635/2012 is decided. The matter is pending before the court.
10. A civil suit bearing No. 4/2014 (I.A. No. 3/2014), has been filed by Prabin Nayak before the High Court of High Court Orissa against GKEL. The plaintiff has challenged the acquisition of land by GKEL to lay down tower lines for transport of energy using land claimed to be the parcel of land owned by the plaintiff. The court The plaintiff has prayed before the court that an injunction order be issued against the acquisition of land by the respondent, restraining them from using plaintiff's land. Court vacated interim injunction order in favour of the plaintiff and held that the final decision on the status of land. The matter is pending before the court.
11. A civil suit bearing No. 12/2014 (I.A No. 5/2014), and has been filed by Manas Sahoo agisnt GKEL before the Court of Civil Judge, Dhenkanal. The plaintiff has claimed that GKEL through its henchmen is trying to forcibly dispossess the plaintiff from his land. The plaintiff has prayed before the court to grant a permanent injunction against the acquisition of land by GKEL. The matter is currently pending before the court.
12. An application has been filed by Sudha Pradip Gir bearing No. C.S. No. 650/2013 (I.A. No. 723/2013) against GKEL. The plaintiff has claimed an order of transfer of job of the plaintiff from Bhubneshwar to Kamalanga dated June 21, 2013 be permanently stayed, as the same is a coercive measure taken by GKEL to terminate the plaintiffs services. The matter is currently pending before the court.
13. A civil suit has been filed by Priyatama Swain bearing No. 2/2014 before the Court of Civil Judge (Senior Division), Dhenkanal against GKEL. The plaintiff has claimed that GKEL through its henchmen is trying to forcibly dispossess the plaintiff from his land. The plaintiff has prayed before the court to grant a permanent injunction against the acquisition of land by GKEL. The matter is currently pending before the court.

#### ***B. Tax Proceedings***

1. A special leave petition bearing No. S.L.P.(Civil) 37708-37709/2012 (the "**SLP**"), has been filed by GKEL against the State of Odisha and others, the Respondents, before the Supreme Court of India on December 5, 2012. The SLP is filed against the judgement of the Odisha High Court in the matter bearing No. W.P. (Civil) 5186 and 5187/2012 dated October 9, 2012 (the "**Original Petition**"). GKEL in the Original Petition had contended that goods imported by GKEL do not fall under the ambit of Rule 10(6)(a) of Orissa Entry Tax Rules, 1999 (the "**Provision**"), and GKEL is thus not required to pay entry tax under the Provision. The High Court in the Original Petition upheld the levy of entry tax on imported goods by the Respondent and directed GKEL to make payment of ₹ 36,00,000 at 2% interest calculated from January 21, 2011 till date of payment and ₹ 2,84,853 at 2% interest from July 21, 2011 till date of payment. Aggrieved by the order of the High Court, GKEL filed the abovementioned SLP. An interim order had been passed by the Supreme Court on April 19, 2013, directing GKEL to pay 50%

of the tax demand and issued an absolute stay in the penalty. The matter is currently pending before the Supreme Court.

2. An appeal has been filed by GKEL against the Deputy Commissioner of Customs, Vishakhapatnam, the Respondents, before the Commissioner of Customs (Appeals) on June 11, 2012. GKEL challenged the Respondent's order-in-original bearing No. 19/2012(R) (the "**Order**") dated March 30, 2012 rejecting GKEL's refund claim of customs duty paid on import of goods. Under notification bearing No. 65/2011, the Government of India had exempted mega power status projects from the payment of customs duty. GKEL had received provisional mega status certificate (the "**Certificate**") issued by Ministry of Power, Government of India dated August 11, 2011. After issue of the Certificate, GKEL had claimed a refund of ₹ 5,56,02,521, which was the amount paid as duty on imported goods under seven different bills of entry. The Respondent by his Order had rejected the claim as being time barred in respect of two bills of entry and premature in respect of the other five bills of entry. Aggrieved by the Deputy Commissioner's order, GKEL filed an appeal before Commissioner (Appeals). On hearing the appeal, Commissioner (Appeals) 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 had filed an appeal before CESTAT, Bangalore on October 25, 2013 for refund of the balance amount of ₹ 44.30million matter is pending before the Court.

#### **Litigation by GKEL**

##### **A. Civil Proceedings**

1. A petition bearing M.P. No. 78/ MP/2013 and 79/MP/2013 has been filed by GKEL and our Company against the Dakshin Haryana Bijli Vitaran Nigam Limited and three others, the Respondents, before the Central Electricity Regulatory Commission, New Delhi , dated April 25, 2013. Petitioners have claimed that due to certain change of law and force majeure events in recent past including, devaluation of INR against USD and increase of labour cost under the power purchase agreement dated August 7, 2008, the tariff of Respondents shall take steps to restore financial balance of the Petitioners. The Petitioners have prayed before the Court (a) to declare that the events in recent past that have affected financial stability of the GKEL be declared as force majeure events; (b) to evolve mechanism to restore same economic condition of GKEL as it was before the happening of force majeure events in under the terms and conditions of Article 13.2 (a) of power purchase agreement. Court through its order dated December 16, 2013 holding that the petitions filed by the Petitioners are maintainable and directed the same to be listed for hearing (the "**Order**"). Petitioners have filed an appeal bearing No. 44/2014 before the Appellate Tribunal for Electricity, New Delhi, ("**Appellate Court**"), challenging the Order. The Petitioners have prayed before the Appellate Court to set aside the Order. The matter is currently pending before the Appellate Court.
2. A petition bearing Petition No. 77/GT/2013 has been filed by GKEL against GRIDCO Limited & others, before the Central Electricity Regulatory Commission (the "**CERC**") on March 5, 2013. The contention of GKEL is that the determination of tariff for the composite scheme of distribution and supply of electricity by GKEL to multiple states, namely Odisha, Haryana and Bihar, ought to be done by the CERC, with due consideration of the relevant factors such as fuel-price adjustment and normative return on equity. GKEL has further sought the approval of CERC for the energy charge rate as calculated by GKEL. The matter is currently pending before the Court.

#### **VII. Litigation involving GMR Rajahmundry Energy Limited ("GREL")**

##### **Cases filed against GREL**

##### **A. Tax Proceedings**

1. A writ petition bearing W.P. (Civil) No. 8925/2011 has been filed by GREL and another against Union of India and others before the High Court of Delhi on December 20, 2011. GREL was availing of deemed exports benefits which were withdrawn by the Respondents. By application dated September 8, 2010, GREL had claimed a duty drawback amount of ₹ 38,55,88,841 from the Respondents. The

Respondents approved the same by letter dated November 19, 2010. By applications dated January 10, 2011, GREL had claimed a duty drawback amount of ₹ 109,84,53,298 from the Respondents. The Respondents 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 Respondents on March 15, 2011 at a Policy Interpretation Committee meeting (the “**PIC Meeting**”). The Respondents circulated the minutes of the PIC Meeting through trade notice bearing No. 8 and conducted a meeting with members of trade and industry on March 18, 2011. The Joint Director General of Foreign Trade through an order dated March 17, 2011 (the “**JDGFT Order**”) rejected GREL’s application for fixation of drawback, by applying the altered eligibility criteria. The contention of VPGL is that the withdrawal of such 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 the JDGFT Order is contrary to principles of natural justice. The matter is pending for hearing before the Court.

#### **Cases filed by GREL**

##### **B. Tax Proceedings**

1. A rectification application dated January 7, 2014 has been filed by our Company before the assessing officer against the intimation served under Section 143(1) of the IT Act dated March 15, 2013 for the Assessment Year 2012-13. GREL has claimed that tax authorities have levied excess interest under Section 234C of the IT Act by an amount of ₹ 67,916 and not granted interest under Section.244A on refund of part of the self-assessment tax paid. The application is currently pending before the assessing officer.

#### **VIII. Litigation involving GMR Bajoli Holi Hydro Power Private Limited (“GBHHPPL”)**

##### **Litigation against GBHHPPL**

##### **A. Civil Proceedings**

2. A letter patent appeal bearing No. LPA 359/2012 has been filed by Government of Himachal Pradesh and another (the “**Appellants**”) against GBHHPPL before the High Court of Himachal Pradesh. The Appellants have challenged the judgment dated June 19, 2012 in C.W.P. No. 1698/2011 filed by GBHHPPL, 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. The matter is pending for hearing before the Court.
3. Kehar Singh and 14 other have filed a civil application under Section 18 of the Land Acquisition Act, 1894 against District Collector, Chamba; Land Acquisition Officer, Bharmour, and GBHHPPL before the Collector, Land Acquisition Officer, Bharmour, Chamba, Himachal Pradesh (the “**Collector**”). The Petitioners have claimed that the Respondents awarded land to GBHHPPL without assessing the compensation as per Section 23(1) of the Land Acquisition Act, 1894. The Petitioners have prayed before the Collector that the matter be referred back for calculation of the correct compensation amounts in accordance with amended Land Acquisition Bill and its provisions for rehabilitation and profit sharing. The matter is currently pending before the Collector.
4. Kamlesh Kumar and Naval Kishore, have filed a civil writ petition bearing C.W.P. No. 318/2014 against the Principal Secretary, State of Himachal Pradesh; Collector, Land Acquisition cum Sub-Divisional Officer, Bharmour, Himachal Pradesh and GBHHPPL before the High Court of Himachal Pradesh at Shimla. The Petitioners have claimed that they have not been provided with fair compensation for the land acquired by GBHHPPL under the provisions of Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the “**Act**”). The Petitioners have prayed that (a) the award for acquisition of land by GBHHPPL be set aside; and (b) orders be issued for acquisition of the land by GBHHPPL as per as per the Act. The matter is currently pending before the Court.
5. An appeal bearing No. 68/2013 has been filed by Karam Chand and another before the National Green Tribunal, New Delhi against State of Himachal Pradesh and others, appealing against grant of stage –II forest clearance by MoEF in Oct, 2012 for Bajoli Holi project and shifting of project components from right to left bank of river Ravi. The matter is pending before the tribunal.

**B. Tax Proceedings**

1. Assistant Commissioner, Income Tax had passed an order dated March 26, 2012 processing the return of income and determining the payment of interest payable on advance fringe benefit tax under sections 115WJ(3) and 115WJ(4), Income Tax Act, 1961 and thereby imposed an interest of ₹ 100,488. The Assistant Commissioner had assessed GMR Bajoliholi Hydropower Private Limited as being liable for payment of Advance FBT for all four instalments for the financial year 2008-2009, whereas the company was incorporated only on October 1, 2008. GMR Bajoliholi Hydropower Private Limited has filed an appeal under Form 45 dated July 27, 2012 before the Commissioner of Income Tax (Appeals), against the order dated March 26, 2012 passed by the Assistant Commissioner. GMR Bajoliholi Private Limited has alleged before the Appeals Commissioner that the interest payable on deferment in payment of Advance FBT cannot be charged on the instalment period which were prior to the company's incorporation, and for which the company was not liable to pay Advance FBT. GMR Bajoliholi has prayed before the Appeals Commissioner to direct the Assistant Commissioner to calculate the correct amount of interest payable and allow the appeal. The matter is currently pending before the Appeals Commissioner.

**Litigation by GBHHPPL**

**B. Tax Proceedings**

1. An appeal has been filed before the Commissioner of Income Tax (Appeals), by GBHHPPL, at Solan, Himachal Pradesh on August 9, 2012 for the Assessment Year 2009-10 against the order passed by the Assistant Commissioner under Section 154 of the IT Act dated March 26, 2012 for direction to correct the levy of interest under Section 115WJ(3)/115WJ(4) of the IT Act at ₹ 56,473 as against the amount of ₹ 1,00,488 already levied.
2. A writ petition bearing C.W.P. No. 349/2013 has been filed by GBHHPPL against Principal Secretary (Home) to the Government of Himachal Pradesh; Mangni Ram and others before the High Court of Himachal Pradesh (the "Court"). GBHHPPL has sought directions for creating congenial atmosphere and the directions to ensure that Respondents or their agents do not stop the construction activities of the project. The writ petition was disposed of by order dated May 22, 2013 where the court gave liberty to the Petitioners to pursue remedy as available in law against the concerned persons without expressing any opinion on the criminal case already registered. The matter is currently pending before the Court.

**IX. Litigation involving Upper Karnali Hydro Electric Power Limited**

**A. Civil Proceedings**

1. A writ petition bearing W.P. No. 069- W. O. -1425 has been filed by Chandra Kumari Thani and others before the Supreme Court of Nepal against Government of Nepal and others. The Petitioners have filed the petition challenging enhancement of its capacity from 300 MW to 900 MW and other non-compliance of legal procedures. The matter is pending before the court.
2. A writ petition bearing W.P. No. 0030 of 2064 has been filed against Government of Nepal and others by Madhava Kumar Basnet, demanding to declare Section 12 of Water Resources Act, 2049 and Section 35 of the Electricity Act, 2049 as null and void on the grounds that these Sections contradict to Sub-article (2) and (3) of Article 156 of the Interim Constitution of Nepal, 2063. The matter has been admitted and the written response has been filed. The matter has been posted for hearing and will be taken up in due course.

**X. Litigation involving GMR Emco Energy Limited ("EMCO")**

**Litigation against EMCO**

**B. Civil Proceedings**

1. A petition bearing No.34/2013 has been filed by Maharashtra State Electricity Regulatory Commission against EMCO before the Maharashtra Electricity Regulatory Commission. The Petitioner has prayed for directions to Maharashtra State Electricity Transmission Company Limited ("MSETCL") for grant

of grid connectivity to 200MW power evacuation from Warora Project 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 Court through its order dated August 20, 2013, directed EMCO to establish the LILO connectivity at its own cost (the “**Order**”). Aggrieved by the Order, EMCO has filed an appeal before the Appellate Tribunal for Electricity (“**Appellate Court**”), bearing No. 304/2013 challenging the Order.

2. A suit bearing Reg. C.S. No. 114/2012 has been filed by Wardha Power against EMCO before the Civil Judge (Junior Division) at Warora. The Plaintiff has sought perpetual injunction against EMCO regarding access to the ingress land. The matter is pending before the Court.
3. A suit bearing special civil suit No. 30/2011 has been filed by Meera Bai and Sumatra against Charan Das and five others before the Court of the Civil Judge (Senior Division) at Warora. EMCO is impleaded as defendant No. 5. The plaintiffs have claimed that the Defendants have unlawfully executed a power of attorney in favour of EMCO, for a parcel of agricultural land admeasuring 6.39 H.R and the amount of compensation to be awarded in lieu of the said land is not provided to the plaintiffs. The plaintiffs have sought declaration of plaintiffs’ share in the said land; permanent injunction restraining EMCO from releasing money in favour other parties involved and award the plaintiffs’ a compensation of ₹ 7,00,000.
4. A suit bearing Reg. C.S. No. 2/2012 has been filed by Mahesh Vinayak Kedar against EMCO before the Civil Judge (Junior Division) at Warora. The plaintiff has claimed that the defendant has excavated plaintiff’s land to lay down pipelines and has stalled the work thereafter without levelling the excavated ground. EMCO has replied that the plaintiff is misleading the court about the ownership of the land used for pipeline, the suit is frivolous and should be dismissed accordingly. The Plaintiff has claimed that the respondent should be directed to compensate the plaintiff for damage caused to his land. The matter is pending before the Court.
5. A civil suit bearing No. 88/2010 has been filed by Panchafula before the Court of Civil Judge (Junior Division), against EMCO and others. The plaintiff has claimed that the revenue records with respect to the land acquired by EMCO is not in favour of EMCO and compensation for the same is also not awarded to the plaintiff. Emco in its reply stated that the plaintiff is attempting to take advantage of the incorrect entry and thereby the suit be dismissed. The matter is currently pending before the Court.
6. Rectification application under Section 154 of the IT Act has been filed by EMCO before the Assistant Commissioner of Income Tax, Circle I, Mumbai dated January 6, 2014 for the Assessment Year 2012-13. EMCO has claimed that the assessment officer has erred in levying interest in excess resulting in short grant of income tax refund of the of ₹ 8,010. EMCO has prayed before the assessing officer to rectify the error and refund ₹ 8,010. The matter is currently pending before the assessing officer.

#### **C. Tax Proceedings**

1. The Assistant Commissioner of Service Tax, Division – III, Lalbagh, Bangalore (the “**Assistant Commissioner**”), has served a notice bearing C.No.IV/16/275/2012 ST D III Gr XXVI/ 1760/13 to EMCO dated April 5, 2013. The Assistant Commissioner demanded payment of ₹ 4,48,426 for the period of April 2009 to March 2010 recoverable under Section 73(1) of the Finance Act, 1994 along with payment of penalty under Section 76 and Section 78 of the Finance Act, 1994 and interest. EMCO has filed its response on May 28, 2013 claiming that (i) the contract price mentioned in the Technical Services Agreement was USD 8,50,000 and that the Offshore Supply Agreement, which is to be read with the Technical Services Agreement, specifically mentions that “the contract price shall exclude any taxes and duties in India” and that the amount claimed could not be construed as forming part of the assessable value; (ii) since TDS was a tax in itself, there can be no tax on tax and that TDS was deducted for the purpose of income tax and hence, service tax would not apply on income tax. The matter is pending for hearing before the Assistant Commissioner, Bangalore.

#### **Litigation by EMCO**

##### **A. Tax Proceedings**

1. Rectification application under Section 154 of the IT Act has been filed by EMCO before the Assistant Commissioner of Income Tax, Circle I, Mumbai dated January 6, 2014 for the Assessment Year 2012-13. EMCO has claimed that the assessing officer has erred in levying interest in excess resulting in short grant of income tax refund of the of ₹ 8,010. EMCO has prayed before the assessing officer to rectify the error and refund ₹ 8,010. The matter is currently pending before the assessing officer.
2. Rectification application under Section of 154 of the IT Act has been filed by EMCO before the assessing officer on February 6, 2014 against the intimation under Section 200A of the IT Act dated September 14, 2013 for the first quarter of the Assessment Year 2012-13. The intimation received from the Income Tax department sought to cancel the demand raised towards short deduction of TDS and interest on late deduction aggregating to ₹ 1,61,510. The matter is currently pending before the assessing officer.
3. A petition before Central Electricity Regulatory Commission has been filed by EMCO under Section 79 of the Electricity Act, 2003 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 said petition was filed on January 31, 2014 and is awaiting admission hearing.

#### **XI. Litigation involving Maru Transmission Services Company Limited (“MTSCL”)**

##### **Litigation against MTSCL**

##### **A. Tax Proceedings**

1. Various appeals have been filed before the Revenue Appellate Authority, Bikaner (the “**Authority**”) against Maru Transmission Services Company Ltd. seeking temporary injunction from erection of transmission towers. The Authority has passed interim orders on April 22, 2013 against MTSCL. MTSCL has challenged the said orders before the Board of Revenue, Ajmer (the “**Appellate Authority**”) by filing revision petitions. The matters are pending before the Appellate Authority.

#### **XII. Litigation involving GMR Badrinath Hydro Power Private Limited (“GBHPGL”)**

##### **Litigation against GBHPGL**

##### **C. Tax Proceedings**

1. Rectification application under Section of 154 of the IT Act has been filed by GBHPGL before the assessing officer on June 18, 2012 against the Assessment Year 2010-11. GBHPGL has claimed that the assessing officer erred in granting refund amounting to ₹ 25,964 claimed by GBHPGL under the category of FBT, filed by the GBHPGL. GBHPGL has prayed for refund of ₹ 25,964. The application is currently pending before the assessing officer.

#### **XIII. Litigation involving SJK Powergen Limited (“SPL”)**

##### **Litigation against SPL**

##### **A. Civil Proceedings**

1. A suit bearing No. 10A/2011 has been filed by Manish Singh against SPL and others before the District Judge, Shahdol,. The Plaintiff has claimed right over the disputed land which has been transferred by Defendants No. 2 & 3 in favour of SJK Powergen Limited. The matter is currently pending before the Court.
2. Abhishek Gupta (“**Plaintiff**”), has filed a civil suit bearing No. 599/2013 dated November 12, 2013 against Sunita Gupta, Sharad Gupa, Collector, Sahdol (“**Defendants**”), and SPL before the Court of First Upper District Court, Sahdol. The Plaintiff has challenged the transfer and registration of land



admeasuring 28.96 acres by the Defendants in favour of SPL. Plaintiff has prayed before the Court that the transfer of land be declared null and void and the possession of the said land be awarded to the Plaintiff. The matter is currently pending before the Court.

#### ***Notices***

1. A notice has been issued by Magistrate (Revenue), Sahdol, Madhya Pradesh dated March 27, 2014 to SPL. SPL is requested to appear for hearing on objections raised on laying of gas pipes through immovable property belonging to local residents. The objection is raised over use of acquired land by SPL.
2. A notice has been issued by Chairman of the Water Management Board, Bhopal on January 30, 2014 to SPL. SPL is directed to deposit ₹ 10.34 million with the board and provide explanation for not commencing the commercial production of the power project.

#### **XIV. Litigation involving GMR Gujarat Solar Power Project Limited (“GGSPPL”)**

##### **Litigation by GGSPPL**

##### **A. Civil Proceedings**

1. A petition bearing No. 1320/2013 has been filed by Gujarat Urja Vikas Nigam Limited against Madhya Gujarat Vij Company Limited and others before the Gujarat Electricity Regulatory Commission (the “**GERC**”) on May 29, 2013. GGSPPL is the Respondent No. 45. The contention of the Petitioner was that the tariff rates for procurement of power from Solar Power Projects (the “**Projects**”) as determined by GERC under Order No. 2/2010 dated January 29, 2010 must be revised. The Petitioners 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 Projects by the Respondents. GUVNL has preferred an appeal bearing No. 279/2013 before APTEL against GERC and others (GGSPPL being respondent no 45), against the order dated August 8, 2013 passed by GERC in petition bearing No. 1320/2013. The matter is currently pending before the APTEL.
2. GGSPPL has filed an appeal bearing no. 297/2013 before APTEL challenging the order of GERC in Petition bearing No. 1287/2013 against Gujarat Urja Vikas Nigam Limited, the Respondent, before the Gujarat Electricity Regulatory Commission. GGSPPL has challenged the action of the Respondent in levying the rate of ₹ 15/unit for the imported energy against the provisions of the power purchase agreement. GGSPPL has also sought a declaration that it is not liable to make payment of the invoices raised thereon. Court dismissed the petition filed by GGSPPL by its order dated July 31, 2013 (the “**Order**”), holding that GGSPPL does not qualify as a temporary high-tension consumer who can be allowed to pay at a lower rate. Aggrieved by the Order, GGSPPL filed an appeal before the Appellate Tribunal for Electricity, New Delhi (the “**Appellate Court**”) bearing appeal No. 297/2013 praying to set aside the Order and uphold that the GGSPPL is not liable to pay at the rate of ₹ 15 per unit for imported electricity. The matter is pending for hearing before the Appellate Court.

#### **XV. Litigation involving GMR Bundelkhand Energy Limited (“GBEL”)**

##### **Litigation against GBEL**

##### **A. Civil Proceedings**

1. A show cause notice has been served by Collector, Tikamgarh to GBEL dated November 28, 2011 under the Madhya Pradesh Land Revenue Code, 1959 (the “**Code**”) intimating that GBEL has acquired land in excess of the ceiling limit as prescribed under the Code, and seeking why action should not be taken against the GBEL.

#### **LITIGATION INVOLVING OUR GROUP COMPANIES**

##### **I. Cases against GMR Highways Limited (“GMR Highways”)**

## Litigation by GMR Highways

1. GMR Highways has filed an application dated March 12, 2014 before the Deputy Commissioner of Income Tax, Bengaluru (“**Deputy Commissioner**”). The application has been filed by GMR Highways under Section 154 of the I.T. Act for rectification of mistake for the assessment year 2010-11. GMR Highways has alleged that an assessment order was passed under Section 143(3) of the I.T. Act on June 20, 2012 allowing credit for prepaid taxes at ₹ 5.26 million (comprising of TDS at source of ₹ 5.18 million and advance income tax paid ₹ 0.07 million) but that the refund order was not issued. GMR Highways has alleged that later on rectification orders were passed under Section 154 of the I.T. Act and that a refund of ₹ 5.96 million was payable to GMR Highways. GMR Highways has alleged that there has been a short grant of TDS due to the TDS appearing under the old PAN. GMR Highways has requested the Deputy Commissioner to rectify the mistakes by passing necessary order under Section 154 of the I.T. Act and issue a tax refund voucher pertaining to further TDS of ₹ 0.22 million along with interest under Section 244A of the I.T. Act till the grant of tax refund. Further, GMR Highways has requested the Deputy Commissioner to issue interest refund voucher of ₹ 0.25 million as short granted in earlier refunds. The application is currently pending before the Deputy Commissioner.
2. GMR Highways has filed an application dated December 12, 2012 before the Deputy Commissioner of Income Tax, Bengaluru (“**Deputy Commissioner**”). The application has been filed under Section 154 of the I.T. Act for rectification of mistake for the assessment year 2011-12. GMR Highways has stated that for the assessment year 2011-12 the return was processed under Section 143(1) of the I.T. Act and pursuant to intimation dated July 23, 2012 by the Centralized Processing Centre the loss of ₹ 42.71 million was accepted and that GMR Highways was granted a tax refund of ₹ 8.91 million as against the amount of tax refund of ₹ 8.92 million claimed by the return of income. GMR Highways has stated that on review of the aforesaid intimation credit for TDS was short granted by ₹ 0.01 million. GMR Highways has requested the Deputy Commissioner to rectify the above mistake by passing necessary order under Section 154 of the I.T. Act and all GMR Highways further tax refund of ₹ 0.01 million together with interest under Section 244A till the date of actual grant of such refund amount. The application is currently pending before the Deputy Commissioner.
3. GMR Highways has filed an appeal before the Commissioner of Income Tax (Appeals), Bengaluru (the “**Commissioner**”) dated November 6, 2013 under Form 35. The appeal has been filed against the order dated October 11, 2013 passed by the Deputy Commissioner of Income Tax, Circle – 11(3), Bengaluru (the “**Deputy Commissioner**”) for the assessment year 2011-12 under Section 143(3) of the I.T. Act. GMR Highways has stated that the Deputy Commissioner has inaccurately disallowed an amount of ₹ 7.42 million on the/ ground that GMR Highways had given loans from surplus funds (own funds) instead of borrowed funds and therefore interest cost pertaining to the borrowed funds, is not allowable under Section 57 of the I.T. Act. GMR Highways has prayed before the Commissioner to direct the Deputy Commissioner to delete the disallowance of ₹ 7.42 million under Section 57 of the I.T. Act from the assessment order passed by the Deputy Commissioner. The matter is currently pending before the Commissioner.
4. GMR Highways has filed an application before the Deputy Commissioner of Income Tax (TDS), Bengaluru (the “**Deputy Commissioner**”) dated March 21, 2014. The application has been filed under Section 154 of the I.T. Act for rectification of mistake in the intimation passed under Section 200A of the I.T. Act on late payment in quarter three of fiscal year 2012-13. GMR Highways has stated that the TDS has been wrongly considered for calculating interest liability, which is not in line with the provisions of Section 201(1A) (ii) of the I.T. Act. GMR Highways has requested the Deputy Commissioner to reduce the interest liability to ₹ 0.06 million from ₹ 0.09 million by passing necessary order under Section 154 of the I.T. Act. GMR Highways has requested the Deputy Commissioner to cancel the demand of ₹ 0.03 million which was raised through the intimation bearing CPC Reference No. TDS/1213/26Q/D/100005162145. The matter is currently pending before the Deputy Commissioner.
5. GMR Highways has filed an application dated March 21, 2014 before the Deputy Commissioner of Income Tax (TDS), Bengaluru. The application has been filed under Section 154 of the I.T. Act for rectification of mistake in the intimation passed under Section 200A of the I.T. Act on late payment in quarter one of fiscal year 2013-14. GMR Highways has stated that the TDS has been wrongly considered for calculating interest liability, which is not in line with the provisions of Section 201(1A) (ii) of the I.T. Act. GMR Highways has requested the Deputy Commissioner to reduce the interest

liability by ₹ 6,000 which was raised through the intimation bearing CPC Reference No. TDS/1314/26Q/D/100001553932 raising a demand of ₹ 0.01 million. The matter is currently pending before the Deputy Commissioner.

6. GMR Highways has filed an application dated March 21, 2014 before the Deputy Commissioner of Income Tax (TDS), Bengaluru (**“Deputy Commissioner”**). The application has been filed under Section 154 of the I.T. Act for rectification of mistake in the intimation for short payment of TDS and interest thereon in quarter two of fiscal year 2013-14. GMR Highways has stated that it has remitted the TDS as per Section 194A of the I.T. Act on July 6, 2013 and has stated that there is no shortfall in payment of TDS. GMR Highways has requested the Deputy Commissioner to cancel the TDS demand of ₹ 0.66 million and interest thereon of ₹ 0.08 million respectively charged pursuant to intimation bearing reference No. TDS/1314/26Q/D/100006306833 as GMR Highways has already remitted TDS and further that GMR Highways correctly reported the details in the TDS return. The matter is currently pending before the Deputy Commissioner.
7. GMR Highways has filed an application dated March 21, 2014 before the Deputy Commissioner of Income Tax (TDS), Bengaluru (the **“Deputy Commissioner”**). The application has been filed under Section 154 of the I.T. Act for rectification of mistake in the intimation passed under Section 200A of the I.T. Act in relation to short payment of TDS and interest thereon for quarter three of fiscal year 2013-14. GMR Highways has stated that it has remitted the TDS as per Section 194A of the I.T. Act on October 7, 2013. GMR Highways has requested the Deputy Commissioner to cancel the TDS demand of ₹ 0.27 million and interest thereon of ₹ 0.02 million respectively charged pursuant to intimation bearing No. TDS/1314/26Q/D/100006116427 as GMR Highways has already remitted TDS and further that GMR Highways has correctly reported the details in the TDS return. The matter is currently pending before the Deputy Commissioner.
8. GMR Highways has filed an application dated December 18, 2013 before the Deputy Commissioner of Income Tax, Bengaluru (the **“Deputy Commissioner”**). The application has been filed for rectification of mistake for the assessment year 2011-12. GMR Highways has stated that pursuant to the assessment order dated October 4, 2013 passed under Section 143(3) of the I.T. Act by the assessing officer, a income tax refund of ₹ 0.24 million was determined. However, GMR Highways has stated that no such refund order was issued along with the assessment order. GMR Highways has stated that there were certain discrepancies in the TDS amounts as per the assessment order thereby leading to short grant of TDS and excess interest charged under Section 234C of the I.T. Act. GMR Highways has requested the Deputy Commissioner to (i) rectify the grant of credit of TDS of ₹ 7,808 as short granted in the assessment order; (ii) reduce the interest amount under Section 234C of the I.T. Act by ₹ 0.03 million; and (iii) issue tax refund voucher of ₹ 0.26 million as claimed in the return of income. The matter is currently pending before the Deputy Commissioner.
9. GMR Highways has filed an appeal dated March 11, 2013 before the Commissioner of Income Tax (Appeals) I, Bangalore (the **“Commissioner”**) under Form 35. The appeal has been filed against the order dated February 18, 2013 passed by the Deputy Commissioner of Income Tax, Circle – 11 (3), Bengaluru (the **“Deputy Commissioner”**) for the assessment year 2010-11 under Section 143(3) of the I.T. Act. GMR Highways has stated that the Deputy Commissioner has inaccurately disallowed an amount of ₹ 1.91 million on the alleged ground that GMR Highways had invested borrowed funds in shares/mutual funds which earns exempt income and therefore the said sum was disallowable under Section 14A of the I.T. Act read with Rule 8D of the Income Tax Rules, 1962. GMR Highways has prayed before the Commissioner to delete the disallowance of ₹ 1.91 million under Section 14A read with Rule 8D made in the assessment order of the Deputy Commissioner.

## Legal Notices

1. GMR Highways has received an order dated March 2, 2014 under Section 154 of the I.T. Act from the Income Tax Department, Government of India demanding an amount of ₹ 0.29 million. The sum of ₹ 0.29 million has been determined under Section 154 read with Section 200A of the I.T. Act in respect of the TDS filed on December 13, 2013.

## II. Cases against GMR Jadcherla Expressways Private Limited (**“GJEL”**)

### Litigation by GJEL

1. GJEL has filed an application dated December 21, 2011 before the Assistant Commissioner of Income Tax (TDS), Bengaluru (the “**Assistant Commissioner**”). The application has been filed under Section 154 of the I.T. Act for rectification of mistake for the assessment year 2008-09. The Assistant Commissioner has passed a rectification order dated November 21, 2011 under Section 154 of the I.T. Act demanding ₹ 0.04 million comprising shortfall in TDS of ₹ 0.03 million and interest demand of ₹ 0.01 million. The TDS demand is mainly in relation to salaries paid to the employees. GJEL has stated that the employees have been transferred with other companies and that the entire tax liability has been deducted by GJEL along with the relevant company and hence there does not exist any shortfall in deduction and remittance of TDS during the assessment year 2008-09 as envisaged in the rectification order passed by the Assistant Commissioner. GJEL has requested the Assistant Commissioner to rectify the mistake by passing another order under Section 154 of the I.T. Act by cancelling the tax demand created of ₹ 0.04 million comprising shortfall in TDS and interest of ₹ 0.01 million. The matter is currently pending before the Assistant Commissioner.

### III. **Cases against GMR Ulundurpet Expressways Private Limited (“GUEL”)**

#### **Litigation by GUEL**

1. GUEL has filed an application dated December 21, 2011 before the Assistant Commissioner of Income Tax (TDS), Bengaluru (the “**Assistant Commissioner**”). The application has been filed under Section 154 of the I.T. Act for rectification of mistake for the assessment year 2008-09. The Assistant Commissioner has passed a rectification order dated November 21, 2011 under Section 154 of the I.T. Act demanding ₹ 0.76 million comprising shortfall in TDS of ₹ 0.47 million and interest demand of ₹ 0.28 million. GUEL has stated that the tax demand of ₹ 0.76 million is mainly due to non-consideration of (i) remittance of TDS and (ii) interest on late payment of TDS. GUEL has stated that it has filed correction statement of e-TDS return for quarter three of fiscal year 2007-08 as on December 15, 2011 and that the same has been accepted by NSDL. GUEL has stated that there does not exist any delay on part of GUEL in remitting the TDS amount of ₹ 0.22 million and that in the absence of delay in remittance of TDS of ₹ 0.22 million levy of interest under Section 201(1A) of the I.T. Act is not justifiable. GUEL has stated that in view of the foregoing the order passed under Section 201(1)/201(1A) of the I.T. Act in the present case is not correct. GUEL has requested the Assistant Commissioner to rectify the mistake by passing an order under Section 154 of the I.T. Act by cancelling the tax demand created of ₹ 0.76 million comprising shortfall in tax deduction of ₹ 0.48 million and interest of ₹ 0.28 million. The matter is currently pending before the Assistant Commissioner.

### IV. **Cases against GMR Ambala Chandigarh Expressways Private Limited (“GACEL”)**

#### **Litigation by GACEL**

1. GACEL has filed an application dated November 12, 2012 before the Deputy Commissioner of Income Tax, Circle – 11(3), Bengaluru (the “**Deputy Commissioner**”). The application has been filed under Section 154 of the I.T. Act for rectification of mistake for the assessment year 2011-12. GACEL has stated that the intimation dated June 13, 2012 issued by the Deputy Commissioner has allowed the credit of TDS at an amount of ₹ 8,593 as against the correct amount of TDS of ₹ 0.44 million claimed in the return of income thereby leading to short grant of TDS credit by ₹ 0.43 million. GACEL has stated that the income/loss is assessed as nil as against the total loss of ₹ 657.43 million claimed in the return of income filed under Section 139(1) of the I.T. Act. GACEL has requested the Deputy Commissioner to rectify the mistake by passing necessary order under Section 154 of the I.T. Act allowing (i) credit of TDS of ₹ 0.43 million claimed in the return of income along with interest under Section 244A of the I.T. Act. Further, GACEL has requested the Deputy Commissioner to allow the total loss of ₹ 657.43 million (comprising unabsorbed depreciation allowance of ₹ 528.28 million and business loss of ₹ 129.15 million) as claimed in the return of income filed under Section 139(1) of the I.T. Act. The matter is currently pending before the Deputy Commissioner.
2. GACEL has filed an application dated July 16, 2012 before the Income Tax Officer, Bengaluru. The application has been filed under Section 154 of the I.T. Act for rectification of mistake for the assessment year 2008-09. GACEL has stated that it has made provision of interest in the books of accounts for the financial year ended March 31, 2008 and deducted ₹ 2.52 million under various sections under Chapter XVII of the I.T. Act. GACEL has stated that the amount of TDS of ₹ 2.52

million was remitted by it on May 7, 2008. GACEL has stated that in the e-TDS return filed for the quarter ended March 2008, it has due to oversight mentioned payment by way of cash as against correct book entry. GACEL has stated that the provisional entry of interest was made on March 31, 2008 and therefore the payment of the aforesaid TDS was due only on May 31, 2008. GACEL has stated that it has already filed the correction statement on July 9, 2012 and that the same has been accepted by the NSDL. In view of the foregoing GACEL has stated that that order passed under Section 201(1) / 201(1A) of the I.T. Act passed in the present case is not correct. GACEL has requested the Income Tax Officer, Bengaluru to rectify the mistake by passing an order under Section 154 by cancelling the demand of ₹ 0.08 million. The matter is currently pending before the Income Tax Officer, Bengaluru.

## V. *Cases against GMR Tambaram Tindivanam Expressways Private Limited (“GTTEL”)*

### **Litigation by GTTEL**

1. GTTEL has filed an application dated April 2, 2013 before the Assistant Commissioner of Income Tax (TDS), Hyderabad (the “**Assistant Commissioner**”). The application has been filed under Section 154 of the I.T. Act for rectification of mistake for the assessment year 2009-10. The Assistant Commissioner has passed an order dated March 4, 2013 under Section 201(1)/201(A) of the I.T. Act demanding ₹ 0.94 million (comprising tax demand of ₹ 0.57 million and interest demand of ₹ 0.37 million). The tax demand and interest is primarily due to the date mismatch in the e-TDS return and the date of remittance resulting in tax demand of ₹ 0.57 million and interest demand of ₹ 0.37 million. GTTEL has prayed before the Assistant Commissioner to rectify the mistake by passing an order under Section 154 by cancelling the aforesaid demand of ₹ 0.94 million (comprising tax demand of ₹ 0.57 million and interest demand of ₹ 0.37 million). The matter is currently pending before the Assistant Commissioner.
2. GTTEL has filed an application dated November 18, 2013 before the Deputy Commissioner of Income Tax, Bengaluru (the “**Deputy Commissioner**”). The application has been filed under Section 154 of the I.T. Act for rectification of mistake for the assessment year 2011-12. GTTEL has stated that the Deputy Commissioner while passing the assessment order under Section 143(3) of the I.T. Act granted credit of TDS ₹ 2.25 million as against TDS amount of ₹ 3.93 million, thus there is a short grant of TDS credit by ₹ 1.67 million. GTTEL has requested the Deputy Commissioner to grant further credit of TDS of ₹ 1.67 million in the assessment year 2011-12 by rectifying and passing an order under Section 154 of the I.T. Act. The matter is currently pending before the Deputy Commissioner.
3. GTTEL has filed an appeal before the Commissioner of Income Tax (Appeals), Bengaluru (“**Commissioner**”) dated November 6, 2013 under Form 35. The appeal has been filed against the order dated October 10, 2013 passed by the Deputy Commissioner of Income Tax, Circle-11(3), Bengaluru (the “**Deputy Commissioner**”) for the assessment year 2011-12 under Section 143(3) of the I.T. Act. GTTEL has stated that the Deputy Commissioner has inaccurately not provided credit of TDS of ₹ 8.07 million on the alleged ground that the same is not appearing in the tax credit statement of GTTEL. GTTEL has prayed before the Commissioner to direct the Deputy Commissioner to allow credit for TDS of ₹ 8.07 million to which GTTEL is entitled to under the I.T. Act. The matter is currently pending before the Commissioner.
4. GTTEL has filed an application dated March 21, 2014 before the Deputy Commissioner of Income Tax (TDS), Bengaluru (the “**Deputy Commissioner**”). The application has been filed under Section 154 of the I.T. Act for rectification of mistake in the intimation passed under Section 200A for short payment/deduction of TDS and interest thereon in quarter two of fiscal year 2013-14. GTTEL has stated that as a result of non-consideration of the Lower Tax Deduction Certificate a demand of ₹ 0.03 million has been created by intimation dated October 26, 2013 issued by the Deputy Commissioner. GTTEL has requested the Deputy Commissioner to cancel the TDS demand created towards short deduction of TDS of ₹ 0.03 million and interest thereon of ₹ 680, respectively, since GTTEL deducted TDS at the rate specified in the certificate issued under Section 197 and since GTTEL has correctly reported the details in the e-TDS return. The matter is currently pending before the Deputy Commissioner.

## VI. *Cases against GMR Tuni Anakapalli Expressways Private Limited (“Anakapalli”)*

### **Litigation by Anakapalli**

1. Anakapalli has filed an application dated April 1, 2013 before the Assistant Commissioner of Income Tax (TDS), Hyderabad (the “**Assistant Commissioner**”). The application has been filed under Section 154 of the I.T. Act for rectification of mistake for the assessment year 2009-10. The Assistant Commissioner has passed an order dated March 4, 2013 under Section 201(1)/201(A) of the I.T. Act demanding ₹ 0.82 million (comprising tax demand of ₹ 0.50 million and interest demand of ₹ 0.32 million). The tax demand and interest is primarily due to mismatch in the e-TDS return and the date of remittance resulting in a tax demand of ₹ 0.50 million and interest demand of ₹ 0.32 million. Anakapalli has requested the Assistant Commissioner to rectify the mistake by passing an order under Section 154 by cancelling the aforesaid demand of ₹ 0.82 million (comprising tax demand of ₹ 0.50 million and interest demand of ₹ 0.32 million). Further, Anakapalli has pursuant to an application dated April 2, 2013 requested the Assistant Commissioner to exercise its power under Section 220(6) of the I.T. Act and keep the tax demand of ₹ 0.82 million in abeyance till the disposal of Anakapalli’s application under Section 154 of the I.T. Act. The matter is currently pending before the Assistant Commissioner.

## **VII. Cases against GMR Vijayawada Expressways Private Limited (“GVEL”)**

### **Litigation by GVEL**

1. GVEL has filed an application dated March 21, 2014 before the Deputy Commissioner of Income Tax (TDS), Bengaluru (the “**Deputy Commissioner**”). The application has been filed under Section 154 of the I.T. Act for rectification of mistake in the intimation passed under Section 200A of the I.T. Act in relation to short deduction of TDS and interest thereon in quarter three of fiscal year 2013-14. GVEL has stated that the Lower Tax Deduction Certificate issued under Section 197 of the I.T. Act was not considered as a result of which a demand of ₹ 3.85 million was raised by the Deputy Commissioner. GVEL has requested the Deputy Commissioner to cancel the TDS demand created towards short deduction of tax at source of ₹ 3.85 million and interest thereon of ₹ 0.15 million, respectively since GVEL deducted TDS at the rate authorised in the certificates issued under Section 197 and that GVEL has reported the details correctly in the e-TDS form. GVEL has stated that as per Section 201(1A) of the I.T. Act in case of delay in deduction of TDS, the interest liability at one percent starts from the date on which tax is to be deducted till the date of deduction and interest liability at one point five zero percent per month starts from the date of deduction of TDS till the date of remittance of TDS. GVEL has requested the Deputy Commissioner to reduce the interest liability to ₹ 9,144 by passing necessary order under Section 154 of the I.T. Act. The matter is currently pending before the Deputy Commissioner.

## **VIII. Cases against GMR Pochanpalli Expressways Limited (“GPEL”)**

### **Litigation by GPEL**

1. GPEL has filed an appeal before the Commissioner of Income Tax (Appeals) I, Bengaluru (the “**Commissioner**”) dated March 11, 2013 under Form 35. The appeal has been filed against the order dated February 18, 2013 passed by the Deputy Commissioner of Income Tax, Circle – 11(3), Bengaluru (the “**Deputy Commissioner**”) for the assessment year 2010-11 under Section 143(3) of the I.T. Act. GPEL has stated that the Deputy Commissioner has inaccurately disallowed an amount of ₹ 1.91 million on the alleged ground that GPEL had invested borrowed funds in shares/mutual funds which earns exempt income and therefore the said sum was disallowable under Section 14A I.T. Act read with Rule 8D of the Income Tax Rules, 1962. GPEL has stated that in the absence of any direct nexus having been proved between earning exempt income and expenditure attributable to earning such exempt income, no disallowance can be made by disregarding the books of account and applying the formula in Rule 8D. GPEL has prayed before the Deputy Commissioner to delete the disallowance of ₹ 1.91 million under Section 14A read with Rule 8D. The matter is currently pending before the Commissioner.

GPEL has filed an application dated December 18, 2013 before the Deputy Commissioner of Income Tax, Bengaluru (the “**Deputy Commissioner**”). The application has been filed under Section 154 of the I.T. Act for rectification of mistake for the assessment year 2011-12. GPEL has stated that the Deputy Commissioner has passed an order dated October 4, 2013 allowing credit for prepaid taxes of ₹ 12.68 million (comprising TDS of ₹ 11.48 million and advance tax of ₹ 1.20 million) and determining the income tax refund of ₹ 0.24 million. GPEL has stated that no such tax refund order was issued along with the assessment order. GPEL has stated that the credit for TDS was allowed at an amount of ₹ 11.48

million as against the correct amount of TDS of ₹ 11.49 million claimed in the return of income thereby leading to short grant of TDS credit by ₹ 7,808. GPEL has stated that interest under Section 234C has been charged at ₹ 0.02 million in the assessment order instead of correct amount of ₹ 4,242 and hence excess interest has been charged at ₹ 0.01 million. GPEL has stated that it has offered the interest income as per the TDS certificates and therefore it has claimed TDS as per the TDS certificates. GPEL has stated that while assessing the income under 143(3) of the I.T. Act, credit TDS of ₹ 7,808 has been short granted. GPEL has prayed before the Deputy Commissioner to pass necessary order under Section 154 of the I.T. Act to (i) grant the credit of TDS of ₹ 7,808 as short granted in the assessment order; (ii) reduce the interest amount under Section 234C by ₹ 0.01 million; and (iii) issue tax refund voucher of ₹ 0.26 million claimed in the return of income. The matter is currently pending before the Deputy Commissioner

**IX. Litigation involving GMR Krishnagarh Udaipur Ahmedabad Expressway Limited (“GKUAEL”)**

**Litigation by GKUAEL**

1. An original petition bearing no. (OMP) No. 1234/ 2012 has been filed before High Court of Delhi by GKUAEL against NHAI, seeking an injunction against invocation of the performance bank guarantee No. 1203771BGP00479 dated May 23, 2012 furnished on behalf of GKUAEL to NHAI. Interim Order to maintain status quo subject to the performance bank guarantee being kept alive was passed by the Court vide its Order dated December 28, 2012. The matter is pending before the court

**X. Litigation involving GMR Ambala Chandigarh Expressways Private Limited (“GACEPL”)**

**Litigation against GACEPL**

**A. Arbitration Proceedings**

1. An arbitration petition dated February 15, 2013 under Section 11 of the Arbitration and Conciliation Act, 1996 (the “**Arbitration Act**”), has been filed by GACEPL against National Highways Authority of India (“**NHAI**”) and States of Punjab and Haryana. , before the arbitral tribunal presided by Justice S.P. Bharucha, Justice A.S. Anand and Justice R.C. Lahoti (the “**Tribunal**”). GACEPL has claimed that the terms and conditions of the concession agreement executed between GACEPL, NHAI and the Respondents have been breached by NHAI and the Respondents and thereby no action of the NHAI and Respondents under the said concession agreement be given effect as long as the matter is sub judice. GACEPL has prayed before the Tribunal that (a) negative grant, as provided under Clause 23.2 of the concession agreement shall be declared ineffective and GACEPL shall not be obliged to pay under the said clause; (b) NHAI and the Respondents be ordered to pay a compensation of ₹ 943,000,507 to GACEPL and (c) 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. Claim petition is currently pending for hearing before the Tribunal.

**XI. GMR Consulting Services Private Limited (“GCSPL”)**

**Litigation filed by GCSPL**

**A. Civil Proceedings**

1. Rectification application under Section 154 of the IT Act has been filed by GCSPL before the assessing officer on January 6, 2014 for the Assessment Year 2010-11. GCSPL has claimed against the short grant of TDS credit for ₹ 1,68,759. GCSPL has prayed for consequent rectification to be made to the assessment order. The matter is currently pending before the assessing officer.
2. Rectification application under Section 154 of the IT Act has been filed by GCSPL before the assessing officer on January 6, 2014 for the Assessment Year 2011-12. GCSPL has claimed against the short grant of TDS credit for ₹ 4,688 and short grant of TDS of ₹ 4,688. GCSPL has prayed for consequent rectification to be made to the assessment order. The matter is currently pending before the assessing officer

**XII. Litigation against Delhi International Airport Private Limited (“DIAL”)**

**A. Civil Proceedings**

**1. Tariff order for Aeronautical Charges dated April 20, 2012 (the “Aeronautical Tariff Order”)**

International Air Transport Association (India) Private Limited (“IATA”) filed an appeal (No. 12 of 2012) dated October 4, 2012 before AERAAT, against AERA and DIAL, challenging the Aeronautical Tariff Order (No. 3/2012-13) dated April 20, 2012 issued by AERA on April 24, 2012. The Aeronautical Tariff Order determined aeronautical tariff in respect of Delhi Airport for the period from April 1, 2009 until March 31, 2014. IATA alleged that AERA adopted incorrect methodology for determination of tariff, did not adhere to prescribed IATA/ICAO policies and did not follow criteria laid down in the SSA and the OMDA. Further, IATA alleged that, in determining tariff, AERA did not take into account the correct total cost of project, did not adopt the single till approach and did not allocate capital and operational expenditure. IATA sought an order quashing and setting aside the Aeronautical Tariff Order and directing AERA to determine aeronautical tariff afresh, in accordance with the SSA, OMDA and applicable law. The matter is currently pending.

**2. FIA also filed an appeal (No. 6 of 2012) dated May 11, 2012, against AERA and DIAL, before AERAAT, challenging the Aeronautical Tariff Order. FIA sought an order to set aside the Aeronautical Tariff Order, strike down the 345.92% increase in DIAL’s aeronautical tariff; dismiss the shared till approach adopted by AERA, direct AERA to allow allocation of aeronautical and non-aeronautical assets in the ratio 70:30, strike down escalated project cost allowed by AERA, discontinue levy of UDF, and direct independent assessment of cost and independent audit by AERA. FIA also filed an interim application (I.A. 10/ 2012) dated May 11, 2012, seeking stay on the impugned order. Application is currently pending before the tribunal.**

Lufthansa Airlines, German Airlines, Air France, KLM, Austrian Airlines, Virgin Atlantic, United Airlines, Swiss International Airlines Limited, Oman Air, Thai Airways International Public Company Limited, Cathay Pacific Airways Limited, Finnair PLC and Gulf Air also filed an appeal (No. 11 of 2012) dated August 29, 2012, against AERA and DIAL, before AERAAT, seeking interim directions quashing and staying operation of the Aeronautical Tariff Order and restraining DIAL from acting on it.

By a common order dated January 4, 2013, AERAAT directed that appeal Nos. 6 of 2012, 11 of 2012 and 12 of 2012, being connected, be heard together. Further, by common order dated February 15, 2013, AERAAT directed that AAI and MoCA be impleaded as parties to these proceedings.

**3. Ground handling policy circulars dated September 28, 2007 and June 2, 2010 issued by DGCA and the Airport Authority of India (General Management, Entry for Ground Handling Services) Regulations, 2007**

FIA, Spice Jet Limited, Kalanithi Maran, InterGlobe Aviation Limited, Go Airlines India Private Limited, Jet Airways (India) Limited, Jet Lite (India) Limited, Kingfisher Airlines Limited and others filed a writ petition (W.P. (C) 8004 of 2010) dated November 26, 2010, in the High Court of Delhi, against Union of India, DGCA, AAI, DIAL, GHIAL, Mumbai International Airport Limited, Ministry of Home Affairs, Association of Private Airport Operators, CGHDPL, Celebi NAS Airport Service (India) Private Limited, Bird and Cambatta, challenging DGCA circulars (Nos. AIC No. 7/2007 and AIC No. 3/2010) dated September 28, 2007 and June 2, 2010, respectively, by which DGCA laid down a new ground handling policy, requiring airline operators to stop providing ground handling services which did not involve passenger interface by December 31, 2010. The petitioners also challenged the Airport Authority of India (General Management, Entry for Ground Handling Services) Regulations, 2007, under which airline operators are barred from conducting ground handling. The High Court of Delhi dismissed the writ petition, by order dated March 4, 2011. The petitioners filed an SLP (S.L.P. (C) No. 7764 of 2011) on March 9, 2011, in the Supreme Court, challenging the order dated March 4, 2011 of the High Court of Delhi and seeking interim stay on operation of DGCA’s order and circulars. The Supreme Court granted stay and directed that *status quo* be maintained by airline operators, by order dated May 5, 2011. The matter will be taken up in the due course.

**4. Indian Spinal Injuries Hospital filed a writ petition (W.P. (C) No. 12719 of 2009) dated October 21, 2009, and the Society for Protection of Culture, Heritage, Environment, Traditions and Promotion of National Awareness (“Chetna”) filed a PIL (W.P. (C) No. 9337 of 2009) dated May 21, 2009 against**



Union of India acting through MoCA, MoEF, DGCA, Central Pollution Control Board (“CPCB”), DIAL and AAI, in the High Court of Delhi, alleging that noise pollution from low flying aircraft at runway 11/29 at Delhi Airport is causing damage to patients of the hospital and local residents. Indian Spinal Injuries Hospital sought a writ of certiorari quashing the environment clearance granted for construction of runway 11/29, a writ of prohibition directing aircraft causing noise pollution to stop flying with immediate effect, a writ of mandamus or prohibition to stop aircraft from landing at runway 11/29, and a writ of mandamus directing the respondents to frame a noise abatement procedure plan. Indian Spinal Injuries Hospital also filed an interim application (CM 5751 of 2010) dated October 21, 2009 seeking a writ of mandamus to appoint an expert body to evolve alternative proposals to solve the noise pollution issue. Petition is currently pending before the High Court.

5. Archana Sharma (an employee of DIAL), had filed complaint before the Management of the Company (DIAL) alleging sexual Harassment by the Defendant No. 1 & 2. The committee conducted a detailed and fair fact-finding inquiry into the matter in accordance with the guidelines laid down by the Supreme Court and returned a finding through report dated March 30, 2012, wherein the Committee held that the allegations of sexual harassment made by the Plaintiff against the Defendant no. 1 and Defendant No. 2 were false and baseless. Thereafter Plaintiff filed this suit for recovery of damages amounting to ₹ 40,00,000 and for decree declaring Committee’s Report dated March 30, 2012, bogus and incorrect.
6. ILFC filed a Contempt petition against officers of DIAL and the Airports Authority of India for non-compliance of the Order dated May 8, 2013 of High Court of Delhi passed in ILFC v/s UOI bearing No. W.P.(C)7767/2012. During the course of the hearing DIAL’s Counsel pointed out to the court that: (a) No contempt can be made out against DIAL’s office bearers, since DIAL has complied with the direction passed by the Hon’ble Delhi High Court vide its order dated 8.5.2013; (b) The requisite information with regard to the outstanding dues on (Kingfisher Aircraft) owned by ILFC had already been sent to ILFC through letter dated May 15, 2013; (c) SLP (C) 27062/ 2013 had been filed against the order dated 8.5.2013 and even the subsequent order dated 14.8.2013 had also been challenged before the Supreme Court by way of an Interim Application. Matter is pending for arguments .
7. BOC Aviation has filed captioned writ petition before the Delhi High Court, wherein DIAL is arrayed as Respondent No. 2. The Petition pertains to aircraft leased by BOC to Kingfisher Airlines which are presently parked at the IGI Airport, New Delhi. Matter has been adjourned sine die owing to pendency of SLP (C) 27062/ 2013 in SC.
8. GMR issued letter dated 14.12.2012, whereby Plaintiff was transferred from Delhi to Odisha, M/s GMR Kamalanga Energy Limited. Later Plaintiff filed an application for amendment of suit challenging GMR’s said transfer letter and praying for stay of its operation.
9. Bijwasan Gram Vikas Samiti, Samalka Residents Welfare Association and Pushpanjali Farm Owners & Residents Association filed a writ petition (W.P. (C) No. 13675 of 2009) dated December 4, 2009, against Union of India acting through MoCA, MoEF, DGCA, CPCB and DIAL, in the High Court of Delhi, alleging that low flying aircraft from runway 11/29 create noise pollution and cause damage and suffering to local residents. The petitioners sought a writ of mandamus, directing the respondents to mitigate noise pollution caused by aircrafts on runway 11/29 and, until then, to refrain from using the runway. Petition is currently pending before the High Court.
10. A suit has been filed claiming ₹ 5.00 million for the unnatural death of his daughter by being run over by a speeding vehicle at the Indira Gandhi International Airport. The matter is dismissed in default and for non-prosecution through order dated December 6, 2013. Now Petitioner has filed application for restoration of the writ. Copy of same has been served on us but as of now (March 25, 2014) the application has not been listed in the High Court.
11. The Single Judge, High Court of Delhi, by order dated June 3, 2010, in writ petition Nos. W.P. 12719 of 2009 and 13675 of 2009 (referred in summaries above), directed CPCB to notify noise levels applicable to airports/areas in the vicinity of airports. The High Court of Delhi (Division Bench), by common order dated April 16, 2013, directed that the three writ petitions (Nos. W.P. 12719 of 2009, 9337 of 2009 and 13675 of 2009) be transferred to the National Green Tribunal. DIAL filed three SLPs (Nos. 17159 – 17161 of 2013) dated April 30, 2013, in the Supreme Court, seeking special leave to petition against the High Court of Delhi order dated April 16, 2013 and *ad-interim* stay on the order

dated April 16, 2013, which was granted by the Supreme Court, by common order dated May 10, 2013. The matters are listed before the National Green Tribunal for further proceedings.

12. *Tariff order for Airport Development Fee (“ADF”) dated November 8, 2011 and December 28, 2012*

Consumer Online Foundation, through its trustees, filed an appeal (No. 2 of 2012) against AERA, Union of India acting through MoCA, DIAL and AAI, before AERAAT, challenging AERA’s ADF tariff order (No. 28/2011-12) dated November 8, 2011. The ADF tariff order provides for levy of ADF at the rate of ₹ 200 and ₹ 1,300 for domestic and international passengers, respectively, by DIAL. Consumer Online Foundation sought an order quashing the ADF tariff order dated November 8, 2011 as being illegal and unconstitutional, directing DIAL to refund ADF collected, and declaring continued levy of ADF illegal and that extension of the period of levy beyond 18 months as contemplated in the ADF tariff order cannot be granted. The matter is currently pending adjudication.

13. Federation of Indian Airlines (“FIA”) filed an appeal (No. 1 of 2012) dated April 2, 2012 against AERA and DIAL before AERAAT, also challenging the ADF tariff orders dated November 8, 2011 and December 28, 2012, seeking an order setting aside the ADF tariff order and striking down DIAL’s escalated project cost as accepted by AERA. FIA also filed an appeal (No. 3 of 2013) against AERA, DIAL, AAI and Union of India acting through MoCA, before AERAAT, challenging the legality and validity of AERA’s ADF tariff order (No. 30/2012-13) dated December 28, 2012, which provides for revision in the rate of ADF to ₹ 100 per domestic passenger and ₹ 600 per international passenger with effect from January 1, 2013 and directs that the levy shall continue until April 2016. FIA sought an order to set aside the ADF tariff orders dated November 8, 2011 and December 28, 2012 and to strike down DIAL’s escalated project cost as accepted by AERA.

AERAAT, by common order dated February 14, 2013, noted that all AERA’s previous ADF tariff orders stand merged in the ADF order dated December 28, 2012 and directed that paperbooks in respect of appeal Nos. 1 of 2012, 2 of 2012 to be tagged for hearing and adjudication with Appeal No 3 of 2013 by AERAAT.

14. Consumer Online Foundation filed a public interest litigation (“PIL”) (W.P. No. 9316 of 2009) dated May 21, 2009 in the High Court of Delhi, against Union of India, AAI and DIAL, seeking a writ of mandamus declaring levy and collection of ADF by DIAL from outgoing passengers from Delhi Airport, *ultra vires* and quashing its levy and collection by DIAL. Further, Consumer Online Foundation sought the setting aside of MoCA’s letter dated February 9, 2009 to DIAL, approving the impugned levy of ADF and a writ of prohibition prohibiting DIAL or its agents from levying or collecting ADF from outgoing passengers. The High Court of Delhi, by order dated August 26, 2009, dismissed the petition on the ground that there was no illegality in the imposition of ADF by DIAL with the GoI’s prior approval. Consumer Online Foundation filed a special leave petition (“SLP”) (SLP No. 25041 of 2009) dated September 8, 2009 against the order of the High Court of Delhi and sought interim stay on operation of the impugned order. The Supreme Court, by order dated April 26, 2011, allowed the appeal (C.A. 3611 of 2011 arising out of SLP No. 25041 of 2009), set aside MoCA’s letter dated February 9, 2009 and directed that collection of ADF by DIAL must be with AERA’s prior permission and credited to AAI’s account. AERA filed an application seeking clarification of Supreme Court order dated April 26, 2011 which was disposed of by the Supreme Court vide its order dated October 18, 2013 by clarifying anomaly in certain dates and refusing to pass any other order.

15. Aria Hotels has filed a writ petition W.P. No.1792/2013 dated March 19, 2014 before the High Court of Delhi against South Delhi Municipal Committee and DIAL is one of the Respondent alongwith Airports Authority of India whereby the petitioner is challenging the levy of property tax. Further the Petitioner states in the petition that they are not liable to make the payment of property tax to SDMC as SDMC does not have jurisdiction on the captioned property of the petitioner. The matter is pending before the High Court.

16. Special leave petition bearing No. SLP(C) 27062/2013 is filed by IL&FC, a lessor/registered owner of the one commercial passenger aircrafts leased (earlier) to Kingfisher Airlines parked at IGI, New Delhi. ILFC approached DIAL for release/permission to fly these aircrafts. Since Kingfisher owned dues to DIAL with regard to said aircrafts, DIAL asked ILFC to clear the said dues before permission is granted to it for taking off the aircrafts. DIAL did not grant permission for releasing the Aircrafts, relying on Regulation 10 of the AAI (Management of Airports) Regulations, 2003, (“said Regulation”) which

empowers the operators to detain the aircraft of the lessor for the recovery of dues landing, parking route navigational charges to be paid by the lessee. ILFC filed writ petition in the High Court of Delhi for quashing demands for payment raised by DIAL & Airport Operators and also challenged the legality of the said Regulation. ILFC further prayed for writ of Mandamus commanding all the Respondents (UOI, MOCA, AAI, DIAL, MIAL, BIAL and Chennai Airport) to permit and facilitate the de-registration, re-export and re-registration of the ILFC Aircrafts. Matter is the High Court was decided in favour of DIAL. Supreme Court permitted ILFC to fly the Aircrafts out of India subject to payment of dues for pre de-registration period to DIAL and for payment of Bank Guarantee for period post de-registration. Upon compliance of same. Matter is pending before the Supreme Court for hearing.

17. Two Writs have been filed before the Delhi High Court, one by Trip Communications and Krishna Raj. Both matters are essentially seeking a direction/order to permit to collect their consignments without there being any liability towards the payment of Demurrage Charges. The Petitioners have alleged that Celebi Delhi Cargo Terminal Management India Private Limited has failed to deliver the goods of the petitioner without the payment of the demurrage charges in contravention of the provision of Regulation 6(1)(L) of the Handling of Cargo in Customs Area Regulation 2009. The said regulation provide that Custom cargo service provider shall not charge any rent or demurrages on the good seized or detained or confiscated by proper officer. Judgment is reserved in this matter.
18. DIAL has received an order dated February 18, 2014 from the Ministry of Civil Aviation (MoCA) citing all Airport Operators including DIAL to reverse/reimburse the total amount incurred on procurement and maintenance of the security equipment (capex):DIAL has filed a writ petition (W.P.(C) 1696/2014)dated 14.03.2014 against the MoCA's order dated 18/02/2014 before the Delhi High Court and the same was listed for hearing on 14/03/2014, when the Hon'ble Court stayed the recovery of the amount already utilized by the petitioner from PSF (SC) Escrow account till today, however it is directed that the petitioner shall not utilize the PSF (SC) Escrow account for any capital expenditure till further orders. The case is pending before the Hon'ble Court for further proceedings.

## **B. Tax Proceedings**

1. Airport Retail India Private Limited ("**Airport Retail**") Union of India; Director General of Service Tax; Secretary, Ministry of Finance; Central Board of Excise and Customs ("**CBEC**"); and DIAL, in the High Court of Delhi, challenging the constitutional validity of an amendment to Section 65(105)(zzzz) of the Finance Act, 2010, with retrospective effect from June 1, 2007, imposing service tax on a landlord on renting immovable property, by license or by lease, considering it a service. Airport Retail sought an order for declaration of the impugned provisions as null and void and unconstitutional; a declaration that no demand would be imposed on Airport Retail under the impugned sections; issuance of an appropriate writ restraining the authorities from collecting taxes or giving effect to the sections and restraining recovery of service tax during pendency of the petition. Airport Retail also filed an application dated June 21, 2010 for ad-interim ex-parte stay on the execution of concerned notifications and circulars and restraining the authorities from collecting service tax in the interim. The High Court of Delhi, by interim order dated June 23, 2010, directed that no service tax be recovered in respect of renting of immovable property alone, while clarifying that in the event the petition is dismissed, the liability to pay service tax will be that of Airport Retail. By an order dated November 5, 2012, the High Court of Delhi modified the interim order dated June 23, 2010, upon DIAL's application (C.M. Nos. 7343 and 7344 of 2010) and directed Airport Retail to furnish a bank guarantee of ₹ 423.65 million in favour of DIAL. Airport Retail filed an SLP.
2. The Directorate of Revenue Intelligence, Ahmedabad issued a notice (F. No. DRI/SRU/INV-9/2008/NIDHI) dated December 7, 2009, against Nidhi Textiles, DIAL and others, alleging that Nidhi Textiles had mis-declared the value and classification of certain exported goods in order to obtain inflated/undue Duty Entitlement Pass Book ("**DEPB**") scrips utilized by DIAL and others to import inputs and capital equipment and denied DEPB benefit to the extent of the alleged overvaluation, and imposing customs duty of ₹ 0.80 million with interest and penalty and further confiscation of goods valued at ₹ 3.09 million imported duty free. The Commissioner of Customs (Adjudication), Mumbai, by order (CAO No. 83/2011/CAC/CC/BKS) dated December 23, 2011, confirmed the notice. DIAL filed an appeal before the Customs Excise and Service Tax Appellate Tribunal ("**CESTAT**"), Mumbai, seeking directions to set aside the order dated December 23, 2011 and duty of ₹ 0.80 million with equivalent penalty. DIAL also filed a stay application dated March 22, 2012, seeking waiver of deposit of the impugned duty and penalty and stay on recovery until disposal of the appeal.

**C. Public Interest Litigation**

There are two PILs pending against DIAL in the Supreme Court, where the claim involved is not ascertainable.

1. Peoples Union for Democratic Rights, Nirman Mazdoor Panchayat Sangam and Common Cause filed a PIL (W.P. (C) 524 of 2010) dated April 4, 2010, against DIAL and others, alleging contravention of provisions of the Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996 (“**BOCW Act**”) with respect to treatment of workers employed for the Commonwealth Games and of other construction workers in Delhi. The petitioners sought an appropriate writ for the setting up of an independent commission, ensuring compliance with the BOCW Act, registration of all construction workers employed for the Commonwealth Games with the Welfare Board, provisioning of identity cards, insurance slips, minimum wages, medical facilities etc. for the workers and provisioning of quarters with adequate amenities. The High Court of Delhi (Division Bench), by order dated September 20, 2012, gave directions including registration of workers, benefits of cess collected from construction companies, minimum wages, adequate living conditions and safety measures, financial assistance for education of children of workers, maternity benefits to female workers, provisions for pension and bonus and the constitution of a board for administration. Nirman Mazdoor Panchayat Sangam filed an SLP (No. 37782 of 2012) dated November 19, 2012, against the order dated September 20, 2012, in the Supreme Court, seeking leave to appeal and adequate directions in relation to relief previously sought from the High Court of Delhi.

**D. Civil Suits**

There are 16 civil suits pending against DIAL before various courts and forums in India, with an aggregate ascertainable liability of approximately ₹ 29.54 million. These suits primarily relate to recovery of money, imposition of charges and compensation for accidents at Delhi Airport, and a challenge to an order of the Central Information Commission declaring DIAL a ‘public authority’ under the Right to Information Act, 2005 (“**RTI Act**”).

**E. Other writ petitions**

1. Flemingo Duty Free Shops Private Limited (“**Flemingo**”) filed a writ petition (W.P. No 12314/ 2009) dated September 15, 2009, against Union of India, AAI, DIAL and others, in the High Court of Delhi, challenging the tender process adopted by DIAL to invite participation for setting up duty free outlets at terminal-3 of Delhi Airport with DIAL in a joint venture company and the issuance of request for proposal and subsequent award of license to participants other than Flemingo. Flemingo alleged DIAL to be ‘state’ within the meaning of the Constitution of India and, therefore, subject to writ jurisdiction of the High Court. Flemingo had previously filed a petition (W.P. No. 617 of 2007) dated February 20, 2007, against Union of India, AAI, Mumbai International Airport Limited (“**MIAL**”) and others, in the High Court of Bombay, challenging a similar tender process adopted by MIAL for setting up duty free shops at Mumbai Airport, where the High Court of Bombay, by order dated June 5, 2008, held MIAL to be ‘state’ within the meaning of the Constitution of India. However, MIAL filed an SLP (No. 15984 of 2008) dated June 30, 2008 in the Supreme Court, seeking interim stay on the order dated June 5, 2008, which was allowed by the Supreme Court. DIAL also filed an interim application, which was allowed by the Supreme Court, by order dated April 2, 2012.
2. Mr. S.P. Rathi filed an application dated January 8, 2009, under the RTI Act, seeking information from DIAL on action taken on a legal notice by Mr. Rathi to DIAL. Mr. Rathi then filed an appeal against company’s refusal to do so before Appellate Authority, followed by an appeal (No.CIC/OP/A/2009/000129) dated June 3, 2009 before the Central Information Commission, against DIAL’s failure to provide information sought by him. DIAL stated that it was not a public authority within the meaning of the RTI Act and, thus, not subject to the RTI Act. Central Information Commission, by order dated March 5, 2010, held DIAL to be a public authority subject to the RTI Act. Central Information Commission issued a notice to DIAL to show cause why action under the RTI Act should not be taken against it. DIAL filed a review application before the Central Information Commission, seeking review of the order dated March 5, 2010. Central Information Commission, by order dated April 27, 2011, ceased penalty proceedings against DIAL and directed DIAL to pay ₹ 2,000 to Mr. Rathi. DIAL filed a writ petition (W.P. No. 3816 of 2011) dated May 25, 2011 against Union of

India, Central Information Commission and Mr. Rathi, in the High Court of Delhi, seeking a writ of certiorari quashing Central Information Commission orders dated March 5, 2010 and April 27, 2011, in appeal dated June 3, 2009, with a declaration that DIAL is not a public authority. The High Court of Delhi, by order dated May 30, 2011, stayed the Central Information Commission orders dated March 5, 2010 and April 27, 2011.

**F. Labour Proceedings**

There are 15 cases pertaining to labour and service matters pending against DIAL and other parties including AAI, before various adjudicatory authorities in India, primarily relating to disputes regarding absorption of workmen by DIAL after privatization of Delhi Airport, wrongful dismissal and reinstatement of services, regularization of services and violation of the CLRA. The monetary claim against DIAL is not ascertainable.

**G. Consumer Complaints**

There are five consumer complaints pending against DIAL before various consumer disputes redressal forums. These complaints primarily relate to matters alleging deficiency in services provided, claiming compensation for accidents and loss of baggage. The aggregate ascertainable claim against DIAL is approximately ₹ 4.24 million. There is one consumer complaint filed by DIAL, against ICICI Lombard General Insurance Company Limited, before the District Consumer Forum, New Delhi, involving a claim of approximately ₹ 0.26 million for expenditure incurred by an employee in a road accident.

**H. Arbitration Proceedings**

There are five disputes involving DIAL, which have been referred to arbitration. These disputes relate primarily to alleged wrongful termination of work orders and non-payment of outstanding dues by DIAL. The aggregate ascertainable claim against DIAL is approximately ₹ 9.20 million.

**Litigation by DIAL**

**I. Civil Proceedings**

There are three winding up civil proceedings initiated by DIAL in the High Court of Delhi and High Court of Himachal Pradesh, relating to winding up of companies and execution of orders, involving an aggregate of ₹ 31.04 million.

1. DIAL filed a company petition (No. 111 of 2013) dated January 29, 2013, in the High Court of Delhi, seeking winding up of Indus Airways Private Limited (“**Indus Airways**”) on account of non-payment of license fee for use and occupation of office space and ticketing and check-in counters at Terminal 1B of Delhi Airport, licensed by AAI to Indus Airways. Simultaneously, DIAL filed an application (C.A. No. 371 of 2013) for appointment of an official liquidator to take over Indus Airways’ assets, books of account and other records until disposal of the petition. Further, DIAL filed an application seeking that Indus Airways be restrained from selling, alienating, encumbering or creating third party interest in any of its assets, pending adjudication in this petition, which was granted by the High Court of Delhi, by order dated February 26, 2013. Proceedings for eviction from licensed premises of Delhi Airport are also pending against Indus Airways before the AAI, Eviction Office and the Appellate Tribunal for Electricity (“**ATE**”). The High Court of Delhi by Order dated February 26, 2013 has appointed official liquidator as provisional liquidator with respect to dues of ₹ 12.3 million payable by Indus Airways to DIAL. It has also restrained Indus Airways from selling transferring, parting with possession of its immovable assets. The matter is pending before the provisional liquidator.
2. DIAL filed a company petition (No. 110 of 2013) dated January 29, 2013, in the High Court of Delhi, seeking winding up of MDLR Airlines Private Limited (“**MDLR Airlines**”) on account of non-payment of ₹ 8.14 million, being arrears of license fees, electricity charges and landing and parking charges. Further, DIAL filed two separate applications dated February 26, 2013, seeking appointment of a provisional liquidator and *ad-interim ex-parte* orders restraining MDLR Airlines from alienating, encumbering or creating third party interest on its assets. The High Court of Delhi, by order dated May 23, 2013, appointed the official liquidator as the provisional liquidator and also restrained MDLR from

selling, transferring ,parting with possession of its immovable assets. The matter is pending before the provisional liquidator.

3. DIAL has filed writ petition (W.P (C) No. 2516 of 2008) dated March 26, 2008, in the High Court of Delhi against the UOI & Ors. DIAL is paying Annual Fees (Revenue Share of 45.99%) to Airport Authority of India ('AAI'). The AAI vide its letter dated 28.03.2007 informed DIAL that the Annual Fee payable under OMDA is subject to service tax pursuant to the introduction of service tax entry/category 'Renting of Immovable Property' ('ROIP') with effect from June 2007. After exchange of correspondences with AAI on the above issue, DIAL contested the issue of levy of service tax. In the present writ petition. The Hon'ble Court vide interim Order dated 10.04.2008 has directed that "Respondent No. 4 will not deposit the instalment towards service tax due sometimes in April, 2008 until the next date of hearing. The escrow account of the Petitioner will not be blocked to this extend". Further, vide interim Order dated January 21, 2009 the High Court has directed that "the interim orders dated April 10, 2008 shall continue to operate during the pendency of the present petition". The matter is next listed on March 27, 2014.
4. DIAL has filed winding up petition bearing no. 4011/2013 against JagsonAirlines before H.P. High Court. The dues payable by Jagson were ₹ 10.67 million as on May 15, 2013 on account of landing and parking charges, arrears of license fees and interest. In the petition, DIAL has also moved CA 11016/2013 for appointment of Provisional Liquidator and has also filed CA 1017 /2013 for restraining Jagson Airlines from alienating / transferring its assets. Vide Order dated 31/10/2013, Notice was also issued on CA No. 11016 /2013 and further in CA No. 11017/ 2013, Jagson Airlines has been restrained from alienating / transferring its assets. In the Petition, Jagson Airlines along with four directors have been served while the other two directors (Mr.RajendraPershad Sinha and Mr. Ram Parvesh) remain unserved. Replies by the contesting respondents have to be filed. The unserved directors have also been directed to be served at fresh addresses
5. DIAL has filed writ petition W.P (C) No. 8335/2011dated November 11, 2011, in the High Court of Delhi against the UOI & Ors., challenging Central Board of Excise & Customs Circular F.No. 106/Commr(ST)/2009 dated July 8, 2011 and Show Cause Notice No.DL-II/ST/R-XI/SCN/DAIL/29/2011 dated June 23, 2011 for ₹ 1415 million and addendum No. DL-II/ST/R-XI/SCN/DAIL/29/2011/1501 dated September 19, 2011 for ₹ 39 million on the issue of service tax on the Development Fees. The High Court vide interim Order dated November 29, 2011 till the next date of hearing, the respondents are restrained from taking any coercive measure against the petitioner for non payment of service tax on development fees. Further, vide interim Order dated August 07, 2012, the Hon'ble Court has directed that "the interim order dated November 29, 2011 is made absolute till the disposal of the writ petition. The matter is posted in the regular list and would get listed in due course.

#### *Passenger Service Fee*

6. DIAL filed a writ petition (W.P. No. 8085 of 2012) against Union of India acting through MoCA, BCAS and AAI, in the High Court of Delhi, challenging MoCA's letters between January 2010 and September 2012, by which DIAL was directed to reverse an expenditure of ₹ 244.8 million towards private security at Delhi Airport for fiscal 2008, 2009 and 2010. DIAL sought a writ of mandamus declaring MoCA, BCAS and AAI responsible for providing security arrangements at Delhi Airport and directing MoCA, BCAS and AAI to permit DIAL to adjust security related expenditure amounting to ₹ 244.8 million incurred by it, to meet security expenses at Delhi Airport out of the PSF escrow account until Central Industrial Security Forces ("CISF" ) or another designated agency is deployed to provide security at Delhi Airport. Simultaneously, the High Court has directed that the matter be tagged along with a similar matter in respect of MIAL. The matter has been listed for further hearing on 12.05.2014.
7. DIAL filed a writ petition (W.P. (C) No. 5283 of 2012) dated June 1, 2012, against Union of India, MoCA, AAI and Indira Gandhi Airport TDI Karamchari Union in the High Court of Delhi , challenging airport authority of India's ("AAI") failure in doing away with the contract labour used in trolley retrieval at DIAL in its capacity of being the 'principal employer' and hence contravening the Supreme Court order dated September 15, 2011, in Civil Appeal Nos. 7872/2011 and 7873 of 2011 (which were earlier SLP (C) No. 369 of 2010 and 377 of 2010) and Union of India notification No.S.O.848 (E) dated July 26, 2004. DIAL sought issuance of a writ directing AAI to abolish contract labour in the activity of trolley retrieval and to regularize contract workers so employed.

8. Civil Suit was filed before High Court of Delhi (vacation bench comprising of Justice Manmohan Singh) by DIAL on June 5, 2013 against Hindustan Times, seeking to restrain the Respondents from publishing article/ stories relating to CAG Report on IGI Airport, New Delhi. The matter was listed for the first time on 05.06.2013. Upon hearing the submissions of DIAL's counsel, Hon'ble Court was pleased to grant interim relief by way of status quo in the matter and notice was issued to the Respondents for appearance on 07.06.2013. The stay was vacated on 11.07.2013 after hearing submission of Respondent Matter is still pending adjudication.
9. A civil suit for recovery of ₹ 0.6 million has been filed by DIAL against European Projects(non-scheduled carrier) before District Courts, Delhi before District Courts Delhi. The claim is towards the aero charges payable by European Projects to DIAL. The matter is currently pending for hearing.
10. DIAL has filed appeal against MACT Order dated November 12, 2013 in Rinki Yadav and others DIAL and Neena Verma and DIAL, whereby DIAL was directed to pay compensation to the tune of ₹ 67,00,000/- as compensation to the legal heirs of ShriNidhish Yadav and Shri Ashok Chand Verma who died in an accident that took place on air field. DIAL challenged both the orders and filed appeal before High Court of Delhi. Hon'ble Court was pleased to grant stay of execution of the impugned award, subject to the entire amount of awarded compensation being deposited with the court. DIAL has deposited the entire compensation amount to Hon'ble Court. Matter is pending for completion of pleadings.
11. DIAL has filed an appeal DFRno.2691/2013 against DERC Order dated 31.07.2014 in the matter of Petition for aggregate Revenue Requirement on behalf of BSES Rajdhani power limited for the Financial year 2013-14, before APTEL. Appeal has been filed by DIAL against the DERC illegal and unjustified action of not considering DIAL's documents while determining the Electricity tariff. DIAL being aggrieved by this unlawful, arbitrary action of DERC. The Application for condonation of delay (filed by way of an abundant caution) has been heard and the Tribunal has reserved its orders on the same.
12. DIAL has filed a writ petition seeking a writ of certiorari quashing and striking down the Regulation 6(1)(l) of the Handling of Cargo in Customs Areas Regulations, 2009 ("Cargo Regulations") which have been purportedly framed under Section 141(2) read with Section 157 of the Customs Act, 1962 ("Customs Act") as ultra vires the provisions of Customs Act and violative of Article 14 and Article 19 (1) (g) of the Constitution of India. DIAL is also seeking quashing of the letter bearing No. C.No.VIII(12)ACU/Import Shed/92/12/28503 dated 06.11.2012 issued by the Office of the Commissioner of Customs, (Import & General) to DIAL directing the Petitioner to waive the demurrage charges in terms of Regulation 6(1)(l) of Cargo Regulations as unreasonable, arbitrary and violative of Article 14 and 19(1)(g) of the Constitution of India. The writ was listed in Hon'ble Delhi Court before Justice BadarDureez Ahmed and Justice Sidhartha Mrithul. It was submitted by the counsels that the same has not been pronounced.TheHon'ble Bench has adjourned the matter to 27th March 2014, since the judgment is yet to be pronounced in Trip communication matter.

#### ***J. Tax Proceedings***

1. DIAL filed a writ petition (W.P. (C) 8118 of 2012) dated December 21, 2012, in the High Court of Delhi against the South Delhi Municipal Corporation ("**DMC**") challenging a demand letter dated August 23, 2012 and letters dated September 27, 2012, November 11, 2012, November 22, 2012 and December 11, 2012, from the assessing officer, directing that property tax returns be filed by DIAL in relation to advertisements displayed on land/structures owned by DIAL. DIAL sought directions for setting aside the demand and restraining DMC from taking any coercive action.
2. DIAL filed a writ petition (W.P. (C) No. 2982 of 2010) dated April 30, 2010, against the Municipal Corporation of Delhi ("**MCD**"), Union of India and Government of National Capital Territory of Delhi ("**Govt. of NCT**"), in the High Court of Delhi, challenging the unit area system for assessment of properties for the purposes of property tax as introduced by the DMC (Amendment) Act, 2003 and MCD 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. DIAL sought the quashing of certain amendments to the DMC Act, directions for reconstitution of the Hardship and Anomaly Committee (constituted to address problems related to calculation of tax under this scheme)

and restraining the MCD from enforcing the notices dated August 28, 2009 and September 24, 2009. DIAL also filed an application (CM No. 5161 of 2011) dated March 31, 2011, seeking directions for restraining the assessor from passing any assessment order and staying any demand that may be raised until the petition made by AAI before the Hardship and Anomaly Committee on January 31, 2005, is decided. MCD, by order dated March 31, 2011, asked DIAL to pay ₹ 600 million for the period from May 2006 to May 2011. The High Court of Delhi, by order dated April 26, 2011, stayed operation of the demand, subject to DIAL depositing ₹ 150 million. DIAL filed an application (CM No. 11167 of 2011) dated July 13, 2011, to file an amended petition praying for setting aside the assessment order dated March 31, 2011, which was allowed by order dated July 20, 2012.

3. DIAL filed a writ petition (W.P. (C) No. 1744 of 2011) dated March 8, 2011, against Government of NCT, MCD and Commercial Officer (Advertisement)-MCD, in the High Court of Delhi, challenging MCD circular (No. OSD/Advtt/2010/D-2134) dated March 9, 2010, which requires the MCD Commissioner's written permission for any advertisement exhibited in Delhi, failing which a fine of twice the MCD's monthly rate of the site shall be imposed on the property owner/occupier and advertiser, and the demand of ₹ 1.01 million by MCD's letters dated March 12, 2010, April 9, 2010, May 7, 2010, September 14, 2010 and November 25, 2010 to DIAL. DIAL submitted an aggregate of ₹ 0.95 million to establish its *bona fides*, sought directions for quashing this circular and demand letters, refund of tax and penalty already paid and issuance of *rule nisi*, and filed application (C.M. 3688 of 2011) dated March 8, 2011, seeking stay on operation of this circular and demand letters and on issuance of further demand letters. The High Court of Delhi, by order dated March 16, 2011, granted stay on the impugned demand and further demands by MCD, on the condition that if the petition is decided against DIAL, it shall pay the amount due with interest at 12%.
4. DIAL filed three appeals (Nos. APPL/DLH/CUS/I&G/D-I/189/2009), and APPL/DLH/CUS/ICD/D-II/321 A/2009) dated July 17, 2009, September 30, 2009 and December 2, 2009, against the Assistant Commissioner of Customs, before the Commissioner of Customs (Appeal), New Delhi, seeking declaration of consignments imported by DIAL for development of Delhi Airport as eligible for benefit under the Project Import Regulations, 1986 ("**Project Import Regulations**"), declaration of relevant bills of entries as entitled for assessment under the Customs Tariff Act, 1975 ("**Customs Tariff Act**"), and declaration of DIAL's entitlement to refund of excess duty paid on such bill of entries. The Commissioner of Customs (Appeals), by order Nos. CC (A) Cus./I&G/237-238/2009, CC (A) Cus./ICD/358/2009 dated November 10, 2009, November 10, 2009 and December 15, 2009, respectively, rejected the appeals. DIAL filed appeal three appeal on February 12, 2010, dated February 12, 2010 and March 23, respectively, before the CESTAT, claiming refund of ₹ 20.41 million, ₹ 28.04 million and ₹ 27.04 million, paid by it under protest. Project import I and II have a common impugned order No.CC(A) Cus/I&G/237-238/2009 dated 10.11.2009 against which we have filed two separate Appeals on 12.02.2010.
5. DIAL filed a refund claim dated September 1, 2009, before the Deputy Commissioner of Customs (Refunds) for ₹ 33.34 million, as exemption under Notification No. 3/2005-CE, which was rejected by order-in original (10055/2010) dated November 30, 2010. DIAL filed an appeal dated January 31, 2011 before the Commissioner (Appeal) of Customs, seeking dismissal of the order, allowance of the refund, and a declaration that pre-fabricated steel structures used for development of Delhi Airport were entitled to the exemption. The Commissioner of Customs (Appeal), by order (CC(A) CUS/ICD/342/2011) dated August 23, 2011, rejected the appeal on the ground that until the assessment order was set aside, no refund application would be maintainable. DIAL filed an appeal dated November 28, 2011, before the CESTAT, for the impugned order to be set aside and ₹ 33.34 million to be refunded.

There are three proceedings related to tax and statutory charges, involving DIAL, with an aggregate claim of ₹ 65.10 million, with interest.

6. DIAL, by application dated May 4, 2011 to the Superintendent of Service Tax, claimed refund of ₹ 3.91 million on the ground that the amount was erroneously paid by it twice as service tax on the security component of PSF. The refund was rejected through order bearing no. 127/2013-R dated June 28, 2013.
7. DIAL, by application dated July 29, 2011 to the Assistant Commissioner of Service Tax, claimed refund of ₹ 29.80 million towards payment of excess service tax paid through Cenvat credit on lease rentals/ license fee on vacant land under the service category 'renting of immovable property'.



8. DIAL filed a refund claim dated February 1, 2011 claiming ₹ 31.40 million under the Central Excise Act, 1944, claiming refund of service tax for the month of March 2010, on banking services availed of from Axis Bank Limited, which was erroneously paid twice. The Assistant Commissioner of Service Tax, Division-II, New Delhi, by order (No. 57/2013-R) dated April 4, 2013, rejected the claim on the ground that it was not supported by substantive documents and on account of discrepancies between service tax liability as per the ledger for service tax payable under the reverse charge mechanism for fiscal 2010 and as per the monthly statement containing information related to import of service for fiscal 2010. DIAL filed an appeal before the Commissioner of Central Excise (Appeals) seeking directions for the order dated April 4, 2013, to be set aside and refund claim to be granted.
9. DIAL, by application dated June 7, 2012 made to the Income Tax Appellate Tribunal, New Delhi appealed against the assessment order for the assessment year 2010-11. DIAL claimed that the assessment officer erred in disallowing a sum of ₹ 5,48,790 on the ground that the DIAL had earned exempt income and therefore the said sum was disallowed under Section 14A of the IT Act read with Section 8D of the IT Act. Further DIAL has claimed that the assessing officer has erred in holding that the alternate claim raised by DIAL in regard to not granting depreciation under Section 32 of the IT Act at appropriate rates on the repair and maintenance of the building, plant and other as the same treated as capital in nature but merely allowing the amortisation over the term of the agreement is infructuous. DIAL has prayed that the assessing officer be directed to delete the disallowance of ₹ 5,48,790 made by invoking provisions of Section 14A read with Section 8D of the IT Act. The matter is currently pending before the Appellate Tribunal.
10. DIAL, by application dated July 7, 2011 made to the Income Tax Appellate Tribunal, New Delhi appealed against the assessment order for the assessment year 2007-08. DIAL claimed that the assessment officer erred in disallowing a sum of ₹ 45,50,00,000 in relation to payment made by Airports Authority of India with respect to CWIP. DIAL has prayed before the appellate tribunal to allow deduction under Section 80-IA of the IT Act on the profits derived from the business of operation and maintenance of the airport; to allow expenses on repair and maintenance of building, plant and others amounting to ₹ 24,00,00,000. The matter is currently pending before the appellate authority.
11. DIAL, by application dated May 31, 2012 made to the Income Tax Appellate Tribunal, New Delhi appealed against the assessment order for the assessment year 2008-09 in the appeal DIAL has challenged charging of passenger service fees ( Security Component) amounting to ₹ 80,72,64,401 as its income; Disallowance of ₹ 7,51,65,000 being provision made at the year end on best estimate basis on account of non-deduction of tax on the said payment under Section 40(a)(ia); Disallowance of ₹ 2,36,70,000 on the ground that DIAL has earned exempt income and therefore, the said sum was disallowed under section 14A of the Income Tax Act read with Rule 8D of the Income Tax Rules. Further, an application u/s 154 of the Income Tax Act, 1961 dated April 9, 2013 was filed for Assessment Year 2008-09, wherein the Assessee Company has requested for an order giving effect to CIT(A) order and grant of refund of ₹ 4,69,46,827/- for Assessment year 2007-08( after adjusting demand of ₹ 34,64,09,041 for Assessment Year 2008-09 with the tax refund of ₹ 39,33,55,868 for Assessment Year 2007-08. The said Application is pending for disposal.
12. DIAL by an application has filed an appeal before the Income Tax Appellate Tribunal, New Delhi against the assessment order for the assessment year 2007-08 dated January 9, 2012 2012 challenging the Order of the Commissioner of Income Tax-IV in invoking provisions of Section 263 of the Income Tax Act and directing the revision of the Assessment Order passed under Section 143(3) of the Act by the Assistant Commissioner of Income Tax, Range 10(1) Delhi on the alleged ground that the assessment order was erroneous and prejudicial to the interest of revenue. Further, an order under section 143(3) of the Income Tax Act, 1961 dated March 22, 2013 was passed by the assessing officer after incorporating order passed by CIT under section 263 of the Income Tax Act, 1961 and thereby included the PSF(SC) income amounting to ₹ 77,06,88,000 with the income of DIAL and thereby assessing the total income at ₹ 140,61,65,060. The company has filed an appeal with the CIT(A) –XIII, New Delhi, against the order passed by the assessing officer under section 143(3) of the Income Tax Act, 1961 dated March 22, 2013 after incorporating the order passed by CIT under section 263 of the Income Tax Act, 1961. The matter is pending.. The matter is currently pending before the appellate authority.
13. DIAL, by an application dated August 3, 2012 filed before the Income Tax Appellate Tribunal, New Delhi challenged inter alia the action of the Additional Commissioner of Income Tax in charging to tax

passenger service fees ( Security Component) amounting to ₹ 40,91,74,000 managed by DIAL in fiduciary capacity on behalf on Government of India as income of DIAL.; disallowance of ₹ 2,33,10,128 under section 14A of the Income Tax Act on the ground that the Appellant has earned exempt income and therefore, the said sum was disallowable under section 14A of the Income Tax Act read with Rule 8D of the Income Tax Rules. Appeal is pending at ITAT for disposal.

**K. Notices from Statutory Authorities**

1. There are seven show-cause-cum-demand notices received by DIAL from various tax authorities, involving an approximate aggregate ascertainable claim of ₹ 2,259.96 million, primarily in relation to service tax towards DF, license fee, fee for provision of airport services, disallowance of Cenvat credit benefits under the Cenvat Credit Rules, 2004 (“**Cenvat Credit Rules**”); and penalty under the Customs Act, 1962 (“**Customs Act**”) and contravention of the Handling of Cargo in Custom Areas Regulations, 2009.

**L. Criminal Proceedings**

1. There are five criminal complaints filed by DIAL, under the Negotiable Instruments Act, 1881, four before the Chief Metropolitan Magistrate, and one before the Metropolitan Magistrate, for recovery of an aggregate of ₹ 355 million, from Kingfisher Airlines Limited and certain of its officials.

**M. Regulatory Proceedings**

1. DIAL filed an appeal (No. 7 of 2011) dated December 13, 2011 against AERA, before AERAAT, challenging the ADF tariff order (No. 28/2011-12) dated November 8, 2011 issued by AERA. Before the power of AERA to determine the tariff and ADF under section 13 read with chapter III of the AERA Act was notified, the GoI, by order (AV 24011/002/2008-AD) dated February 9, 2009 granted approval for levy of ₹ 200 per domestic passenger and ₹ 1,300 per international passenger as the development fee. On coming into force of Chapter III of the AERA Act, DIAL submitted its total project cost as ₹ 128,570 million (the funding gap being ₹ 36,200 million) and requested AERA for permission to levy ADF for two years and eight months beyond the original three year period granted by the GoI, by order dated February 9, 2009. AERA, by the ADF tariff order, determined the total project cost to be ₹ 125,026.60 million, 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. DIAL sought an order to set aside the ADF tariff order to the extent to which AERA excluded certain amounts from the final project cost and to direct AERA to pass a fresh order taking into account these amounts with respect to the quantum and tenure of levy of ADF at Delhi Airport. While the Appeal has been disposed off by the Appellate Tribunal on July 11, 2013 in light of AERA’s order dated December 28, 2012, the challenge contained therein has been kept alive and the Appellants will be heard when Appeal no. 3/2013 is taken up for hearing.
2. DIAL filed an appeal (No. 10 of 2012) dated May 23, 2012, against AERA, before AERAAT, challenging the Aeronautical Tariff Order (No. 3/2012-13) dated April 20, 2012 issued by AERA. DIAL has challenged various decisions taken by AERA in the Aeronautical Tariff Order, 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, adjustment in respect of bad debts, lack of return on refundable security deposit, lack of refund on equity, operating expenses and, and issue of increase of aeronautical charges by 10% of basic airport charges. DIAL also challenged the treatment of cargo, ground handling and fuel throughput revenue, as aero/non-aero categories. DIAL sought an order for the Aeronautical Tariff Order to be set aside to the extent of the decisions under challenge.
3. DIAL also filed an interim application (I.A. 14 of 2012) dated May 23, 2012, before AERAAT, seeking interim relief of grant of 50% of the difference between DIAL’s proposal for revision of tariffs and the Aeronautical Tariff Order, by way of airport charges, pending disposal of the appeal.

By a common order dated January 4, 2013, AERAAT directed that matter Nos. 6 of 2012, 10 of 2012, 11 of 2012 and 12 of 2012, being connected, be heard together. Further, by a common order dated February 15, 2013, AERAAT directed that AAI and MoCA be impleaded as parties.

### **XIII. Hyderabad Menzies Air Cargo Private Limited (“HMACPL”)**

#### ***Tax Proceedings***

The Additional Commissioner, Service Tax department, Hyderabad issued a show-cause notice bearing no. 211/2012-ADJN (ADC) ST, dated October 11, 2012 (“**Notice**”) on HMACPL, demanding the reversal of CENVAT credit of ₹ 7,34,097/- availed on furniture used for the provision of output services during the period April, 2007 to March, 2012. HMACPL replied to the Notice on November 29, 2012 and contended that the said furniture qualifies as input and thus, shall be eligible for CENVAT credit as the same is used for provision of services. The Additional Commissioner heard the matter and passed an order bearing OIO No. 146/2013-Adjn(ADC)STax dated September 20, 2013 (“**OIO**”), rejecting the submissions of HMACPL and demanding HMACPL to reverse the said amount availed as Cenvat Credit, along with an equivalent amount of penalty and applicable interest. Aggrieved by the OIO, HMACPL filed an appeal before the Commissioner (Appeals) on November 26, 2013. The Commissioner (Appeals) heard the OIO and passed an order bearing OIA No. 32/2014 dated January 31, 2014 (“**Order**”), upholding the OIO. HMACPL is now in the process of filing an appeal before the CESTAT, Bangalore against the Order.

### **XIV. Litigation involving GMR Hyderabad International Airport Limited (“GHIAL”)**

#### ***Litigation against GHIAL***

##### ***A. Civil Litigations***

1. Biyalla Venkata Paapa Rao filed a PIL (W.P. No. 2428 of 2008) dated February 5, 2008 in the High Court of Andhra Pradesh against Union of India, AAI, Government of Andhra Pradesh and GHIAL, challenging the Government of Andhra Pradesh’s decision to shut down the Begumpet Airport. Mr. Rao has alleged that the decision was taken without considering public interest and sought a writ of mandamus declaring the action of seeking closure of Begumpet airport and opening of the new airport at Shamshabad illegal and arbitrary and directing the respondents to operate the Begumpet Airport as a second airport. Mr. Rao also sought an interim direction to the respondents to not close down the Begumpet Airport. The claim against GHIAL is not ascertainable.

##### ***B. Tax Litigations***

1. The Additional Commissioner of Service tax, Hyderabad issued a SCN No: IV/16/1798/2012-S.Tax (Gr.II) dated June 07, 2013 (“**Notice**”) on GHIAL for non-payment of service tax on import of various services from outside India against foreign exchange remittances. Service tax is demanded under Reverse Charge Mechanism, in terms of Section 66A of Finance Act, 1994, amounting ₹ 40,62,977. GHIAL replied to the Notice on September 10, 2013, contending that service tax was not applicable, except for Design services, Sponsorship services, Technical Testing Services and Market Research Agency Services, for which GHIAL paid an amount of ₹ 1,09,857. The matter is pending for hearing before the Additional Commissioner (Service Tax).
2. The Deputy Commissioner, Service tax, Hyderabad issued a show-cause notice bearing no: IV/16/1664/2013-ST-Gr-(II) dated October 23, 2013 (“**Notice**”), disallowing the Cenvat credit on input services in the nature of membership of various airport-sector related associations for the period of April, 2012 to March, 2013, amounting to ₹ 3,33,000/-. GHIAL replied to the Notice on December 04, 2013, contending that it is eligible for Cenvat credit since the definition of ‘Input Services’ does not expressly exclude club and membership services, unless they are used for the personal benefits of the employees of the company and since no employee of GHIAL had not been benefitted personally from the said memberships. The matter is pending before the Deputy Commissioner.
3. The Commissioner of Customs and Central Excise: Service Tax Cell, Hyderabad-II, issued notice (O.R. No. 33/2009- Adj- ST.) (C. No. IV/16/235/2008-ST-GR.VII) dated March 26, 2009, to GHIAL, directing GHIAL to show cause why service tax of ₹ 74.29 million should not be demanded on UDF collected by GHIAL for the period from April-December, 2008 and ₹ 74.29 million paid through Cenvat credit should not be appropriated against this demand; interest as applicable and penalty under the Finance Act should not be paid; and why the refund claim dated March 3, 2009, of the same amount

should not be rejected. The Commissioner of Customs and Central Excise and Service Tax, by order No. 44 of 2009 dated October 28, 2009, confirmed the demand of ₹ 74.29 million and directed that the amount already paid through Cenvat credit be adjusted towards this demand, with applicable interest and penalty at ₹ 200 for every day for which failure continues or at 2% of such tax, i.e., ₹ 99,834 per month, whichever is higher, subject to the penalty amount not exceeding the service tax payable; a penalty of ₹ 5,000; with ₹ 74.3 million being liable to be reduced to 25% if paid within 30 days of the order, while rejecting the refund claim. GHIAL filed an appeal (No. ST/270/2010) before the CESTAT, Bengaluru. GHIAL also filed an application for stay (ST/156/2010) dated before the CESTAT, Bengaluru. By order (No. 747 of 2011) dated September 12, 2011, the CESTAT granted stay on recovery of interest on tax as well as penalties and a waiver of pre-deposit, as the entire amount of ₹ 74.29 million of service tax had been deposited by GHIAL.

4. The Service Tax Department issued notice (No. 32/2009-Adjn. ST) (C.No. 1V116/125/2009-ST.Gr.VII) dated March 26, 2009 to GHIAL, demanding recovery of ineligible Cenvat credit amounting to ₹ 311.28 million availed of by GHIAL together with interest and penalties. By order (No. 02/2010-ST) dated January 29, 2010, the Commissioner of Central Excise, Customs and Service Tax, Hyderabad II, confirmed the demand of ₹ 311.05 million towards Cenvat credit with directions for appropriation and adjustment of ₹ 65.62 million reversed on January 31, 2009 and ₹ 1.36 million reversed on October 1, 2009 towards the said amount in protest by GHIAL; with interest; and penalty of ₹ 311.10 million liable to be reduced to 25% subject to payment of the aforementioned dues and penalty within 30 days from the date of communication of the order. GHIAL filed an appeal (No. 210 of 2010 dated June 4, 2010) before the CESTAT, Bengaluru, against the order dated January 29, 2010. GHIAL also filed an application (No. 1265 of 2010) dated June 4, 2010, seeking stay on operation of the impugned order until disposal of the appeal. By letter (C. No. IV/16/306/2011-ST.GR.II) dated December 7, 2011, the Commissioner of Customs, Central Excise and Service Tax, Hyderabad, demanded payment of the aforementioned amounts, as no stay had been granted as on that date.
5. The Commissioner of Customs, Central Excise and Service Tax, Hyderabad-II, issued notice (OR No. 40/2008- ADIN. CUS) dated November 12, 2008, to GHIAL, Integrated Broadcasting Private Limited and HMA CPL, alleging evasion of payment of customs duty of ₹ 1.43 million by wrongful delivery of an international consignment of goods under the domestic cargo counter without customs clearance by HMA CPL and violation by GHIAL of the Customs Act read with Notification no. 02/2008 in effecting delivery of goods without proper clearance and payment of duties, while asking GHIAL to show cause why its custodianship should not be terminated and penalty should not be imposed on it under the Customs Act. The Commissioner of Customs, Central Excise and Service Tax, Hyderabad-II, by order (No. 12 of 2009) dated March 26, 2009, imposed a penalty of ₹ 7,500 each on GHIAL and HMA CPL in addition to penalty on Integrated Broadcasting Private Limited with directions to Integrated Broadcasting Private Limited to pay the requisite duty and fine for redemption of confiscated goods. The Commissioner of Customs, Central Excise and Service Tax, Hyderabad-II, filed an appeal (No. 510 of 2009) dated December 24, 2009, before the CESTAT, Bengaluru, submitting that the order was not just and seeking correction of the order with enhancement in the penalty imposed. The Chief Commissioner of Customs, Central Excise and Service Tax, Hyderabad, by review order (No. 07/2009-CC (HZ) (CUS)) dated June 30, 2009, sought directions from the CESTAT for enhancing the fine and penalty imposed.
6. GHIAL has filed an appeal before the Commissioner of Income Tax (Appeals), Bangalore dated January 20, 2011 challenging the assessment order dated December 30, 2011 for the assessment year 2009-10. GHIAL has claimed that Deputy Commissioner of Income Tax has erred in determining total loss at (-) ₹ 317,99,84,847 as against the amount of returned loss of (-) ₹ 324,83,08,209 under the provisions of the IT Act. GHIAL has further claimed that the assessing officer erred i) in disallowing the claim of expenditure on repairs and maintenance of building, plants and machinery amounting to ₹ 3,57,62,120 by treating the same as capital in nature; ii) disallowing ₹ 1,44,528 being interest on the delayed payment of service tax and VAT amount; iii) granting ₹ 6,90,21,494 as against the amount of TDS credit to be allowed at ₹ 8,48,89,637 as per the revised return of income; iv) disallowing ₹ 3,26,94,866. GHIAL has appealed before the appellate tribunal to revise/ alter the assessment order in consideration of the aforesaid inconsistencies.

**C. Notices from statutory authorities**

1. The Greater Hyderabad Municipal Corporation (“**GHMC**”) issued a show cause notice bearing No. Rc. No. F1/AMOH/C6/GHMC/2013 dated March 18, 2013, to GHIAL, alleging that GHIAL has been dumping garbage generated at Hyderabad airport and burning of plastic items in the residential zone of Tata Nagar and causing public nuisance, unhygienic conditions affecting public health and causing hazardous implications to the environment. GHIAL was directed to show cause as to why penal actions should not be taken against it. GHIAL replied through a letter dated bearing reference No. GHIAL/LGL/FMS/Apr-13/02 dated April 10, 2013. GHIAL has clarified that it does not own or use the vehicle that was identified by the GHMC used for dumping waste, further it was clarified that GHIAL has Andhra Pradesh pollution control board authorised agencies for disposal of wastes generated at the airport. GHIAL further pleaded that no cause of action under any statutes arises for penal action to be taken against GHIAL.
2. The Ministry of Civil Aviation (the “**MoCA**”), issued a show cause notice bearing F. No. AV20036/7/2012-AD dated June 13, 2012, to GHIAL, alleging that GHIAL has, in violation of Article 14.1.2 of the Hyderabad airport concession agreement (the “**CA**”), failed to seek MoCA’s prior approval for change in its lenders and assignment of rights to the new lender and asking GHIAL to show cause why appropriate action should not be taken against GHIAL. GHIAL replied by letter dated June 21, 2012 clarifying that there were no violations of the Cain relation to additional financial assistance. GHIAL clarified that consent in this regard was obtained from MoCA by a letter dated November 29, 2005.
3. The Commissioner of Service Tax, Hyderabad issued a show-cause notice bearing SCN No. IV/16/125/2009 S. Tax (Gr-VII) dated March 26, 2009 (“**Notice**”) on GHIAL demanding an amount of ₹ 311.20 million, along with applicable interest and penalty, in relation to irregular availment of Cenvat credit on certain inputs, input services and capital goods. GHIAL replied to the Notice on July 13, 2009 stating that the alleged inputs, input services and capital goods would qualify for Cenvat Credit. The Commissioner of Central Excise, Customs and Service Tax (“**Commissioner**”) heard the matter and passed the order no, 02/2010-ST dated January 29, 2010 (the “**Order**”) and directed GHIAL to reverse Cenvat credit of an amount ₹ 31,10,48,354/- . An appeal has been filed by GHIAL against the said Order before CESTAT, Bangalore (the “**Appellate Tribunal**”) on June 07, 2010. CESTAT on July 08, 2013 passed the stay order and directed GHIAL to deposit an amount of ₹ 186.50 million. Aggrieved by the stay order of the Appellate Tribunal, GHIAL has filed a writ petition in the High Court of Andhra Pradesh (“**High Court**”) and the High Court had modified CESTAT’s order and directed GHIAL to pay an amount of ₹ 122.00 million, GHIAL duly deposited the said amount on November 30, 2013 and filed the compliance report with CESTAT. The main appeal is pending before the Appellate Tribunal.

#### **D. Civil Suits**

1. There are seven civil suits pending against GHIAL in the High Court of Andhra Pradesh and various forums, primarily relating to challenging closure of Begumpet airport, acquisition of land for the approach road to Hyderabad Airport, claims of compensation and damages for accidents caused at Hyderabad Airport; and sewerage cess. The aggregate ascertainable claim against GHIAL is approximately ₹ 28.04 million. Details of the material civil suits are provided below:
2. Shaik Saleem filed a writ petition (W.P. No. 3266 of 2008) dated February 15, 2008 in the High Court of Andhra Pradesh against the Union of India, AAI, Government of Andhra Pradesh, and GHIAL, challenging Union of India’s decision to close commercial operations at Begumpet airport, alleging that this decision would cause loss to Hyderabad’s hotel industry and inconvenience to the public. Mr. Saleem sought a writ of mandamus declaring the action of Union of India and others in shutting down Begumpet airport for opening of the new airport at Shamshabad illegal and arbitrary and an interim direction to not close down Begumpet airport.
3. Hyderabad Metropolitan Water Supply and Sewerage Board (“**HMWSSB**”) issued a demand notice to GHIAL dated January 1, 2013 and a final notice dated January 19, 2013, stating that if arrears of ₹ 26.35 million as on December 2012, relating to water cess were not paid, then the water supply and sewerage connection at Hyderabad Airport would be disconnected. GHIAL filed a writ petition (W.P. No. 3176 of 2013) dated February 1, 2013, in the High Court of Andhra Pradesh against the HMWSSB challenging the demand of sewerage cess and seeking a writ of mandamus declaring that the HMWSSB had no power or jurisdiction to levy and collect sewerage cess from GHIAL and that the final notice (No. 126502) before disconnection dated January 19, 2013 issued by the HMWSSB, is illegal and void,

and for issuance of directions to the HMWSSB not to levy and include sewerage cess in the monthly water bills issued to GHIAL. GHIAL also sought interim stay on all further proceedings pursuant to the final notice and for direction to the HMWSSB not to levy and include sewerage cess arrears and interest in the bills of January 2013. The High Court of Andhra Pradesh granted interim stay, by order dated February 5, 2013.

4. Mr. B. Vijay Kumar filed a writ petition (W.P. No. 9258 of 2010) in the High Court of Andhra Pradesh, against the Government of Andhra Pradesh; Principal Secretary, Municipal Administration and Urban Development Department; Principal Secretary, Infrastructure and Investments Department; Commissioner and Director, Municipal Administration Department; Commissioner, GHMC; Commissioner, Greater Vishakhapatnam Municipal Corporation; Commissioner, Hyderabad Metropolitan Development Authority; GHIAL and Gangavaram Port Limited, challenging the constitutional validity of Section 389A of the Andhra Pradesh Municipalities Act, 1965, the notification of Hyderabad Airport and Gangavaram Port Limited as notified areas and the constitution of Notified Area Committees for these areas, hence taking them from the purview of local bodies. Mr. Kumar sought an order for GHIAL to be directed to deposit amounts collected so far towards building permission fee, betterment charges, layout development charges, penalties and other fees with the High Court of Andhra Pradesh and to hand over documents relating to building plan and approvals to GHMC, pending disposal of the petition.

#### ***E. Labour proceedings***

1. There are two proceedings pertaining to labour and service matters pending against GHIAL in the High Court of Andhra Pradesh, relating to GHIAL's challenge against cess payable under the BOCW Act and the BOCW Welfare Cess Act, 1996, and a notice from the Labor Enforcement Officer for alleged violation of the Payment of Gratuity Act, 1972. The amount claimed against GHIAL in these cases is not ascertainable.

#### ***F. Consumer Complaints***

1. There is one consumer complaint pending against GHIAL, Interglobe Aviation Limited and others, before the District Consumer Disputes Redressal Forum, Ranga Reddy District, involving a claim of approximately ₹ 1.10 million for compensation for loss of valuables.

### **Litigation by GHIAL**

#### ***A. Regulatory proceedings***

1. GHIAL filed a petition (O.P. No. 9 of 2010) before the APERC, challenging the APERC's tariff order dated July 22, 2010, categorizing airport services under the HT-II category for tariff purposes for fiscal 2011. APERC dismissed the petition. GHIAL filed an appeal (No. 12 of 2011) dated August 25, 2010, against APERC, before the ATE, challenging the APERC's tariff order dated July 22, 2010, seeking directions to categorize GHIAL under the HT-I (industrial) category for tariff purposes on the ground that it undertook aeronautical operational activity and APERC had wrongly categorized it under HT-II (others), and to set aside the tariff order dated July 22, 2010 and to classify GHIAL under a separate category 'Airports' or under the HT-I (Industrial) category. The ATE, by order dated July 22, 2011, set aside the APERC's tariff order and directed APERC to classify airport services in a separate category. The Andhra Pradesh Central Power Distribution Company Limited ("APCPDCL") filed an appeal (C.A. No. 1954 of 2012) dated November 2, 2011, in the Supreme Court. APERC fixed a composite tariff for GHIAL for fiscal 2011 and 2012, by order dated April 30, 2012 (in O.P. 9 of 2010).
2. GHIAL filed a writ petition (W.P. No.18749 of 2010) dated July 27, 2010, in the High Court of Andhra Pradesh, against APERC, APCC, APCPDCL and certain officers of APCPDCL, challenging the APERC's decision dated June 5, 2010, permitting APCC, on behalf of the distributing companies ("DISCOMS") in the state of Andhra Pradesh, to levy FSA charges on consumers for fiscal 2009. The High Court of Andhra Pradesh, by common order dated July 29, 2011, set aside the decision dated June 5, 2010 but allowed the DISCOMS to file fresh applications claiming FSA. GHIAL filed an appeal (W.A. No. 1131 of 2011) dated September 28, 2011, in the High Court of Andhra Pradesh. The High Court of Andhra Pradesh, by common order dated January 20, 2012, held that APERC had no power to entertain applications from DISCOMS for determination of FSA. APCPDCL filed an SLP (SLP No.

13785 to 13937 of 2012) dated April 2, 2012, in the Supreme Court against GHIAL, APERC and APPCC, challenging the order dated January 20, 2012. APCPDCL also sought interim order of stay on the impugned order.

3. GHIAL filed a writ petition (W.P. No. 21341 of 2012) dated July 12, 2012, in the High Court of Andhra Pradesh, against MoCA and its officials, challenging letters No.13024/43/2003-SS(AD) and No.AV 13024/43/2003-SS(AS) dated May 17, 2012 and July 3, 2012, respectively, by which MoCA 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) (“**PSF (SC)**”) Escrow Account, with interest. GHIAL sought a writ of mandamus declaring the impugned letters unconstitutional and directing MoCA to ensure deployment of security at Hyderabad Airport and to adjust all expenditure incurred towards security from the PSF SC Escrow Account until the CISF is deployed. The High Court of Andhra Pradesh granted the interim injunction, by order dated July 13, 2012. An amount of approximately ₹ 150.0 million is sought to be collected from the Company. In addition, see case no. 3 under “- *Litigation Proceedings against DIAL- Regulatory Proceedings*” .

## **B. Tax Proceedings**

1. GHIAL filed a writ petition (W.P. No. 27840 of 2010) dated November 3, 2010 in the High Court of Andhra Pradesh, against CBEC, Commissioner, Additional Commissioner and Assistant Commissioner of Customs & Central Excise, Hyderabad and MoCA, seeking a writ of mandamus declaring CBEC’s notification No. 26 of 2009 dated March 17, 2009 and circular dated March 23, 2009 for recovering the cost of ‘customs staff’ from GHIAL as unconstitutional; interdicting the respondents from raising any demand towards cost of customs officer; and directing CBEC to refund ₹ 27.25 million collected towards customs officers charges for the period from March 23, 2008 to March 31, 2009. CBEC issued another notification (No. 96 of 2010) 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 filed an amended petition dated October 7, 2011, for suspension of operation of the notifications (Nos. 26 of 2009 and 96 of 2010) dated March 17, 2009 and November 12, 2010 and consequent circulars dated March 23, 2009 and January 10, 2011 issued by CBEC. By order dated June 11, 2012, the High Court of Andhra Pradesh allowed the petition. GHIAL filed an appeal (W.P.M.P No. 23377 of 2012) dated June 18, 2012 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. CBEC also filed an appeal (W.A. No. 1321 of 2012) against GHIAL and MoCA, challenging the order dated June 11, 2012, and filed interim application (W.A.M.P. No. 2819 of 2012) dated August 2, 2012, in the High Court of Andhra Pradesh, seeking interim suspension of the order dated June 11, 2012. The High Court of Andhra Pradesh allowed interim suspension of the impugned order, by order dated November 2, 2012.
2. The Commissioner of Central excise, Customs and Service Tax, Hyderabad (the “**Commissioner**”), has issued a show cause notice bearing No. O.R. No. 32/2009-Adjn-ST to GHIAL dated March 26, 2009. Commissioner has directed GHIAL to reverse invalidly availed cenvat credit amounting to ₹ 31,12,80,914. GHIAL submitted its reply claiming that service tax has already been paid and thereby no cause of action for additional service tax arises. The Commissioner by order dated September 8, 2009 (the “**Order**”) decide the matter against GHIAL. An appeal has been filed by GHIAL against the said Order before CESTAT, Bangalore (the “**Appellate Tribunal**”), on July 23, 2013. In the meanwhile, the department of recovery issued a recovery letter to which GHIAL has already filed a reply. The matter is currently pending for proceedings before the Appellate Tribunal. The matter is currently pending for proceedings before the Appellate Tribunal.
3. The Commissioner of Customs and Central excise, Basheer Bagh, Hyderabad (the “**Commissioner**”) has issued a show cause notice bearing No. C.No.IV/16/235/2008-ST-GR.VII to GHIAL dated March 26, 2009 (the “**Notice**”). The Commissioner has refused to allow GHIAL exemption of user development fee and refused refund of ₹ 74, 287,260 paid by GHIAL under protest. GHIAL filed its detailed reply on November 20, 2008 claiming that the applicable service tax was not paid under genuine belief that GHIAL is not require to make such payment, the law on this aspect is quite unclear as well. GHIAL prayed before the Commissioner that penalty levied and interest charged on the service tax be dropped. Commissioner upheld the Notice and declined the prayers made by GHIAL. Subsequently, an appeal for staying the Commissioner’s order was filed on February 9, 2010 before the

Customs, Excise and Service Tax Appellate Tribunal, Bangalore (the “**Appellate Tribunal**”). In the meanwhile, the department of recovery issued a recovery letter to which GHIAL replied on November 8, 2011. The matter is currently pending for proceedings before the Appellate Tribunal.

**C. Criminal Complaints**

There are two criminal complaints filed by GHIAL, before the police and the Metropolitan Magistrate, respectively.

1. GHIAL filed a criminal complaint (S.R. 8049 of 2010) before the VIII Metropolitan Magistrate, Rajendernagar, against Paramount Airways Private Limited (“**Paramount Airways**”) and Mr. M. Thiagarajan, alleging criminal breach of trust and cheating by Paramount Airways due to its failure to pay to GHIAL the UDF and PSF charged by it on passenger tickets. GHIAL sought directions for the complaint to be lodged and for the police station, Ranga Reddy District, to be directed to register the case against the accused. GHIAL lodged an FIR (No. 21/2011) on January 18, 2011, with the Airport Shamshabad Police Station. The accused as on March 31, 2010 was liable to pay an amount of ₹ 8,964,047
2. GHIAL filed a criminal complaint (C.C. No. 164 of 2012) before the VIII Metropolitan Magistrate, Rajendernagar against Wanderlust Travels Private Limited (“**Wanderlust Travels**”) and its managing director, Major S.K. Yadav, alleging cheating and criminal breach of trust on account of Wanderlust Travels’ failure to conduct an adventure carnival at Hyderabad Airport despite payment for services amounting to ₹ 0.80 million by GHIAL in accordance with an agreement between GHIAL and Wanderlust Travels. The complaint has been lodged against Wanderlust Travels for offences of criminal breach of trust and cheating committed by them under sections 406, 415, 417, and 420 of the Indian Penal Code. GHIAL sought cognizance of the matter by the Metropolitan Magistrate and directions for summoning the accused. The VIII Metropolitan Magistrate, Rajendernagar, by order dated March 6, 2012, allowed the complaint and issued a non-bailable warrant against the accused.

**D. Civil Proceedings**

There are five civil proceedings involving GHIAL, pending in various courts and forums with an aggregate ascertainable liability of approximately ₹ 6.37 million.

1. GHIAL filed a company petition (C.P. No. 271 of 2010) in the High Court of Madras, seeking the winding up of Paramount Airways and appointment of an official liquidator for Paramount Airways’ assets, properties and income, on account of non-payment of regulatory and non-regulatory charges aggregating to ₹ 10.64 million (with interest until date and after adjustment of the security deposit). The High Court of Madras, by order dated January 10, 2013, allowed the petition and appointed an official liquidator.
2. GIL and GHIAL filed a writ petition (W.P. No. 36521 of 2012) dated November 26, 2012, against Image Broadcasting India Private Limited, in the High Court of Andhra Pradesh, seeking directions restraining it from telecasting any news or reports involving the GMR group and for desisting from defaming the GMR group through its news channel, CVR News. GIL and GHIAL filed an interim application dated November 26, 2012, seeking interim directions for CVR News to forbear from broadcasting such news, reports or bulletins. The High Court of Andhra Pradesh, by interim order dated December 5, 2012, restrained CVR News Channel from re-telecasting news on the GMR Group without prior verification by the GMR group. GHIAL filed a contempt application (C.C. No. 2077 of 2012) dated December 14, 2012, against CVR News Channel in the High Court of Andhra Pradesh, alleging violation of the interim order dated December 5, 2012.
3. GHIAL filed a suit (O.S. No. 567 of 2011) dated August 2011 against Mr. K. Ravindra Reddy, before the Chief Judge, City Civil Court, Hyderabad, for recovery of ₹ 2.61 million for alleged failure by Mr. Reddy to refund security deposit payable to GHIAL after vacating premises leased by GHIAL, with interest at 24% from the date of filing of the suit until the date of realization. The matter is currently pending before the court.
4. GHIAL filed a suit (O.S. No. 620 of 2009) against its suppliers, AFL Dachser, Sree Balaji Roadways Corporation, Weigel Hochdrucktechnik Gumbh & Co. K.G., Germany, and Gothaer Allgemeine



Versicherung AG, Germany, before the District Judge, Ranga Reddy District, for recovery of ₹ 2.20 million on account of damage to certain machinery delivered, due to negligence and mishandling during transit.

**E. Labour Proceedings**

1. GHIAL filed a writ petition (W.P. No. 24041 of 2008) dated November 3, 2008, against the state of Andhra Pradesh and Union of India, challenging the Union of India's jurisdiction in directing GHIAL to register with the central government under the CLRA while it was already registered with the state of Andhra Pradesh and demanding information on various departments of Hyderabad Airport. GHIAL sought a writ of mandamus declaring the Government of Andhra Pradesh and not the central government as the 'appropriate government' for GHIAL, and directing Union of India to not take action against GHIAL and its contractors under the CLRA. GHIAL also filed a miscellaneous application (No. 31324 of 2008) dated November 3, 2008, for an interim stay on prosecution, which was granted by the High Court of Andhra Pradesh, by order dated November 4, 2008.

**F. Arbitration Proceedings**

1. GHIAL filed a statement of claim dated April 29, 2013, before the sole arbitrator, against Bharat Sanchar Nigam Limited, Hyderabad ("BSNL"), seeking a direction for BSNL to pay ₹ 1.56 million on account of non-payment of security deposit and monthly charges in time, constituting a material breach of a leave and license agreement between GHIAL and BSNL. BSNL has filed a counter claim of ₹ 17,62,850 for loss of brand image.

**XV. Litigation involving GMR Airport Developers Limited ("GADL")**

**Litigation proceedings against GADL**

**A. Tax Proceedings**

1. The Income Tax Officer, Hyderabad, by notice (F. No. ITO/W-2(20/PAN: AADCG2636G/2010-11) dated March 31, 2013, demanded ₹ 15.03 million from GADL, on account of disallowance of a deduction of ₹ 37.34 million claimed towards the trademark and license fee paid to GHPL, on the ground that GADL had acquired a benefit of enduring nature and, therefore, the license fee paid by it was a capital expenditure, not deductible under the Income Tax Act. GADL filed an appeal dated April 29, 2013, before the Commissioner of Income Tax (Appeals)-III.
2. Commissioner of Customs, Central Excise and Service Tax, Hyderabad (the "Commissioner") has issued a show cause notice bearing No. O.R. NO. 304/2012-Adjn (Commr) ST to GADL dated December 20, 2012 demanding ₹ 1,09,03,361 of ₹ 2,18,06,722 including service tax, education cess. The Commissioner has demanded service tax for payment of salaries to non resident Indians or foreign nations. GADL in its reply dated January 21, 2013 has claimed that the identified persons were working for GADL as its employees and thereby no service tax is required to be paid. The matter is pending before the Commissioner.
3. An appeal has been filed by GADL on November 22, 2011 in relation to assessment year 2009-10 before the Commissioner of Income tax (Appeals-III), Hyderabad. GADL has claimed that the assessment order of Assistant Commissioner of Income Tax, Circile-2(3), Hyderabad dated October 31, 2011 disallowing the deduction made towards payment of provident fund for an amount of ₹ 18,07,190. GADL has claimed that the Assessment Officer has erred in not granting interest under Section 24A of the IT Act at ₹ 6,71,218 as against the correct amount of ₹ 9,07,343 resulting in short allowance of interest by ₹ 2,36,135 on completion of assessment under Section 143(3) of the IT Act. GADL has prayed that the assessing officer be directed to allow an interest of ₹ 2,36,135 on tax refund in accordance with the provisions of Section 244A of the IT Act. The matter is currently pending before the Commissioner of Income Tax.
4. An appeal dated April 29, 2013 has been filed by GADL in relation to assessment year 2010-11 before the Commissioner of Income tax (Appeals-III), Hyderabad against the assessment order of Income Tax Officer, Ward-2 (2), Hyderabad disallowing the Trade mark and license fee of ₹ 3,73,40,480 resulting in a tax demand of ₹ 1,50,33,718. An application dated April 9, 2013 under section 154 of the IT Act

has been filed to rectify the mistakes, namely (i) short grant of relief U/s 90 by ₹ 61,21,407 , (ii) excess grant of interest under Section 244A of the IT Act by 348,496 and (iii) excess charge of interest under Section 234D of the IT Act by ₹ 15,67,340. The assessing officer rectified the mistakes and reduced the demand to ₹ 78,16,440. Income Tax department has issued a revised order dated May 24, 2013 revising the amounts as prayed by GADL.

5. An application dated April 9, 2013 has been filed by GADL under section 154 in relation to assessment year 2010-11 before the Income Tax Officer, Hyderabad. GADL has prayed in its application for rectification of the mistakes made in the assessment order dated March 31, 2010 passed under section 143(3) of the IT Act. GADL has clarified that the total tax amount should be calculated to be ₹ 76,93,468 as against the tax demand of ₹ 73,40,250. Further GADL has prayed that an order under Section 154 of the IT Act and thereby reduce the tax amount to ₹ 76,93,468 on completion of assessment under Section 143(3) of the IT Act through order dated March 31, 2013 due to discrepancies in calculation. The matter is pending before for adjudication.

**B. Notices from Statutory Authorities**

1. The Commissioner of Customs, Central Excise and Service Tax, Hyderabad- IV, by notice (O.R. No. 221/2012-ADJN(ADC)ST) dated October 18, 2012, challenged Cenvat credit amounting to ₹ 0.50 million availed of by GADL, on account of reversal of allegedly incorrect Cenvat credit amount after audit, and directed GADL to deposit an equivalent amount and penalty in accordance with the Cenvat Credit Rules.

**XVI. Gateway for India Airports Private Limited (“GFIAL”)**

**A. Tax Proceedings**

The Commissioner of Customs, Central Excise & Service Tax, Hyderabad (the “Commissioner”), has issued a show cause notice on GFIAL bearing No.C.No.IV/16/147/2010- ST GR-VII dated February 18, 2011 (the “Notice”). GFIAL had rendered taxable services to DIAL, for which it discharged its service tax liability of ₹ 5,21,91,261/- much after the due date, partly in cash and partly in Cenvat credit and failed to pay interest on the service tax component of ₹ 2,63,01,983/- debited in the Cenvat credit on November 05, 2008. The interest demanded was ₹ 6.34 million and penalties under Section 76, 77 and 78 of the Finance Act, 1994 amounting to ₹ 52.20 million and ₹ 10,000/-. GFIAL replied to the Notice on April 14, 2011, contending that the demands made by the Department were not maintainable. The Commissioner heard the matter and passed an bearing no. 04/2012 dated July 16, 2012 demanding the interest & penalty as proposed in the Notice. GFIAL filed an appeal before CESTAT on April 04, 2013 and directed GFIAL to deposit of ₹ 2.50 million. GFIAL has paid the amount and also filed the compliance report. The matter is currently pending before CESTAT.

**XVII. MAS GMR Aerospace Engineering Company Private Limited (“MGAECL”)**

**A. Tax Proceedings**

1. The Deputy Commissioner of Service tax, Hyderabad issued a show-cause notice bearing no. IV/16/102/2011 S. Tax (Gr-III) dated April 20, 2011 (“Notice”) on MAS GMR Aerospace Engineering Company Limited, seeking an explanation as to why the refund claim made by MAS GMR under Notification 09/2009 for an amount of ₹ 1,01,92,466 could not be rejected. MAS GMR is engaged in activities of repairs and maintenance of aircrafts in SEZ area. They had paid service tax on certain input services which are used for their operation in SEZ area. MAS GMR replied to the Notice on June 07, 2011, contending that MAS GMR was eligible for refund of the said amount. The Deputy Commissioner heard the matter and passed an order bearing OIO No:86/2011 dated December 26, 2011 (“OIO”), rejecting the submissions made by MAS GMR. Aggrieved by the OIO, MAS GMR filed an appeal before the Commissioner (Appeals) and the Commissioner (Appeals) on hearing the matter, passed an order bearing OIA No.154/2012 dated June 27, 2012, and upheld the OIO. Subsequently, MAS GMR filed an appeal before CESTAT on November 29, 2012.
2. The Deputy Commissioner of Service tax, Hyderabad issued a show cause notice bearing No. IV/16/1771/2013 dated September 06, 2013 (“Notice”) on MAS GMR, denying the refund of service tax of ₹ 0.39 million out of the total claim of 0.61 million on the ground that the refund application was

time barred for the period to which it pertained. MAS GMR replied to the Notice on September 26, 2013, stating reasons for the delay. The Deputy Commissioner heard the matter and passed an order bearing OIO No.200/2013 dated September 27, 2013 (“**OIO**”) rejecting the claim made by MAS GMR for ₹ 0.39 million and allowed the refund to the extent of ₹ 0.22 million. Aggrieved by the OIO, MAS GMR filed an appeal before the Commissioner (Appeals) on November 25, 2013. Commissioner (Appeals) heard the matter and remanded the same to the Deputy Commissioner, directing him to examine the documents to ascertain the reasons for delay in submission of refund application by MAS GMR and to dispose the matter accordingly.

#### **XVIII. Litigation involving GMR Aviation Private Limited (“GAPL”)**

##### **A. Tax Proceedings**

1. Commissioner of Customs (Preventive), New Delhi (the “**Commissioner**”) issued a show cause notice bearing C.No.VIII (CCP/ACU/12/08 6326 dated July 24, 2008 (the “**Notice**”) to GAPL for availing incorrect exemption under notification No.21/2002-Cus dated March 1, 2002 as amended and for evasion of customs duty amounting to ₹ 276,070,214 in addition to interest and penalty. Subsequently in response to the Notice to the Notice, GAPL claimed that it 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 by order bearing No.03/Commr/JMS/18/GMR/08/2517 dated February 27, 2009 has held that GAPL has is not liable for the levy of duty and issued instructions to drop the all the proceedings and charges against GAPL. The department of customs has filed an appeal before CESTAT, New Delhi the order of February 27, 2009. The matter is pending for hearing.
2. A rectification application dated March 18, 2014 has been filed by GADL before the Deputy Commissioner of Income Tax, Circle – 2(3), Hyderabad under section 154 of the IT Act. GADL has claimed that in relation to assessment year 2011-12 there is a miscalculation of short grant of refund of ₹ 81,901. GADL has claimed that the refund along with interest calculated for the delay in payment. The application is currently pending before the Deputy Commissioner.
3. The Additional Commissioner of Customs, Central Excise and Service Tax, Hyderabad- IV, by notice (O.R. No. 201/2013-ADJN(ADC)ST) dated October 08, 2013, challenged Cenvat credit amounting to ₹ 0.56 million availed of by GADL, on account of reversal of allegedly incorrect Cenvat credit amount for the period April, 2012 to March, 2013 after audit, and directed GADL to deposit an equivalent amount and penalty in accordance with the Cenvat Credit Rules. GADL Replied to above mentioned SCN and the Additional Commissioner passed OIO No.196/2013 reiterating reversal of allegedly incorrect Cenvat credit amount after audit, and directed GADL to deposit an equivalent amount and penalty in accordance with the Cenvat Credit Rules. GADL Appealed before Commissioner(Appeals) against the OIO No.196/2013 on January 30, 2014. Appeal hearing is completed and order is awaited in the matter.

#### **XIX. Litigation involving Group Companies dealing in real estate**

##### **Litigation proceedings involving Honey Suckle Properties Private Limited and Krishnapriya Real Estate Private Limiters**

1. Kuppu Chetty and thirteen others have filed an original suit bearing No. O.S. No. 194/2008, before the Court of District Munsiff, Hosur against Sakarlappa and sixteen others, Honey Suckle Properties Private Limited and Krishnapriya Real Estate Private Limiters are defendant Nos. fifteen and sixteen. The Plaintiffs have claimed that defendant Nos. 15 and 16 along with their henchmen and servants trespassed over the disputed property and claimed to have title over the same by virtue of allegedly illegal sale deeds. The Plaintiffs have prayed before the Court to declare that valid title of the said property vests with the Plaintiffs and grant an injunction against the Defendants, restraining them from trespassing into the disputed suit property and thereby not to disturb the peaceful possession of the Plaintiffs. The matter is pending before the Court for adjudication.

#### **XX. GMR Bannerghatta Properties Private Limited (“GBPL”)**

1. The Additional Commissioner of Service Tax, S.P. Complex, Bangalore (the “Addl Commissioner”), has served a show cause notice on GBPL bearing No.C.No.IV/16/233/2018- ST GR-XXV dated September 09, 2009 (the “Notice”), in relation to irregular availment of CENVAT credit of ₹ 1,82,453/- . The Commissioner sought an explanation from GBPL as to why the said amount, along with interest and penalty should not be demanded from GBPL. GBPL replied to the Notice on October 13, 2009, contending that it was eligible to avail Cenvat credit on the services provided by it and prayed to the Additional Commissioner to drop the charges against it. The Additional Commissioner, on hearing the matter, issued order No.26/2010 dated August 31, 2010 (“OIO”), disallowing the said amount of CENVAT credit. GBPL filed an appeal before Commissioner (Appeals) on December 03, 2010. Commissioner (Appeals) passed OIA No. 186/2013 dated May 31, 2013, upholding the OIO. GBPL filed an appeal before CESTAT against the OIA on September 03, 2013. The matter was heard before CESTAT and has been remanded back to the Assistant Commissioner for re-examination of facts and fresh adjudication. The matter is presently pending before the Additional Commissioner of Service Tax.

**XXI. Litigation proceedings involving Advika Real Estate Private Limited**

1. Savithamma (“**Plaintiff**”), has filed an original suit bearing No. O.S. No 212/2012 before the Court of Subordinate Judge, Hosur , against Muniakkaiayamma and others, Advika Real Estate Private Limited being defendant No. 8. The Plaintiff has claimed that one of the Defendants fabricated the title documents and gift deed. The Plaintiff has prayed that a preliminary decree dividing the disputed suit properties into 49 shares by metes and bounds in good and bad soils to allot 8/49 shares to the Plaintiff and permit the Plaintiff to file a final decree by appointing court commissioner to divide the suit schedule properties by metes and bounds and allot 8/49 share to the Plaintiff and directing the Defendants to deliver separate possession of the shares allotted to the Plaintiff. The matter pending before the Court.

**XXII. Litigation proceedings involving Deepesh Properties Private Limited**

1. Sakkappa, and three others have filed an original suit bearing No. 107/2012 before the Court of District Munsif, Hosur , against Munilakshmi, M/s Deepesh Properties and two others. The Plaintiffs have claimed that the they have sold the disputed agricultural land to a third party by virtue of registered sale deed bearing No. 1596/1969. The Plaintiffs have claimed that the Respondents, by virtue of alleged illegal documents claim to be owners of the said agricultural lands. The Plaintiffs have prayed before the Court for an award of permanent injunction, restraining the Respondents from (a) trespassing on the disputed land and interfering with Plaintiffs’ peaceful possession and enjoyment of the same; (b) declaration that the Plaintiffs are the absolute owners of the said land. The matter is pending before the Court.

**XXIII. Litigation proceedings involving Idika Real Estates Private Limited and Aklima Real Estates Private Limited**

1. Yasodha and another have filed an original suit bearing No. O.S. 241/2008 before the Subordinate Judge, Hosur , against Baisamma and ten others, Idika Real Estates Private Limited and Aklima Real Estates Private Limited being defendant Nos. 10 and 11 respectively. The Plaintiffs have claimed that an illegal sale deed has been executed by some of the defendants in favour of defendant Nos. 10 and 11 for property bearing Survey No. 176/3 at Krishnagiri R.D, Settipalli at Hosur. The Plaintiff has prayed before the Court to issue a preliminary decree directing the Defendants to divide the suit properties into eight equal shares by metes and bounds and allot two such divided shares to the Plaintiffs and direct Defendants to deliver possession of the same to the Plaintiffs. The Plaintiffs have also prayed for grant of a permanent injunction restraining defendant Nos. 10 and 11 from alienating the Plaintiffs’ share in the suit property to and in favour of third parties. The matter is pending for adjudication before the Court.

**XXIV. Litigation proceedings involving Amarthya Real Estates Private Limited**

1. Sankarappa , has filed an original suit bearing No. O.S. 410/2007 before the District Court of Hosur , against Kanthamma and others, Amarthya Real Estates Private Limited being defendant No. 7. The Plaintiff has claimed that one of the Defendants has wrongly executed sale deed of the disputed property in favour of the defendant No. 7. The Plaintiff has prayed for grant of permanent injunction

restraining the Defendants from interfering with the peaceful possession and enjoyment of the disputed suit property. The matter is pending before the Court.

**XXV. GMR Energy (Netherlands) B. V. (GENBV)**

**A. Arbitration proceedings filed by GENBV**

1. Two arbitration proceedings bearing Arb. No. 201 of 2013 and Arb. No. 202 of 2013 have been initiated under the rules of the Singapore International Arbitration Centre by GMR Energy (Netherlands) B.V and GMR Energy (Mauritius) Limited against Pt Panjicangghih Perkasa and others on November 8, 2013. Claimants have claimed that the respondents are liable to pay a claim of US\$ 4,50,00,000 for respondent's breach of the terms of MCB Share Purchase Agreement. Claimants have also prayed for interest, costs and any other relief that the arbitral tribunal deems appropriate. Notices have been issued to the respondents and matter is currently pending for arbitral proceedings.

**XXVI. GMR Male International Airport Private Limited (GMIAL)**

**A. Arbitration Proceedings**

Ministry of Finance & Treasury (MoFT), Government of Maldives has served a notice to GMIAL on November 27, 2012 stating that the concession agreement for Ibrahim Nasir International Airport (INIA) was void ab initio (on account of CA being unworkable in the absence of ADC), and that MACL & MoFT will take over Airport within 7 days. On December 2012 at 00:01 hours Ministry of Finance & Treasury (MoFT), Government of Maldives and Maldives Airports Company Limited (MACL) have forcefully taken over the possession of Ibrahim Nasir International Airport (INIA) and accordingly the Concession Agreement has come to an end. Ministry of Finance & Treasury (MoFT), Government of Maldives has served a notice of arbitration on GMR-MAHB Consortium, MAHB & GMIAL for dispute relating to premature termination of Concession Agreement of INIA pursuant to their notice dated 27th November 2012. The matter is currently pending before the arbitration tribunal.

**XXVII. P. T. Barasentosa Lestari (PTBSL)**

**Civil Proceedings filed against PTBSL**

1. A civil petition has been filed by Andrey Sitanggang, SH, MH dated November 19, 2013 before the head of Jakarta central District Court, Jakarta Pusat. The petitioner has claimed that the respondents have undertaken a sale of pledge shares before the final and binding award of ongoing arbitration could be delivered. The petitioners have claimed that the respondents are in violation of their contractual terms. The petitioners have claimed for a penal amount of IDR 100,00,00,00,000 (one hundred billion Indonesian Rupiah). The matter is currently pending.
2. Borneo Indobara 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. 417.37 Million (IDR 78,750.00 Million). Further, the lawsuit 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 restated consolidated summary statements and as such the amount of Rs. 417.37 Million is considered as a contingent liability as at September 30, 2013.

**XXVIII. Litigation involving GMR Projects Private Limited ("GPPL")**

**Litigation against GPPL**

**A. Tax Proceedings**

1. Commissioner of Service Tax, 16/1, S.P. Complex, Bangalore (the “**Commissioner**”), by its audit observations bearing reference No. C.No.IV/01/169/2011-ST (A)/IAPIX 4071/11 dated June 27, 2011 demanded payment of ₹ 10,09,73,745 as service tax liability for works contract service in respect of works contract service for construction of multi level car parking at New Delhi Airport. GPPL claimed that pursuant to Central Board of Excise and Customs circular No. 116/10/2009-ST, dated September 15, 2009 construction work of airport is excluded from the ambit of service tax liability. The Commissioner through order dated November 9, 2012 (the “**Order**”) held that GPPL should be liable to pay an amount of ₹ 9,69,78,242 as service tax in addition to penalty of ₹ 5,000 under Section 77(d) of the Finance Act, 1994. GPPL has deposited part of the amount demanded in the Order and has appealed against the said the Order before CESTAT on March 16, 2013. The matter is currently pending before the CESTAT.
2. Commissioner of the Service Tax, 16/1, S.P. Complex, Bangalore (the “**Commissioner**”) by its audit note No. 231/2011-12 dated October 27, 2011 demanded payment of service tax of ₹ 6,65,41,264 in relation to construction of the toll plaza under works contract services by GPPL. GPPL appealed against the demanded service tax claiming that service tax is not applicable on the construction, erection and commissioning of turnkey projects under works contract service. The Commissioner upheld the demand of service tax imposed penalty under Section 78 of the Finance Act, 1994 dated November 20, 2012. GPPL appealed against the order of Commissioner dated November 20, 2012 before the CESTAT, Bangalore (the “**Tribunal**”) dated March 5, 2012. The matter is currently pending before the Tribunal.
3. Additional Commissioner of Service Tax, Lalbagh Road, Bangalore (“**Additional Commissioner**”) issued a show cause notice bearing C. No. IV/16/03/2013-STAdjn/84/13–CAU/ 03/Dn1/Gr 1 dated January 11, 2013 (the “**Notice**”). The Additional Commissioner demanded for recovery of alleged irregular cenvat credit of ₹ 33,91,899 along with interest and penalty under the Finance Act, 1994. GPPL has filed a reply to the Notice claiming that GPPL had rightfully availed the cenvat credit and reflected the same in the periodical half yearly returns filed with the tax departments from time to time. GPPL has filed a reply to the Notice dated March 7, 2013 praying to drop the charges. The matter is currently pending before the Additional Commissioner.
4. Additional Commissioner of Service Tax, Lalbagh Road, Bangalore (“**Additional Commissioner**”) issued a show cause notice bearing C. No. IV/16/486/2012-ST Adj/2247/12–CAU/486/Dn1/Gr 1 dated December 12, 2012 (the “**Notice**”). The Additional Commissioner has demanded for service of ₹ 16,37,097 under Section 75 of the Finance Act, 1994 (“**Finance Act**”) and ₹ 1,32,45,121/- as the value of the taxable service under the provisions of Section 67 of the Finance Act. GPPL has filed its reply to the Notice on February 4, 2013. The matter is currently pending before the Additional Commissioner.
5. The Commissioner of Service Tax, S. P. Complex, Bangalore (the “**Commissioner**”), has served a show cause notice on GPPL bearing No. C. No. IV/16/559/2011 ST Gr-II dated November 8, 2011 (the “**Notice**”). The Commissioner has demanded service tax of ₹ 1,49,57,134 for ‘Consulting Engineer Service’ under Section 73(1) of the Finance Act, 1994. GPPL has replied to the Notice on October 10, 2012, claiming that their concession agreement with National Highways Authority of India is a turnkey contract that covers all the construction work undertaken by GPPL and therefore the question of tax under the Notice should not arise. The matter is pending before the Commissioner.

## **XXIX. Litigation involving GMR Pochampalli Expressways Private Limited (“GPEPL”)**

### ***Litigation against GPEPL***

#### **A. Civil Proceedings**

1. Several writ petitions bearing W.P. Nos. 661, 764 & 17944 of 2010 have been filed by PSK Infrastructure Private Limited, SEW Infrastructure Private Limited and Vijay Balaji Constructions Private Limited respectively before the High Court of Andhra Pradesh to suspend the operation of the notice issued by the Joint Commissioner of Labour for payment of cess under the Buildings and other Construction Workers Welfare Cess Act 1996. The writ petitions have been admitted and the same are pending before the Court.

2. A writ petition bearing W.P. No. 24442 /2010 was filed by Nakkirthi Pochamma and others before the High Court of Andhra Pradesh , challenging the notice issued by GPEPL for clearing the encroachments on the right of way. The Petitioners have also sought for interim direction staying all further proceedings pursuant to the notice. The Petitioners have alleged that the land in question was never acquired by NHAI or any other authority for the respondents to claim right of occupation. Stay has been granted. The matter has not been taken up for hearing by the Court. The petitioners have challenged that ground for acquisition of additional land and have alleged that the said acquisition of land as upheld in the Order, is in violation of Section 3(a) of the National Highways Act, 1956. The petitioners have prayed before the High Court to quash the Order and declare acquisition of land infructuous. The matter is currently pending before the High Court.

**XXX. Litigation involving GMR Hyderabad Vijayawada Express Highway Private Limited (“GHVEPL”)**

***Litigation against GHVEPL***

**A. Civil Proceedings**

1. A civil writ petition No. 3087/2014 has been filed by Bhatharaju Shankaraiah and nine others against GHVEPL and four others under clause 15 of the Letters Patent, before the High Court of Andhra Pradesh at Hyderabad dated January 13, 2014. The petitioners have filed this writ against the order dated December 24, 2013 in matter No. W.P. 3087/2012 of the High Court of Andhra Pradesh (“Order”).

**XXXI. GMR Corporate Centre Limited (“GCCL”)**

**Litigation by our Group Entities**

**A. Tax Proceedings**

2. The Commissioner of Service Tax, S.P. Complex, Bangalore (the “Commissioner”) has issued a show cause notice on GCCL bearing No. C.No.IV/16/111/2012 dated April 02, 2012 (the “Notice”), demanding payment of service tax of ₹ 15,25,02,174/- on sharing of expenses and alleging GCCL of non-payment of service tax on the gross taxable value received from the Group Companies and irregular availment of CENVAT credit of an amount of ₹ 6,92,291/- on certain services during the period April, 2007 to September, 2011. GCCL replied to the Notice 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. After hearing the matter, the Commissioner confirmed the demand & issued OIO No. 154/2012 dated December 07, 2012 (“OIO”), reducing the total demand to ₹ 136.60 million 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 ₹ 6,92,291 availed by GCCL. Aggrieved by the OIO, GCCL has filed an appeal before CESTAT on March 12, 2013. CESTAT has granted a stay on the recovery till the disposal of the main appeal. The main appeal is currently pending before CESTAT.

**LITIGATION INVOLVING OUR DIRECTORS**

**Litigation against our Directors**

**Litigation by our Directors**

**NIL**

**LITIGATION INVOLVING OUR PROMOTER**

**Litigation against our Promoter**

**Litigation involving GMR Infrastructure Limited (“GIL”)**

**A. Tax Proceedings**

1. The Assistant Commissioner of Customs (Imports), Appraising Group VA, JNCH, Sheva in the assessment of Bill of Entry bearing No. 678686 dated June 8, 2010 to GMR Infrastructure Limited (“**GIL**”), denied the benefit of exemption under Notification No.21/2002 (Cus) dated March 1, 2002 Sl. No. 230 (“**Assessment Order**”). GIL filed an appeal bearing No. 595 (GR.VA)/2011 (JNCH)/IMP-520 (“**Appeal**”) against the Assessment Order before the office of the Commissioner of Customs (Appeals), Nhava Sheva, Mumbai (“**Commissioner**”) under Section 128 A of the Customs Act. The Commissioner rejected the Appeal on the ground that GIL does not satisfy the conditions for admissibility of exemption under Sl. No. 230 of the notification No. 21/2002 dated March 1, 2002. GIL subsequently appealed against the Commissioner’s order before CESTAT, Mumbai on January 5, 2012 for refund of ₹ 66,75,000. The matter is pending for hearing.
2. Assistant Commissioner of Customs (Imports), Appraising Group VA, JNCH, Sheva in the assessment of Bill of Entry bearing No. 956214 dated July 6, 2010 to GMR Infrastructure Limited (“**GIL**”), denied the benefit of exemption under Notification No.21/2002 (Cus) dated March 1, 2002 Sl. No. 230 (“**Assessment Order**”). GIL filed an appeal bearing No. S/49-245/2010 (“**Appeal**”) against the Assessment Order before the office of the Commissioner of Customs (Appeals), Nhava Sheva, Mumbai (“**Commissioner**”) under Section 128 A of the Customs Act. The Commissioner rejected the Appeal on the ground that GIL does not satisfy the conditions for admissibility of exemption under Sl. No. 230 of the notification No. 21/2002 dated March 1, 2002. GIL subsequently appealed against the Commissioner’s order before CESTAT, Mumbai on November 28, 2012 for refund of ₹ 50,47,828. The matter is pending for hearing.

**B. Civil Proceedings**

1. A writ petition has been filed by Vallabhaneni Vamsi Mohan and others against GIL and others before the High Court of Andhra Pradesh at Hyderabad dated August 28, 2012. Petitioners are land owners and they have claimed that the formation of toll-plaza at Gattubhemavaram village is in violation of rule 8(2) of the notification dated December 5, 2008, issued by the Union of India, Ministry of Shipping, Road and Highways. Petitioners have alleged that the minimum distance between two toll plaza, as per the aforesaid notification, can not be less than 60 kilometres. However the respondents are constructing more than one toll plaza within the distance of 60 kilometres. Petitioners have prayed for issuance of a writ of mandamus and prohibiting the construction of additional toll plaza at Gattubhemavaram village. The matter is currently pending before the High Court for adjudication.

**Litigation by our Promoter**

**A. Tax Proceedings**

1. An application dated May 11, 2006 has been filed by GIL under Section 154 in relation to assessment year 2003-04 before the Assistant Commissioner of Income Tax, Circle 2(3), Hyderabad and subsequently before the Deputy Commissioner of Income tax, Circle 11(3), Bangalore (the “**Deputy Commissioner**”). The application has been filed by GIL in relation to rectification of mistakes, namely (i) short allowance of depreciation by ₹ 488,480; (ii) non-grant of deduction under section 80G of ₹ 16,01,975; (iii) short grant of interest under section 244A of ₹ 64,021; and (iv) excess charge of interest under section 234D of the Act by ₹ 286,209 in the assessment order dated March 29, 2006 passed under Section 143(3) of the IT Act. GIL has claimed that the aforesaid tax implication of ₹ ₹ 1,118,472 (₹ 26,694,642 – ₹ 25,576,170), has already been adjusted (along with interest thereon of ₹ 46,823) out of the refunds pertaining to assessment years 2001-02, 2004-05 and 2005-06 and thereby, GIL has claimed for a tax refund of ₹ 11,65,295 on rectification of the above calculation mistakes. The matter is currently under consideration and pending before the Deputy Commissioner for disposal.
2. An application dated November 12, 2008 has been filed under Section 154 of the IT Act, in relation to assessment year 2004-05 before the Deputy Commissioner of Income tax, Circle 2(3), Hyderabad and subsequently before the Deputy Commissioner of Income tax, Circle 11(3), Bangalore. GIL has prayed before the Deputy Commissioner to implement the effect of the ITAT orders passed for assessment year 2001-02 and 2002-03 which was subsequently given effect, and thereby revising the amount of carry forward business loss for the year 2004-05 from ₹ 9,95,00,000 to ₹ 10,01,28,960. The matter is currently pending before the Deputy Commissioner.



3. An appeal dated November 21, 2012 has been filed by GIL in relation to assessment year 2008-09 before the Income tax Appellate Tribunal, Bangalore against the order of Commissioner of Income tax (Appeals)-1, Bangalore upholding the action of the Additional Commissioner of Income Tax, Range-11, Bangalore, in working out the disallowance of indirect interest and expenses U/s 14A of the IT Act at ₹ 25,58,58,928 (interest of ₹ 16,78,27,177 and administration expenses of ₹ 8,80,31,751) as against disallowance amount of ₹ 5,21,55,605 (interest of ₹ 4,96,55,605 and administration expenses of ₹ 25,00,000) considered in the return of income. The matter is currently pending before the Appellate Tribunal.
4. An application dated August 20, 2013 has been filed by GIL in relation to assessment year 2008-09 to the Deputy Commissioner of Income Tax, Bangalore relating to incorrect amount of tax demand of ₹1,43,28,960 as against the correct amount of tax payable, 22,05,659 due towards excess disallowance calculated under Section 14A of the IT Act, by an amount of ₹ 5,05,13,518 resulting in excess computation of tax liability of ₹ 57,14,429. GIL has also stated that there is excess calculation of charge of interest under Section 234B of the IT Act, by ₹ 19,81,964 and under Section 220(2) of the IT Act by ₹ 1,53,928 in the order passed under Section 154 of the IT Act 1961 dated July 2, 2013. The matter is currently pending before the Deputy Commissioner for disposal.
5. Cross objections appeal dated June 25, 2013 August 30, 2013 for the assessment year 2009-10 against the order of Commissioner of Income tax (Appeals)-1, Bangalore has been filed by GIL before the Assistant Registrar of Income tax Appellate Tribunal, Bench 'B' for enhancing the amount of disallowance of indirect expenses under Section 14A of the IT Act to ₹ 11,73,87,442 as against the amount of disallowance of ₹ 9,83,00,803 as determined in the assessment order by the assessing officer. The matter is currently pending before the Registrar.
6. A rectification application dated November 20, 2012 has been filed by GIL before the Deputy Commissioner of Income Tax, Circle – 11(3), Bangalore under section 154 of the IT Act. GIL has claimed that in relation to assessment year 2011-12 tax refund allowed was ₹ 61,97,624 due to short grant of TDS & TCS credit by ₹ 56,34,204 and short grant of interest under Section 244A by ₹ 5,63,420 on processing return of income. GIL has prayed for refund of the recalculated amounts along with interest till the date of actual date of grant of such refund. The application is currently pending before the Deputy Commissioner.

#### ***B. Criminal Proceedings***

1. GIL has filed a criminal complaint against Polyklad India under 138 and 142 of the Negotiable Instruments Act, 1881 before the court of Chief Metropolitan Magistrate, Bangalore. GIL has claimed that the accused issue a purchase order in February, 2012 for supply of fabrication and erection of structural steel works for car par building. Total value of services provided by GIL aggregated to ₹ 6.34 million. The accused made payment ₹ 1.27 million towards mobilisation advance which was dishonoured on presentation to the banks. Gil served notices on the accused but the accused has not cleared the pending amounts. GIL has prayed for imposition of fine of ₹ 1.27 million. The matter is currently pending before the court.

#### **Amounts Owed To Small Scale Undertakings/Creditors**

Other than as disclosed under “*Financial Statements*”, our Company does not owe any amount to any micro, small and medium enterprises or other creditors, which has been outstanding for over 30 days, except in the ordinary course of business.

#### **Material Developments**

Except as stated in section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 275, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

#### **Proceedings initiated against our Company for economic offences**

There are no proceedings initiated against our Company for any economic offences.

**Outstanding litigation against other companies whose outcome could have an adverse effect on our Company**

There are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act, show cause notices or legal notices pending against any company whose outcome could affect the operation or finances of our Company or have a material adverse effect on the position of our Company.

**Adverse findings against any persons/entities connected with our Company as regards non compliance with securities laws**

There are no adverse findings involving any persons/entities connected with our Company as regards non compliance with securities law except as disclosed in this section.

**Disciplinary action taken by SEBI or stock exchanges against our Company**

There are no disciplinary actions taken by SEBI or stock exchanges against our Company.

**Material developments since the last balance sheet date**

Except as disclosed in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” at page 275, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its consolidated assets or its ability to pay its material liabilities within the next 12 months.

**Outstanding dues to small scale undertaking(s) or any other creditors**

There are no outstanding dues above ₹ 100,000 to small scale undertaking(s) or any other creditors by our Company, for more than 30 days.

**Further Confirmation**

Except as disclosed above, there are no regulatory action initiated/taken against our Company, our Group Companies and our Promoters in their individual capacity by various agencies/regulatory bodies. Further, except as disclosed above there are no show cause notices received by our Company, our Group Companies, associates, our Promoters in their individual capacity (pending any investigation) for any regulatory lapse.

## GOVERNMENT APPROVALS

*In view of the approvals listed below, we can undertake this Issue and our current business activities, no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities and we will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.*

For further details in connection with regulatory and legal framework within which we operate, see “Regulation and Policies” on page 181.

### **I. Incorporation Details**

1. Certificate of incorporation (Ref. No. 08/21262 of 1996) dated October 10, 1996 granted to Tanir Bavi Power Company (Private Unlimited Company).
2. Certificate of incorporation (Ref. No. 08/21262 of 1997) dated December 10, 1997 granted to Tanir Bavi Power Company Private Limited issued in lieu of the certificate of incorporation dated October 10, 1996.
3. Fresh certificate of incorporation consequent on change of name (Co. No. 21262) dated September 29, 2003 granted certifying change of name from Tanir Bavi Power Company Private Limited to GMR Energy Private Limited.
4. Fresh certificate of incorporation consequent on change of name (Co. No. 08/21262) dated September 30, 2003 granted certifying change of name from GMR Energy Private Limited to GMR Energy Limited.

### **II. Approvals in relation to the Issue**

1. Board Resolution dated April 18, 2013 approving the Fresh Issue.
2. Shareholders’ Resolution dated April 26, 2013 approving the Fresh Issue.
3. In principle approval dated [●] from the BSE.
4. In principle approval dated [●] from the NSE.

### **III. Approvals in relation to the business of our Company**

We require various approvals and / or licenses under various statutes, rules and regulations to conduct our business in India and other jurisdictions. These approvals and/ or licenses may differ on the basis of the location of the facilities as well as the jurisdiction where our Company operates. We will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time. An indicative list of material approvals required by our Company to undertake its business are set out below:

#### **A. Material approvals taken by our Company**

##### *Industry Related Approvals*

1. No-objection letter from the Airport Authority of India to establish chimneys.
2. Boiler license issued by the Boiler Inspection Department, Andhra Pradesh.
3. Factory license issued by the Deputy Chief Inspector of Factories, Andhra Pradesh.
4. Barge license issued by the Port Officer, Kakinada port.

5. Approval from the Transmission Corporation, Andhra Pradesh for the evacuation of power from the barge mounted power plant at Kakinada Port Area, Andhra Pradesh.
6. In-principal approval from the Ministry of Petroleum and Natural Gas for allocation of gas.

*Tax Related Approvals*

1. PAN Card issued by the Income Tax Department, Government of India.
2. VAT Registration under the Karnataka Value Added Tax Act, 2003 and the Andhra Pradesh Value Added Tax Act, 2005.
3. Service Tax Registration with the Central Board of Excise and Customs.
4. Certificate of Importer-Exporter Code.
5. License from the Director General of Foreign Trade.

*Environment Related Approvals*

1. Consent order under Sections 25 and 26 of the Water Act, 1974, Section 21 the Air Act, 1981, and Rule 5 of the Hazardous Wastes Rules, 2008.
2. Consent from the Andhra Pradesh Pollution Control Board for the establishment of the barge mounted power plant at Kakinada Port Area, Andhra Pradesh.
3. No-objection certificate and clearance under the Coastal Zone Notification, 1991 for relocation of the barge mounted power plant at Kakinada Port Area, Andhra Pradesh.

*Miscellaneous Approvals*

1. Approval from the Government of Andhra Pradesh Infrastructure and Investment (Ports – I) Department to draw and use sea water.
2. Authorisation for electrical installation from the Chief Electrical Inspector, Government of Andhra Pradesh under Rule 63(3) of the Indian Electricity Rules, 1956.
3. No-objection certificate from the Andhra Pradesh State Disaster Response & Fire Services Department.

**IV. Approvals in relation to the business of our Subsidiaries**

Our subsidiaries require various approvals and / or licenses under various statutes, rules and regulations to conduct their business in India and other jurisdictions. These approvals and/ or licenses may differ on the basis of the location of the facilities as well as the jurisdiction where our Subsidiaries operate. An indicative list of material approvals required by our Subsidiaries to undertake its businesses are set out below:

**A. Material approvals taken by our operational Subsidiaries**

*GMR Kamalanga Energy Limited*

GMR Kamalanga Energy Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

1. No-objection letter from the Airport Authority of India to establish chimneys.
2. Provisional boiler license under Section 9 of the Indian Boilers Act, 1923.

3. Factory licenses from the Director of Factories and Boilers, Odisha.
4. Rail transport clearance from the Ministry of Railways for railway sidings.
5. Track fitness certificate from the Ministry of Railways.
6. Approval the Chief Operations Manager, East Coast Railway for phase commissioning of the siding.
7. In-principle Mega Power status from the Ministry of Power.
8. Letter of allocation of coal blocks from the Ministry of Coal.
9. Approval from the Orissa Power Transmission Corporation Limited for availment of construction power.

#### *Tax Related Approvals*

1. VAT Registration under the Odisha Value Added Tax Act, 2004.
2. Service Tax Registration with the Central Board of Excise and Customs.
3. Certificate of registration under the Central Sales Tax Act, 1956.
4. Certificate of Importer-Exporter Code.
5. Registration under the Orissa Entry Tax Act, 1999.

#### *Environment Related Approvals*

1. Approvals from the Orissa Pollution Control Board.
2. Environment clearance from the Ministry of Environment and Forests.
3. Approval from the Ministry of Environment and Forests for expansion and diversion of forest land.
4. Approval from the Water Resource Department for supply of water from the Brahmani River.

#### *Miscellaneous Approvals*

1. Approvals from the Central Electricity Authority for supply of power.
2. Approval from the Department of Telecommunications authorising power line carrier communication frequencies.
3. License issued by the Petroleum and Explosives Safety Organization, Ministry of Commerce and Industry, for storage of petroleum, hydrogen and chlorine.
4. No-objection certificate for selling power to APCC State load dispatch.
5. Registration under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
6. Registrations under the Contract Labour (Regulation and Abolition) Act and Rules.
7. Registration under the Inter State Migrant Workmen (Regulation of Employment and Condition of Service) Act, 1979.
8. Registration under the Building and Other Construction Workers Act, 1996.

#### *EMCO Energy Limited*

EMCO Energy Limited has obtained all necessary statutory approvals that it requires at this stage of

implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

1. No-objection letter from the Airport Authority of India to establish chimneys.
2. Boiler license from the Directorate of Steam Boiler Department.
3. Provisional factory license from the Office of the Deputy Director, Industrial Safety and Health, Government of Maharashtra.
4. Rail transport clearance from the Ministry of Railways for construction of railway siding.

*Tax Related Approvals*

1. Service tax registration with the Central Excise Department.
2. Certificate of Importer-Exporter Code.
3. Registration under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.

*Environment Related Approvals*

1. Consent under Sections 25 and 26 of the Water Act, 1974, Section 21 of the Air Act, 1981 and Rule 5 of the Hazardous Wastes Rules, 2008.
2. Environmental clearance from the Ministry of Environment and Forests.
3. Environmental clearance from the Ministry of Environment and Forests under the Environmental Impact Assessment Notification, 2006.
4. Approval from the conservator of forests.

*Miscellaneous Approvals*

1. Approval from the Central Electricity Authority.
2. Approval under Section 68 of the Electricity Act, 2003.
3. Approval for water supply from the Maharashtra Industrial Development Corporation.
4. Approval of the water supply scheme from the Chief Engineer, Hydrology Project, Nashik.
5. Terms of reference from the Ministry of Environment and Forests for construction of the 30 MW coal based thermal power plant.

*GMR Vemagiri Power Generation Limited*

GMR Vemagiri Power Generation Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

1. No-objection letter from the Airport Authority of India to establish chimneys.
2. Boiler license issued by the Boiler Inspection Department, Andhra Pradesh.
3. Factory license from the Deputy Chief Inspector of Factories, Kakinada.

4. Wireless license from the Wireless Planning and Co-ordination Wing, Department of Telecommunication, Ministry of Communications and Information Technology.

*Tax Related Approvals*

1. VAT Registration under the Karnataka Value Added Tax Act, 2003 and the Andhra Pradesh Value Added Tax Act, 2005.
2. Registration under the Andhra Pradesh General Sales Tax Act, 1957.
3. Certificate of registration under the Central Sales Tax Act, 1956.
4. Service Tax Registration with the Central Excise Department.
5. Certificate of Importer-Exporter Code.

*Environment Related Approvals*

1. Consent under Sections 25 and 26 of the Water Act, 1974, Section 21 of the Air Act, 1981 and Rule 5 of the Hazardous Wastes Rules, 2008.
2. No-objection certificate from the Conservator of Forests.

*Miscellaneous Approvals*

1. Approval from the Central Electricity Authority for establishment of the Vemagiri combined cycle power plant.
2. License issued by the Petroleum and Explosives Safety Organization, Ministry of Commerce and Industry, for storage of compressed gas in cylinders.

*GMR Gujarat Solar Power Project Private Limited*

Gujarat Solar Power Project Private Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

Certificate of commissioning from the Gujarat Energy Development Agency.

*Environment Related Approvals*

1. No-objection certificate from the Gujarat Pollution Control Board.
2. Approval from the Ministry of Environment and Forests.

*Tax Related Approvals*

Service Tax Registration with the Central Excise Department.

*Miscellaneous Approvals*

1. Approval from the Chief Electrical Inspector under the Indian Electricity Rules, 1956.
2. Authorisation from the Gujarat Power Corporation Limited for creation of charge over the project land.
3. Registration of the principal employer with the Department of Labour, Government of Gujarat.

*GMR Power Corporation Limited*

GMR Power Corporation Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

1. No-objection letter from the Airport Authority of India to establish chimneys.
2. Boiler license issued by the Chief Inspector of Boilers, Chennai.
3. Factory license issued by the Deputy Chief Inspector of Factories,

*Tax Related Approvals*

1. Service Tax Registration with the Central Board of Excise and Customs.
2. Registration under the Andhra Pradesh General Sales Tax Act, 1957.
3. Certificate of registration under the Central Sales Tax Act, 1956.
4. Certificate of Importer-Exporter Code.

*Environment Related Approvals*

1. Consent under Sections 25 and 26 of the Water Act, 1974, Section 21 of the Air Act, 1981 and Rule 5 of the Hazardous Wastes Rules, 2008.
2. Approvals from the Tamil Nadu Pollution Control Board.
3. Environment clearance from the Ministry of Environment and Forests.
4. Forest clearance license from the Tamil Nadu Forest Department.

*Miscellaneous Approvals*

1. Approval from the Central Electricity Authority.
2. Registration under the Contract Labour (Regulation and Abolition) Act and Rules.
3. License issued by the Petroleum and Explosives Safety Organization, Ministry of Commerce and Industry, for importation and storage of petroleum.

**B. Material approvals taken by Subsidiaries under construction**

*GMR Chhattisgarh Energy Limited*

GMR Chhattisgarh Energy Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

1. No-objection letter from the Airport Authority of India to establish chimneys.
2. Rail transport clearance from the Ministry of Railways for construction of railway siding.
3. In-principle approval for railway siding from the Chief Transportation and Planning Manager, S.E.C. Railway.
4. No-objection certificate from the Vishakapatnam Port Trust for import of coal.



5. Provisional Mega Power Status certificate from the Ministry of Power.
6. License from the Atomic Energy Regulatory Board to import and handle radioactive material.
7. Acknowledgement from the Secretariat for Industrial Assistance on the memorandum for the manufacture of “generation and transmission of electricity coal based thermal power plant” of 1370 MW.

*Tax Related Approvals*

1. VAT Registration under the Chhattisgarh Value Added Tax Act, 2005.
2. Service Tax Registration with the Central Board of Excise and Customs.
3. Certificate of registration under the Central Sales Tax Act, 1956.
4. Certificate of Importer Exporter Code.

*Environment Related Approvals*

1. Approval from the Chhattisgarh Environment Conservation Board.
2. Environment clearance from the Ministry of Environment and Forests under the Environmental Impact Assessment Notification, 2006.
3. Approval from the Ministry of Environment and Forests for change in unit configuration for the thermal power plant at Village Raikheda.
4. Approval from the Central Ground Water Authority for withdrawal of ground water.
5. Approval from the Block Officer, Tilda for digging tubewells.
6. Approval from the Water Resource Department for supply of water from the Mahanadi River.

*Miscellaneous Approvals*

1. Approval from the Chhattisgarh State Power Distribution Company Limited for enhancement in power supply.
2. Approval under Section 68 of the Electricity Act, 2003, for construction of the transmission line.
3. Approval from the Department of Energy, Government of Chhattisgarh to develop the project.
4. No-objection certificate from the Gram Panhayat, Gaitara, consenting to the power plant.
5. No-objection certificate from the Gram Panhayat, Raikheda, consenting to the power plant.
6. Approval from the Secretariat, Industrial Health & Safety, Chhattisgarh, Raipur approving the building plans for the factory.

*GMR Rajahmundry Energy Limited*

GMR Rajahmundry Energy Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

1. No-objection letter from the Airport Authority of India to establish chimneys.
2. Factory license from the Deputy Chief Inspector of Factories, Kakinada.

3. Permission from the [CAD] Department, Government of Andhra Pradesh for laying pipelines and redistribution of water.

*Environment Related Approvals*

1. Consent under Sections 25 and 26 of the Water Act, 1974, Section 21 of the Air Act, 1981 and Rule 5 of the Hazardous Wastes Rules, 2008.
2. Consent order for establishment under the Andhra Pradesh Pollution Control Board.
3. Environment clearance from the Ministry of Environment and Forests under the Environmental Impact Assessment Notification, 2006.
4. No-objection certificate from the Andhra Pradesh State Disaster Response & Fire Services Department.

*Tax Related Approvals*

1. Certificate of Importer- Exporter Code.
2. License from the Director General of Indirect Taxes.

**C. Material approvals taken by our Subsidiaries under development**

*GMR Bajoli Holi Hydropower Private Limited*

GMR Bajoli Holi Hydropower Private Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

Nil.

*Tax Related Approvals*

1. VAT Registration under the Himachal Pradesh Value Added Tax Act, 2005.
2. Service Tax Registration with the Central Board of Excise and Customs.
3. Certificate of registration under the Central Sales Tax Act, 1956.

*Environment Related Approvals*

1. Environmental clearance by the Ministry of Environment and Forests.
2. Approval for diversion of forest land from the Ministry of Environment and Forests.
3. Consent from the Himachal Pradesh Pollution Control Board.

*Miscellaneous Approvals*

1. Approval from the Central Electricity Authority.
2. Clearance from the Geological Survey of India.
3. No-objection certificate from the Public Works Department.
4. No-objection certificate from the Ministry of Defence for constructing a 46 metre high concrete gravity dam.

5. No-objection certificate from the Irrigation and Public Health Department, Himachal Pradesh for the project.
6. No-objection certificate from Holi Gram Panchayat for the project.
7. No-objection certificate from Bajoli Gram Panchayat for the project.
8. No-objection certificate from Deol Gram Panchayat for the project.
9. No-objection certificate from Kuleth Gram Panchayat for the project.
10. No-objection certificate from Nayagram Gram Panchayat for the project.

*GMR (Badrinath) Hydro Power Generation Private Limited*

GMR (Badrinath) Hydro Power Generation Private Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

Approval from the Department of Energy, Government of Uttaranchal for development, implementation and operation of the Alaknanda Hydro Power Project.

*Environment Related Approvals*

1. Environmental clearance from the Ministry of Environment and Forests.
2. Approval from the Ministry of Environment and Forests for diversion of forest land.
3. Consent to establish from the Uttarakhand Pollution Control Board.
4. Host country approval from the Ministry of Environment and Forests to “run river hydroelectric project on Alaknanda River in Uttarakhand.”

*Tax Related Approvals*

1. Certificate of Importer Exporter Code.
2. License from the Director General of Foreign Trade.
3. Service Tax Registration with the Central Excise Department.

*Miscellaneous Approvals*

1. No-objection from the Ministry of Defence for construction of the Alaknanda Hydro Power Project.
2. Techno economic concurrence form the Central Electricity Authority.
3. No-objection certificate from the District Task Force, Chamoli, Rudraprayag.
4. Approval from the Power Grid Corporation of India Limited for long term access for transfer of power.
5. No-objection certificate from the Additional Secretary, Government of Uttarakhand for the creation of the special purpose vehicle.
6. No-objection certificate from the office of the Executive Engineer, Gopeshwar Division of Water Maintenance Institute for the construction of the project.
7. No-objection certificate from the office of the Executive Engineer, Irrigation Department, Chamoli for

the construction of the project.

8. No-objection certificate from the Deputy Director, Department of Fisheries, Chamoli for the construction of the project.
9. No-objection certificate from [GREF] for construction of access to the project.

*GMR Bundelkhand Energy Private Limited*

GMR Bundelkhand Energy Private Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

Approval from the Airport Authority of India to establish chimneys.

*Tax Related Approvals*

Service Tax Registration with the Central Excise Department.

*Environment Related Approvals*

Nil.

*Miscellaneous Approvals*

1. No-objection certificate from the Archaeological Survey of India to establish the thermal power project.
2. Approval from the Water Resources Department, Madhya Pradesh for allotment of water.

*GMR Kakinada Energy Private Limited*

GMR Kakinada Energy Private Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

Nil.

*Tax Related Approvals*

Service tax registration with the Central Excise Department.

*Environment Related Approvals*

Nil.

*SJK Powergen Limited*

SJK Powergen Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

Nil.

*Tax Related Approvals*

1. Certificate of Importer- Exporter Code.
2. Sales Tax Registration with the Central Excise Department.

*Environment Related Approvals*

1. Approval from the Ministry of Environment and Forests for diversion of forest land.
2. Approval from the Chief Forest Conservator for construction of the thermal power plant.

Miscellaneous Approvals

1. Clearance from the Central Water Commission, Irrigation Management Organization for Water Allocation.
2. Approval from the Office of the Chief Engineer, Ganga Kachhar, Rewa, Madhya Pradesh for use of water of construction purposes.

*GMR Energy Trading Limited*

GMR Energy Trading Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

Nil.

*Tax Related Approvals*

Certificate of Importer-Exporter Code.

*Environment Related Approvals*

Nil.

*GMR Londa Hydropower Private Limited*

*Industry Related Approvals*

Nil.

*Tax Related Approvals*

Service Tax Registration with the Central Excise Department.

*Environment Related Approvals*

Nil.

**D. Material approvals taken by our Subsidiaries in transmission business**

*Aravali Transmission Service Company Limited*

Aravali Transmission Service Company Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

1. No-objection certificate from the Airport Authority of India for the construction of transmission lines.
2. Approval from the Department of Energy for installation of overhead lines.
3. Approval from the Power Telecom Co-ordination Committee for the Alwar-Hindaun transmission line.
4. Transmission license from the Rajasthan Electricity Regulatory Commission.
5. Approval from the Department of Energy, Jaipur for transmission of electricity.

*Tax Related Approvals*

1. Certificate of Importer Exporter Code.
2. Service Tax Registration with the Central Excise Department.

*Environment Related Approvals*

Nil

*Maru Transmission Service Company Limited*

Maru Transmission Service Company Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

*Industry Related Approvals*

1. No-objection letter from the Airport Authority of India for the construction of transmission lines.
2. Approval from the Department of Energy for installation of overhead lines.
3. Approval from the Power Telecom Co-ordination Committee for the Ajmer-Didwana transmission line.
4. Approval from the Department of Energy, Jaipur for transmission of electricity.
5. Transmission license from the Rajasthan Electricity Regulation Commission.

*Tax Related Approvals*

1. VAT Registration under the Rajasthan Value Added Tax Act, 2003.
2. Service Tax Registration with the Central Board of Excise and Customs.
3. Certificate of registration under the Central Sales Tax Act, 1956.
4. Certificate of Importer-Exporter Code.
5. License from the Director General of Foreign Trade.

*Environment Related Approvals*

Nil.

*Miscellaneous Approvals*

Approval from the Ministry of Railways for construction of the overhead transmission line.

**E. Approvals received by our Foreign Subsidiaries**

*Himtal Hydropower Company Private Limited (Nepal)*

Himtal Hydropower Company Private Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

1. Generation Licence issued by the Ministry of Energy, Government of Nepal.
2. Approval from the Department of Electricity Development, Government of Nepal for new co-ordinates and capacity.
3. Consent from the Ministry of Forests and Soil Conservation/Department of National Parks and Wildlife Conservation, Government of Nepal.
4. Explosives License issued by Ministry of Defence, Government of Nepal.
5. IBN issued letter from the Ministry of Home, Government of Nepal for import of explosives.
6. Approval of terms of reference/scoping granted by the Ministry of Environment, Government of Nepal.
7. Long term import license issued by Director General of Foreign Trade, Government of India.
8. Consent from the Ministry of Forest and Soil Conservation, Government of Nepal for carrying out environmental impact assessment studies.
9. Environmental clearance from the Ministry of Environment, Science and Technology, Government of Nepal.
10. Letter of approval from the Ministry of Forest and Soil Conservation, Government of Nepal for approval of forest land.
11. Approval from the Investment Board, Government of Nepal for capital investment of NRs 450 million.
12. Approval from the Investment Board, Government of Nepal for increment of capital investment from NRs. 450 million to NRs. 1,900 million.

*GMR Upper Karnali Hydropower Project Limited*

GMR Upper Karnali Hydropower Project Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

1. Memorandum of Understanding signed with the Government of Nepal.
2. Survey license issued by the Department of Electricity Development, Government of Nepal.
3. Approval from the Department of Electricity Development, Government of Nepal for new co-ordinates.
4. Approval from the Investment Board, Government of Nepal for capital investment of NRs 500 million.
5. Approval from the Investment Board, Government of Nepal for increment of capital investment from NRs 500 million to NRs 1,900 million.
6. Approval from the Department of Electricity Development, Government of Nepal for capacity enhancement from 300 MW to 900 MW.
7. Approval from the Ministry of Environment, Government of Nepal for terms of reference/scoping for 900 MW capacity.
8. Approval from the Ministry of Environment, Government of Nepal for terms of reference/scoping for

900 MW.

9. Import license from the Director General of Foreign Trade, for import of power to India from the Upper Karnali Hydro Power Project.
10. Cabinet Approval of 12.45 ha forest land.
11. Explosives license issued by the Ministry of Defence, Government of Nepal for import of explosives for infra works.
12. Forest land agreement with Ministry of Forest and Soil Conservation, Government of Nepal.
13. Issuance of pre-construction infrastructure land by District authorities of Dailekh and Achham.
14. Land verification issued by the Investment Board, Government of Nepal.
15. Environmental clearance granted by the Ministry of Environment, Science and Technology, Government of Nepal.

*GMR Energy (Cyprus) Limited*

GMR Energy (Cyprus) Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

1. Certificate of incorporation of the company.
2. Certificate issued by the Registrar of Companies, Republic of Cyprus evidencing the change of name from Coral Rose Limited to GMR Energy (Cyprus) Limited.

*PT Barasentosa Lestari (Indonesia)*

PT Barasentosa Lestari has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

1. Principal License issued by the Capital Investment Coordinating Board, evidencing the approval of the change of status of the Company, from a domestic capital investment company to a foreign capital investment company.
2. Certificate of registration of the Company.
3. Certificate issued by the Director General of Taxes evidencing allocation of tax identification number.
4. Certificate of domicile issued by the office of Sub-District Setiabudi, South Jakarta.

*PT Duta Sarana Internusa (Indonesia)*

PT Duta Sarana Internusa has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

1. Principal License issued by the Capital Investment Coordinating Board, evidencing the approval of the change of status of the Company, from a domestic capital investment company to a foreign capital investment company.
2. Certificate of registration of the Company.
3. Certificate issued by the Director General of Taxes evidencing allocation of tax identification number.



4. Company domicile issued by the office of Sub-District Setiabudi, South Jakarta.

*PT Dwikarya Sejati Utama (Indonesia)*

PT Dwikarya Sejati Utama has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

1. Permanent business license issued by the Regional Agency for Investment, Resource Utilization and Venture Development.
2. Certificate issued by the Trade and Industrial Department of Jakarta province.
3. Certificate issued by the Director General of Taxes evidencing allocation of tax identification number.
4. Certificate of domicile issued by the office of Sub-District Setiabudi, South Jakarta.

*PT Unsoco (Indonesia)*

PT Unsoco has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

1. Certificate issued by the Capital Investment Coordinating Board, evidencing the approval of the change of status of the Company, from domestic capital investment to a foreign capital investment Company.
2. Company Registration Certificate of Limited Liability Company issued by the Trade and Industrial Department of Jakarta province evidencing registration.
3. Certificate issued by the Director General of Taxes evidencing allocation of tax identification number.
4. Certificate of domicile issued by the office of Sub-District Setiabudi, South Jakarta.

*GMR Energy (Mauritius) Limited*

GMR Energy (Mauritius) Limited has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time.

1. Certificate issued by the Registrar of Companies, Republic of Mauritius evidencing the incorporation of the Company.
2. Category 1 Global Business Licence certificate issued by the Financial Services Commission, Republic of Mauritius.

*GMR Energy (Netherlands) B.V.*

GMR Energy (Netherlands) B.V. has obtained all necessary statutory approvals that it requires at this stage of implementation of its project and will in future continue to seek the relevant statutory approvals as required under applicable law at such relevant time. It has obtained a certificate of registration from the Chambers of Commerce for Amsterdam.

**F. Applications pending/ to be applied for**

There are no applications for approvals that are pending. We will be required to apply for approvals for Karnali Transmission Company Private Limited and Marsyangdi Transmission Company Private Limited, and GMR Energy Trading Limited when we commence operations. See “*Risk Factors*” on page 17 for risks relating to approvals.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

This Issue has been authorized by a resolution of our Board of Directors dated April 18, 2013 and a resolution of our shareholders through a special resolution passed pursuant to Section 81(1A) of the Companies Act in their Extraordinary General Meeting dated April 26, 2013.

The Equity Shares being offered by the Selling Shareholders in the Issue, or the compulsorily convertible cumulative preference shares which was converted into such Equity Shares, as the case may be, being included in the Issue, have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Issue. The Offer for Sale has been authorised by the Selling Shareholders as follows: (i) Claymore has authorised offer of 77,652,220 Equity Shares in the Issue by way of the board resolution dated March 27, 2014; (ii) IDFC PE Fund III has authorised offer of 2,05,64,144 Equity Shares in the Issue by way of the board resolution dated March 27, 2014; (iii) IDFC has authorised offer of 4,112,828 Equity Shares in the Issue by way of letter dated March 27, 2014; (iv) IAL has authorised offer of 4,112,828 Equity Shares in the Issue by way of the letter dated March 27, 2014; and (v) Ascent Capital has authorised offer of 4,112,828 Equity Shares in the Issue by way of the letter dated March 27, 2014.

We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange.

The Selling Shareholders have confirmed that they hold the Equity Shares proposed to be offered and sold in the Issue, or the compulsorily convertible preference shares which was converted into such Equity Shares, as the case may be, being included in the Issue, for more than one year prior to the date of filing of this Draft Red Herring Prospectus and that the Selling Shareholders have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights (other than such rights as set out under the various shareholder agreements dated February 21, 2014; further details of which are set out in “History and Corporate Structure” on page 197.

### Prohibition by the SEBI other governmental authorities

Our Company, the Promoters, persons in control of our Company, the Promoter Group, our Directors nor our Group Entities and the Selling Shareholders have not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, our Directors or persons in control of our Company are associated as promoters, directors or persons in control have not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against our Directors or any entity our Directors are involved in as promoters or directors.

### Prohibition by RBI

Neither our Company, our Promoters, relatives of Promoters (as defined under Companies Act, 2013), our Promoter Group, our Directors, Group Entities nor our Selling Shareholders are identified as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or are pending against them or our Company.

### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with the Regulation 26(1) of the SEBI Regulations as explained under the eligibility criteria calculated in accordance with the restated financial information prepared in accordance with the Companies Act and restated in accordance with the SEBI Regulations:

- Our Company has net tangible assets of at least ₹ 30.00 million in each of the preceding three full years (of 12 months each), of which not more than 50.00% are held in monetary assets;
- Our Company has a minimum average pre-tax operating profit of ₹ 150.00 million, calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;

- Our Company has a net worth of at least ₹ 10.00 million in each of the three preceding full years (of 12 months each);
- The proposed Issue size does not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2013; and
- Our Company has not changed its name in the last one year.

Our Company's pre-tax operating profit, net worth, net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets derived from the restated financial information included in this Draft Red Herring Prospectus as at, and for the last five years ended Fiscal 2013 are set forth below:

Particulars	(₹ In Million, unless otherwise stated)				
	2009	2010	Fiscal 2011	2012	2013
Net tangible assets, as restated	12,541.70	13,182.24	19,482.49	23,277.09	46,294.45
Monetary assets, as restated	4,307.81	1,544.36	9,426.60	13,931.89	9,912.32
Monetary assets, as restated as a % of net tangible assets, as restated	34%	12%	48%	60%	21%
Pre-tax operating profit, as restated	3,074.68	2,975.21	3,037.88	2,339.23	(2,271.18)
Net worth, as restated	6,839.94	15,501.60	15,231.48	14,374.95	2,447.21

Source: Audited financial statements, summary balance sheet, as restated and statement of profit and loss, as restated of our Company for the respective periods.

- Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
- Monetary assets include cash on hand, cheques in hand and balance with banks (including the deposits accounts and interest accrued thereon) and quoted investments.
- 'Pre-tax operating profit', has been calculated as net profit before the aggregate of tax, extra-ordinary items, depreciation, finance costs and other income.
- Net worth has been defined as the aggregate of share capital, share premium and reserves and surplus (excluding revaluation reserves) as reduced by the aggregate of miscellaneous expenditure and debit balance of profit and loss account, if any.

Fiscal 2011, 2010 and 2009 are the three most profitable years out of the immediately preceding five financial years in terms of our restated consolidated financial information.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

#### Disclaimer Clause of SEBI

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS 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 RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING DSP MERRILL LYNCH LIMITED, ICICI SECURITIES LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, MACQUARIE CAPITAL (INDIA) PRIVATE LIMITED, NOMURA FINANCIAL ADVISORY & SECURITIES (INDIA) LIMITED, STANDARD CHARTERED SECURITIES (INDIA) LIMITED AND YES BANK LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS 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 AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY**

RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE RESPECTIVE RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 28, 2014 WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM 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 DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH OUR 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 OUR COMPANY, WE CONFIRM THAT:
  - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA 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 THE SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS 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 AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (THE "SEBI REGULATIONS") AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS 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. – NOTED FOR COMPLIANCE
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
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 EQUITY SHARES 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 RED HERRING PROSPECTUS. – NOTED FOR COMPLIANCE

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 PROMOTER'S 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 PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER 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 ISSUER 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 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 PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND OUR COMPANY SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI REGULATIONS 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 RED HERRING PROSPECTUS:
  - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND
  - (B) AN UNDERTAKING FROM THE ISSUER 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 SEBI REGULATIONS 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 OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.**
15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI REGULATIONS CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**
16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)', AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR.**
17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.** Complied with to the extent of the related party transaction reported, in accordance with AS-18 in the financial Statements and disclosures including Draft Red Herring Prospectus.

The filing of this Draft Red Herring Prospectus does not, however, absolve our Company and the Selling Shareholders from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances 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 BRLMs any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 of the Companies Act, 1956 and 32 of the Companies Act, 2013, as applicable

#### **Caution - Disclaimer from our Company, the Selling Shareholders and the BRLMs**

Our Company, our Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website [www.gmrgroup.in](http://www.gmrgroup.in) would be doing so at his or her own risk. The Selling Shareholders accept no responsibility for statements made in this Draft Red Herring Prospectus except only for statements in relation to each Selling Shareholder about or in relation to itself and the Equity Shares offered by it in the Offer for Sale.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders (to the extent applicable) and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company, the Selling Shareholders, or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters 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 of our Company and will not issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders, its Subsidiaries, Group Companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders, its Subsidiaries, Group Companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

### **Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India) and to FPIs, Eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTION**

The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States to U.S. QIBs within the meaning of Rule 144A under the Securities Act in reliance on Rule 144A under the Securities Act and (ii) outside the United States in reliance on Regulation S under the Securities Act.

### **Disclaimer Clause of BSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

### **Disclaimer Clause of the NSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at, Corporation Finance Department, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act, 1956 would be delivered for registration with RoC at the Office of the Registrar of Companies, Bengaluru, Karnataka situated at 'E' Wing, 2<sup>nd</sup> Floor, Kendriya Sadana, Koramangala,

Bengaluru 560 034, Karnataka, India.

### **Listing**

Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholders will forthwith repay, all monies received from the applicants in pursuance of the Red Herring Prospectus in the proportion of the Equity Shares issued by the Company in the Fresh Issue and the Equity Shares offered by each of the Selling Shareholders offered in the Offer for Sale. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders, and every Director of our Company who is an officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. Any expense incurred by our Company on behalf of the Selling Shareholders with regard to refunds, interest for delays, etc., for the Equity Shares being offered in the Issue, will be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares contributed by the Selling Shareholders to the Issue.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days from the Bid/Issue Closing Date. Further, the Selling Shareholders confirm that all steps, as may be reasonably required and necessary, will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/Issue Closing Date.



## Price information of past issues handled by the BRLMs

### I. DSP Merrill Lynch Limited (“DSPML”)

#### 1. Price information of past issues handled by DSPML:

Sr. No.	Issue name	Issue size (₹ mm)	Issue price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in price on listing date (closing) vs. issue price	Benchmark index <sup>(1)</sup> on listing date (closing)	Closing price as on 10th calendar day from listing day (₹)	Benchmark index as on 10th calendar day from listing day (closing) <sup>(2)(3)</sup>	Closing price as on 20th calendar day from listing day (₹)	Benchmark index as on 20th calendar day from listing day (closing) <sup>(2)(4)</sup>	Closing price as on 30th calendar day from listing day (₹) <sup>(2)(6)</sup>	Benchmark index as on 30th calendar day from listing day (closing) <sup>(2)(6)</sup>
1.	Credit Analysis and Research Limited	5,399.8	750.00	December 26, 2012	940.00	922.55	23.0%	5,905.60	934.75	6,016.15	923.45	6,024.05	920.85	6,019.35
2.	Bharti Infratel Limited	41,727.6	220.00 <sup>(6)</sup>	December 28, 2012	200.00	191.65	(12.9%)	5,908.35	207.40	5,988.40	204.40	6,001.85	201.30	6,074.80

Source of the information provided in the table above is website of NSE.

*Notes:*

1. *Benchmark index is CNX Nifty.*
2. *In case 10th day, 20th day or 30th day is not a trading day, closing price on NSE of next trading day is considered*
3. *10th listing day has been taken as listing date plus 9 calendar days*
4. *20th listing day has been taken as listing date plus 19 calendar days*
5. *30th listing day has been taken as listing date plus 29 calendar days*
- 6.

#### 2. Summary statement of price information of past issues handled by DSP:

Financial year	Total no. of IPOs <sup>(1)</sup>	Total funds raised (₹mm)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
FY 11-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 12-13	2	47,127.4	-	-	1	-	-	1	-	-	1	-	-	1
FY 13-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-

I. Based on the date of listing

## II. ICICI Securities Limited ("I-Sec")

1. Price information of past issues handled by I-Sec:

Sr No.	Issue Name	Issue Size Rs. (Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing date	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing date	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing date	Benchmark index as on 30th calendar days from listing day (Closing)
1	Bharti Infratel Limited	41,727.60	220*	28-Dec-12	200	191.65	-12.89%	5,908.35	207.40	5,988.40	204.95	6,039.20	210.30	6,074.80
2	Credit Analysis and Research Limited	5,399.78	750	26-Dec-12	940	922.55	23.01%	5,905.60	929.25	5,988.40	931.05	6,056.60	924.85	6,074.65
3	Tara Jewels Limited	1,794.99	230	6-Dec-12	242	229.9	-0.04%	5,930.90	230.25	5,857.90	223.75	5,905.60	234.00	5,988.40
4	Future Ventures India Ltd.	7,500.00	10	10-May-11	9.00	8.20	-18.00%	5,541.25	8.30	5,486.35	8.10	5,473.10	9.30	5,521.05
5	Muthoot Finance Ltd.	9,012.50	175	6-May-11	196.60	175.90	0.51%	5,551.45	160.50	5,499.00	157.60	5,412.35	175.25	5,532.05

\*Discount of ₹ 10 per equity share offered to retail investors and Premium of ₹ 10 per equity share to Anchor investors. All calculations are based on Issue Price of Rs 220.00 per equity share

Note:

- All above data is of NSE (Website [www.nseindia.com](http://www.nseindia.com))
- Benchmark Index considered above in all the cases was NIFTY
- 10th, 20th, 30th trading day from listed day have been taken as listing day plus 10, 20 and 30 calendar days. Wherever 10th, 20th, 30th trading day is a holiday, we have considered the closing data of the next trading date / day

2. Summary statement of price information of past issues handled by I-Sec:

Financial year	Total no. of IPOs	Total funds raised (₹ Cr.)	Nos. of IPO trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2013-14	0	Nil	0	0	0	0	0	0	0	0	0	0	0	0

### III. Kotak Mahindra Capital Company Limited (“Kotak”)

#### 1. Price information of past issues handled by Kotak:

Sr No	Issue Name	Issue Size (₹ in million)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10 <sup>th</sup> calendar day from listing day	Benchmark index as on 10 <sup>th</sup> calendar days from listing day (Closing)	Closing price as on 20 <sup>th</sup> calendar day from listing day	Benchmark index as on 20 <sup>th</sup> calendar days from listing day (Closing)	Closing price as on 30 <sup>th</sup> calendar day from listing day	Benchmark index as on 30 <sup>th</sup> calendar days from listing day (Closing)
1.	Bharti Infratel Limited <sup>(1)</sup>	41,727.60	220.00	December 28, 2012	200.00	191.65	-12.89%	5,908.35	207.40	5,988.40	204.40	6,001.85	210.30	6,074.80
2.	PC Jeweller Limited <sup>2</sup>	6,013.08	135.00	December 27, 2012	137.00	149.20	10.52%	5,870.10	181.65	5,988.40	168.90	6,056.60	157.55	6,074.65
3.	Credit Analysis & Research Limited	5,399.78	750.00	December 26, 2012	940.00	922.55	23.01%	5,905.60	934.75	6,016.15	923.45	6,024.05	920.85	6,019.35
4.	Speciality Restaurants Limited	1,760.91	150.00	May 30, 2012	152.00	159.60	6.40%	4,950.75	182.45	5,068.35	206.65	5,064.25	213.05	5,149.15
5.	Future Ventures India Limited	7,500.00	10.00	May 10, 2011	9.00	8.20	(18.00)%	5,541.25	8.15	5,428.10	8.10	5,473.10	8.75	5,526.85
6.	Muthoot Finance Limited	9,012.50	175.00	May 6, 2011	196.60	175.90	0.51%	5,551.45	160.50	5,499.00	155.45	5,348.95	175.25	5,532.05

Source: All above data is of NSE (Website [www.nseindia.com](http://www.nseindia.com))

(1) In Bharti Infratel Limited, the anchor investor issue price was ₹ 230 per equity share and the issue price after discount to Retail Individual Bidders was ₹ 210 per equity share.

(2) In PC Jeweller Limited, the issue price after discount to Retail Individual Bidders and Eligible Employees was ₹ 130 per equity share.

#### 2. Summary statement of price information of past issues handled by Kotak:

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ million)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
April 1, 2013 – March 26, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2013	4	54,901.36	-	-	1	-	-	3	-	-	1	-	1	2
2012	2	16,512.50	-	-	1	-	-	1	-	-	1	-	-	1

#### IV. Macquarie Capital (India) Private Limited (“Macquire”)

Macquire has not handled any public issues in the last three years.

#### V. Nomura Financial Advisory & Securities (India) Limited (“Nomura”)

##### 1. Price information of past issues handled by Nomura:

Sl. No.	Issue name	Issue size (₹ Cr.)	Issue price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in price on listing date (closing) vs. issue price	Benchmark index <sup>(1)</sup> on listing date (closing)	Closing price as on 10th calendar day from listing day (₹)	Benchmark index as on 10th calendar day from listing day (closing)	Closing price as on 20th calendar day from listing day (₹)	Benchmark index as on 20th calendar day from listing day (closing)	Closing price as on 30th calendar day from listing day (₹)	Benchmark index as on 30th calendar day from listing day (closing)
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Source: All above data is of NSE (Website [www.nseindia.com](http://www.nseindia.com))

##### 2. Summary statement of price information of past issues handled by Nomura:

Financial year	Total no. of IPOs	Total funds raised (₹ Cr.)	Nos. of IPO trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2012-13														
2011-12														
2010-11														

## VI. Standard Chartered Securities (India) Limited (“Standard Chartered”)

### 1. Price information of past issues handled by Standard Chartered:

Sl. No.	Issue name	Issue size (₹ Million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in price on listing date (closing) vs. issue price	Benchmark index on listing date (closing)	Closing price as on 10th calendar day from listing day (₹)	Benchmark index as on 10th calendar day from listing day (closing)	Closing price as on 20th calendar day from listing day (₹)	Benchmark index as on 20th calendar day from listing day (closing)	Closing price as on 30th calendar day from listing day (₹)	Benchmark index as on 30th calendar day from listing day (closing)
1.	Bharti Infratel Ltd.	41,727.6	220.00	December 28, 2012	200.00	191.65	(12.89%)	5,908.35 <sup>(1)</sup>	207.40	5,988.40	204.40	6,001.85	210.30	6,074.80

Source: Designated stock exchange for the respective issue has been considered for price information.

Notes:

1. The NSE Nifty is considered as the Benchmark Index.
2. The 10th, 20th and 30th calendar day computation includes the listing day.
3. In case 10th/20th/30th day is not a trading day, closing price of the next trading day has been considered.

### 2. Summary statement of price information of past issues handled by Standard Chartered:

Financial year	Total no. of IPOs	Total funds raised (₹ Cr.)	Nos. of IPO trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2011-2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	1	41,727.6	-	-	1	-	-	-	-	-	-	1	-	-
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: In the event that any day falls on a holiday, the price/ index of the immediately succeeding day has been considered

## VII Yes Bank Limited (“Yes Bank”)

### 1. Price information of past issues handled by Yes Bank:

Sl. No.	Issue name	Issue size (₹ Million.)	Issue price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in price on listing date (closing) vs. issue price	Benchmark index on listing date (closing)	Closing price as on 10th calendar day from listing day (₹)	Benchmark index as on 10th calendar day from listing day (closing)	Closing price as on 20th calendar day from listing day (₹)	Benchmark index as on 20th calendar day from listing day (closing)	Closing price as on 30th calendar day from listing day (₹)	Benchmark index as on 30th calendar day from listing day (closing)
1.	A2Z Maintenance and Engineering Services Limited	7,762.50	400.00 <sup>(1)</sup>	December 23, 2010	500.00	328.55	(17.86%)	5,980.00	327.15	6,157.60	302.75	5,754.10	302.70	5,696.50
2.	C. Mahendra Exports Limited	1,650.00	110.00	January 20, 2011	114.00	110.75	0.68%	5,711.60	160.30	5,505.90	168.55	5,312.55	202.40	5,458.95

Source: All above data is of NSE (Website [www.nseindia.com](http://www.nseindia.com))

1. A discount of 5% to the issue price was given to the employees at the time of allotment

Notes:

a. Benchmark index is CNX Nifty.

b. In case 10th day, 20th day or 30th day is not a trading day, closing price on BSE of next trading day is considered

c. 10th listing day has been taken as listing date plus 9 calendar days

d. 20th listing day has been taken as listing date plus 19 calendar days

e. 30th listing day has been taken as listing date plus 29 calendar days

2. Summary statement of price information of past issues handled by Yes Bank:

Financial year	Total no. of IPOs	Total funds raised (₹ Million.)	Nos. of IPO trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
FY 2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Financial year	Total no. of IPOs	Total funds raised (₹ Million.)	Nos. of IPO trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
FY 2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

1. Based on the date of listing
2. Wherever 30th calendar day from listing day is a holiday, the closing data of the next trading date / day has been considered.

#### Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs to the Issue as specified in Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the BRLMs as set forth in the table below:

S. No	Name of the BRLM	Website
1.	DSP	<a href="http://www.dspml.com">www.dspml.com</a>
2.	I-Sec	<a href="http://www.icicisecurities.com">www.icicisecurities.com</a>
3.	Kotak	<a href="http://www.investmentbank.kotak.com">www.investmentbank.kotak.com</a>
4.	Macquarie	<a href="http://www.macquarie.in/mgl/in">www.macquarie.in/mgl/in</a>
5.	Nomura	<a href="http://www.nomuraholdings.com/company/group/asia/india/index.html">www.nomuraholdings.com/company/group/asia/india/index.html</a>
6.	Standard Chartered	<a href="http://www.standardcharteredsecurities.co.in">www.standardcharteredsecurities.co.in</a>
7.	Yes Bank	<a href="http://www.yesbank.in">www.yesbank.in</a>

## Consents

Consents in writing of: (a) our Directors, our Compliance Officer, the statutory auditors, the legal advisors, the Bankers to the Issue, the Bankers to our Company, and (b) the BRLMs, the Syndicate Members, the Escrow Collection Bankers, Refund Bankers and the Registrar to the Issue to act in their respective capacities, will be obtained prior to the filing of the Red Herring Prospectus with the RoC as required under Sections 60 of the Companies Act, 1956 and 32 of the Companies Act, 2013.

In accordance with the Companies Act and SEBI Regulations, S.R. Batliboi & Associates LLP, Chartered Accountants, our Company's statutory auditors, have given their written consent to the inclusion of their audit report dated March 24, 2014 and statement of the tax benefits dated March 24, 2014 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

## Expert opinion

Our Company has received written consent from the Auditor namely, S.R. Batliboi & Associates LLP, Chartered Accountants to include its name as an expert under Section 58 of the Companies Act in this Draft Red Herring Prospectus in relation to the report of the Auditor dated March 24, 2014 and statement of tax benefits dated March 24, 2014 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities.

Our Company has not obtained any expert opinions other than the one disclosed above.

## Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. For further details of Issue related expenses, see "Objects of the Issue" on page 99.

Other than the listing fees which will be borne by our Company, all expenses relating to the Issue as mentioned above will be shared between our Company and the Selling Shareholders on a pro-rata basis, in the ratio of the Equity Shares issued by our Company in the Fresh Issue and the Equity Shares being sold by the Selling Shareholders in the Offer for Sale.

The estimated Issue related expenses are as follows:

Expenses	Estimated expenses (₹ in million) *	As a % of the total estimated Issue expenses*	As a % of the total Issue size*
Book Running Lead Managers (including underwriting commission, brokerage and selling commission)	[•]	[•]	[•]
Commission/processing fee for SCSBs and bankers to the Issue	[•]	[•]	[•]
Brokerage and selling commission for Registered Brokers	[•]	[•]	[•]
Registrar to the Issue	[•]	[•]	[•]
Other advisors to the Issue	[•]	[•]	[•]
Others	[•]	[•]	[•]
- Listing fees	[•]	[•]	[•]
- Printing and stationary	[•]	[•]	[•]
- Advertising and marketing expenses	[•]	[•]	[•]
- Miscellaneous	[•]	[•]	[•]
<b>Total estimated Issue expenses</b>	[•]	[•]	[•]

\* To be completed after finalization of the Issue Price



### **Fees Payable to the Syndicate**

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as mutually agreed between our Company, the Selling Shareholders and the BRLMs. The details of total fees payable to the Syndicate will be disclosed in the Prospectus in “Objects of the Issue - Issue Expenses” on page 108.

### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated March 28, 2014, signed among our Company, the Selling Shareholders and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office and Corporate Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment Advice by registered post/speed post (subject to postal rules).

### **Underwriting commission, brokerage and selling commission on Previous Issues**

Since this is an initial public offering of our Company, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any Equity Shares since inception of our Company.

### **Particulars regarding public or rights issues by our Company during the last five years**

Our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

### **Previous issues of Equity Shares otherwise than for cash**

Except as disclosed in “Capital Structure” on page 85, our Company has not issued any Equity Shares for consideration otherwise than for cash.

### **Previous capital issue during the previous three years by listed Subsidiaries, Group Companies and associates of our Company**

None of our Subsidiaries, Group Companies and associates have undertaken a capital issue in the last three years preceeding the date of this Draft Red Herring Prospectus.

### **Performance vis-à-vis objects – Public/rights issue of our Company, Subsidiaries and/or listed Group Companies and associates of our Company**

Our Company has not undertaken any previous public or rights issue. None of our Subsidiaries, Group Companies or associates have undertaken any public or rights issue in the last ten years preceeding the date of this Draft Red Herring Prospectus.

### **Outstanding Debentures or Bonds**

Our Company does not have any outstanding debentures or bonds as of the date of filing this Draft Red Herring Prospectus.

### **Outstanding Preference Shares**

Except as disclosed in the see “Capital Structure” on page 85, our Company does not have any outstanding preference shares as on date of this Draft Red Herring Prospectus.

### **Stock Market Data of Equity Shares**

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

## **Mechanism for Redressal of Investor Grievances**

The memorandum of understanding between the Registrar to the Issue, our Company and the Selling Shareholders will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations or the relevant Registered Broker if the Bid was submitted through Registered Brokers, as the case may be, giving full details such as name and address of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Registered Broker or the Designated Branch, as the case may be, where the ASBA Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

## **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has constituted a Shareholder's Transfer and Grievance Committee comprising N.C. Sarabeswaran (Chairman), G. B. S. Raju, B. V. N. Rao, K.V.V. Rao, and Bhaskar Anand Rao as members. For details see "Our Management" on page 230.

Our Company has also appointed V. Mohana, Company Secretary of our Company as the Compliance Officer for the Issue and she may be contacted in case of any pre-Issue or post-Issue related problems at the following address:

### **GMR Energy Limited**

IBC Knowledge Park  
No.4/1, Tower D, 10th Floor  
Bannerghatta, Road  
Bengaluru, 560 029  
Karnataka, India  
Tel: (91 80) 4043 2000  
Fax: (91 80) 4043 2180  
Email: gel.ipo@gmrgroup.in

Our Company has not received any investor complaint during the three years preceding the date of filing of the Draft Red Herring Prospectus.

## **Changes in Auditors**

There has been no change in our Auditors during the last three years.

## **Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time during the last five years.

## **Revaluation of Assets**

Our Company has not re-valued its assets in the last five years.

## SECTION VII: ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being issued and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable, or such other conditions as may be prescribed by SEBI, RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Issue.

#### Ranking of Equity Shares

The Equity Shares being issued and transferred in the Issue shall be subject to the provisions of the Companies Act and Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allotees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see “Main Provisions of the Articles of Association” on page 515.

#### Mode of Payment of Dividend

Our Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act, Memorandum and Articles of Association and provisions of the Listing Agreement to be entered into with the Stock Exchanges. For further details in relation to dividends, see “Dividend Policy” and “Main Provisions of the Articles of Association” on pages 274 and 515, respectively.

#### Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each and the Issue Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share.

The Price Band, the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLMs and advertised in [●] edition of English national daily [●], [●] edition of Hindi national daily [●], and [●] edition of the Kannada newspaper [●], each with wide circulation at least five Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchange for the purpose of upload on its website.

At any given point of time there shall be only one denomination for the Equity Shares.

#### Compliance with SEBI Regulations

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of the Equity Shareholder

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 on a poll either 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, subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including RBI rules and regulations; and

- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of the Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see "Main Provisions of the Articles of Association" on page 515.

### **Market Lot and Trading Lot**

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated March 7, 2008 among NSDL, our Company and the Registrar to the Issue;
- Agreement dated March 7, 2008 among CDSL, our Company and the Registrar to the Issue.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [●] Equity Shares.

### **Joint Holders**

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Bengaluru.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, 1956 the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, 1956 any person who becomes a nominee by virtue of Section 109A of the Companies Act, 1956 shall upon the production of such evidence as may be required by the 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.

Further, the 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 90 days, the 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.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

Since the Fresh Issue and the Offer for Sale together constitute [●]% of the post-Issue paid-up equity share capital of our Company (the minimum number of securities as specified under Rule 19(2)(b)(ii) of SCRR), the entire Issue needs to be subscribed, in accordance with the SEBI Regulations. If the Issue is not fully subscribed, including devolvement of underwriters, within 60 days from the Bid/Issue Closing Date, our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received not later than 70 days from the Bid/Issue Closing Date. If there is a delay beyond eight days after the expiry of 70 days from the Bid/Issue Closing Date, our Company and the Selling Shareholders shall, in proportion to the number of the Equity Shares offered/issued by each of them in the Issue, pay interest as prescribed under applicable law.

Further, we shall ensure that the number of prospective Allotees to whom the Equity Shares will be Allotted shall not be less than 1,000.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Any expense incurred by our Company on behalf of the Selling Shareholders with regard to refunds, interest for delays, etc., for the Equity Shares being offered in the Issue, will be reimbursed by the Selling Shareholders to our Company, in proportion of the Equity Shares being offered for sale by the Selling Shareholders in the Issue.

### **Arrangement for disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

### **Restriction on transfer of the Equity Shares**

Except for lock-in of the pre-Issue Equity Shares, Promoter's minimum contribution and Anchor Investor lock-in in the Issue as detailed in "Capital Structure" on page 85, and except as provided in the Articles of Association, there are no restrictions on transfers of the Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting, except as provided in the Articles of Association. For details, see "Main Provisions of the Articles of Association" on page 515.

## ISSUE STRUCTURE

Issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million. The Issue consists of a Fresh Issue of [●] Equity Shares aggregating up to ₹ [●] million and an Offer for Sale of up to 110,554,848 Equity Shares by the Selling Shareholders aggregating up to ₹ [●] million, respectively. The Issue will constitute [●] of the post-Issue paid-up equity share capital of our Company.

The Issue is being made through the Book Building Process.

	<b>QIBs<sup>(1)</sup></b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares available for allocation <sup>(2)</sup>	[●] Equity Shares	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Non-Institutional Bidders
Percentage of Issue Size available for Allotment/allocation	50.00% of the Issue size being available for allocation to QIBs. However, up to 5.00% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion	Not less than 15.00% of the Issue or the Issue less allocation to QIBs and Retail Individual Bidders	Not less than 35.00% of the Issue or Issue less allocation to QIBs and Non-Institutional Bidders
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows:  (excluding the Anchor Investor Portion)  (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds only;  (b) [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors; and  (c) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	The allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For the method of proportionate Basis of Allotment to Retail Individual Bidders, see “Illustration of Allotment to Retail Individual Bidders”
Minimum Bid	Such number of the Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	Such number of the Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of the Equity Shares not exceeding the Issue, subject to applicable limits to the Bidder	Such number of the Equity Shares not exceeding the Issue, subject to applicable limits to the Bidder	Such number of the Equity Shares, whereby the Bid Amount does not exceed ₹ 200,000 net of Retail Discount

	<b>QIBs<sup>(1)</sup></b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply <sup>(3)</sup>	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual fund registered with SEBI, FPIs other than Category III foreign portfolio investors, VCFs, AIFs, FVCIs, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDA, provident fund (subject to applicable law) with minimum corpus of ₹ 250.00 million, pension fund with minimum corpus of ₹ 250.00 million, in accordance with applicable law and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India	Resident individuals, NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, Category III foreign portfolio investors	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. (including for Anchor Investors <sup>(4)(5)</sup> )	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form <sup>(5)</sup>	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. <sup>(5)(6)</sup>

(1) Our Company and the Selling Shareholders may, in consultation with the BRLMs allocate up to 30.00% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. For details, see "Issue Procedure" on page 460.

(2) Subject to valid Bids being received at or above the Issue Price. This Issue is being made in accordance with Rule 19(2)(b)(ii) of the SCRR and under the SEBI Regulations, where the Issue will be made through the Book Building Process wherein not more than 50.00% of the Issue will be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders may, in consultation with the BRLMs allocate up to 30.00% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. Out of the QIB Portion (excluding the Anchor Investor Portion), 5.00% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs (other than Anchor Investors) and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIBs (other than Anchor Investors) in proportion to their Bids. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The allotment to each Retail Individual Bidders shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion, and the

remaining available Equity Shares, if any, shall be allotted on a proportionate basis. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.

- (3) Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Forms. The balance, if any, shall be paid within the two Working Days of the Bid/Issue Closing Date.
- (4) In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the Bid cum Application Form.
- (5) Our Company and the Selling Shareholders may in consultation with the BRLMs offer a discount of up to [●]% (equivalent to ₹ [●]) to the Issue Price to Retail Individual Bidders.

Under subscription, if any, in any category, except in the QIB Portion, would be met with spill-over from other categories at the discretion of our Company and the Selling Shareholders in consultation with BRLMs and the Designated Stock Exchange.

### Withdrawal of the Issue

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before Allotment of Equity Shares. If our Company and the Selling Shareholders withdraw the Issue, our Company will issue a public notice within two days of such decision, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Selling Shareholders withdraw the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with the issue of our Company's Equity Shares, our Company will file a fresh draft red herring prospectus with SEBI and the stock exchanges where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

### Bid/Issue Programme

<b>BID/ISSUE OPENS ON</b>	<b>[●]*</b>
<b>BID/ISSUE CLOSES ON</b>	<b>For QIB Bidders [●], 2014**</b>
<b>For Retail Individual Bidders and Non Institutional Bidders: [●], 2014</b>	

\* Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date in accordance with SEBI Regulations.

\*\* Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations.

An indicative timetable in respect of the Issue is set out below:

<b>Event</b>	<b>Indicative Date</b>
Bid/Issue Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of refunds	[●]
Credit of the Equity Shares to demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

The above timetable is indicative and does not constitute any obligation on our Company or the Selling Shareholders or the BRLMs. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock



**Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/Issue Period by our Company and the Selling Shareholders, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirm that they shall extend all reasonable co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (offered by each such Selling Shareholder in the Issue) at all the Stock Exchanges within 12 Working Days from the Bid/Issue Closing Date.**

Except in relation to Anchor Investors, Bids and revision of Bids, shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (IST) during the Bid/Issue Period as mentioned above at the Bidding centres and designated branches of SCSBs as mentioned in the Bid cum Application Form. On the Bid/Issue Closing Date, the Bids and any revision in the Bids shall be accepted only between **10.00 a.m. and 3.00 p.m.** (IST) and shall be uploaded until (i) **4.00 p.m.** (IST) in case of Bids by QIB Bidders and Non-Institutional Bidders, and (ii) until **5.00 p.m.** (IST) or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic bidding system would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than **1.00 p.m.** (IST) on the Bid/ Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for Allotment in the Issue. If such Bids are not uploaded, our Company, the Selling Shareholders and the Syndicate shall not be responsible. Bids will be accepted only on Working Days. None among our Company, the Selling Shareholders, or any member of Syndicate is liable for any failure in uploading Bids due to faults in any software/hardware system or otherwise.

On Bid/ Issue Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by BRLMs to the Stock Exchanges within half an hour of such closure.

Our Company in consultation with BRLMs, reserve the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and Floor Price shall not be less than the Face Value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side, i.e., the floor price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/Issue Period will be extended for at least three additional Working Days after revision of the Price Band subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs at the terminals of the other members of the Syndicate.**

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

## ISSUE PROCEDURE

All Bidders should review the General Information Document for Investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("**General Information Document**") included below under "Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Regulations. The General Information Document has been updated to include reference to certain notified provisions of the Companies Act 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and shall not be liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.

Please note that QIBs (other than Anchor Investors) and Non-Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders can participate in the Issue through the ASBA process as well as the non ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to non-ASBA Bidders. However, there is a common Bid cum Application Form for ASBA Bidders (submitted to SCSBs or to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centers) as well as for non-ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs.

ASBA Bidders may submit ASBA Bids to a Designated Branch (a list of such branches is available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) or to the Syndicate at the Specified Locations, a list of which is available at the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time or to the Registered Brokers at the Broker Centers. Non-ASBA Bidders are required to submit Bids to the Syndicate, only on a Bid cum Application Form bearing the stamp of a member of the Syndicate or the Registered Broker. ASBA Bidders are advised not to submit Bid cum Application Forms to Escrow Collection Banks, unless such Escrow Collection Banks are also SCSBs.

All Bidders are required to pay the full Bid Amount or, in case of ASBA Bids, ensure that the ASBA Account has sufficient credit balance such that the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

SEBI by its circular (CIR/CFD/DIL/1/2011) dated April 29, 2011 ("**2011 Circular**") has made it mandatory for the non retail bidders i.e., QIBs (other than Anchor Investors) and Non Institutional Bidders to make use of the facility of ASBA for making applications for public issues. Further, the 2011 Circular also provides a mechanism to enable the Syndicate and sub-Syndicate Members to procure Bid cum Application Forms submitted under the ASBA process from prospective Bidders. SEBI by its circular (CIR/CFD/14/2012) dated October 4, 2012 ("**2012 Circular**"), has introduced an additional mechanism for prospective Bidders to submit Bid cum Application Forms (ASBA and non-ASBA applications) using the stock broker network of Stock Exchanges, who may not be Syndicate Members in the Issue. The 2012 Circular envisages enabling this facility to submit the Bid cum Application Forms in more than 1,000 locations which are part of the nationwide broker network of the Stock Exchanges and where there is a presence of the brokers' terminals, by March 1, 2013. Further, SEBI by its circular (CIR/CFD/DIL/ 4 /2013) dated January 23, 2013 ("**2013 Circular**"), in partial modification of the 2011 Circular, mandates that in order to facilitate Syndicate/ sub-Syndicate/ non-Syndicate Members to accept Bid cum Application Forms from prospective ASBA Bidders in the locations, all the SCSBs having a branch in the location of Broker Centers, notified in terms of the 2012 Circular are required to name at least one branch before March 1, 2013, where Syndicate/sub-Syndicate/ non-Syndicate Members can submit such Bid cum Application Forms.

*Please note that pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2012, certain aspects, such as withdrawal and revision of Bids, manner of allocation to Retail Individual Bidders and announcement of Price Band, have been modified. Please note that such modifications have come into effect from October 12, 2012 and all Bidders are advised to read this section carefully before participating in the Issue.*

## **PART A**

### **BOOK BUILDING PROCEDURE**

The Issue is being made through the Book Building Process wherein not more than 50.00% of the Issue shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 30.00% of the QIB Portion to Anchor Investors on a discretionary basis of which one third will be reserved for domestic Mutual Funds only. Out of the QIB Portion (excluding the Anchor Investor Portion), 5.00% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price. The allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

In case of QIBs (other than Anchor Investors) the BRLMs can reject Bids at the time of acceptance of the Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. Further, Bids from QIBs can also be rejected on technical grounds, as listed in "Issue Procedure - Part B: General Information Document for Investing in Public Issues - Section 5: Issue Procedure in Book Built Issue - Grounds for Technical Rejections". In case of Non Institutional Bidders, Retail Individual Bidders, our Company and the Selling Shareholders have a right to reject Bids based on technical grounds only.

However, our Company in consultation with the BRLMs, reserve the right to reject any Bid received from Anchor Investors without assigning any reasons.

Bidders can Bid at any price within the Price Band. The Price Band for the Issue will be decided by our Company in consultation with the BRLMs, and the Bid lot for the Issue will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in [●] edition of English national newspaper [●], [●] edition of Hindi national newspaper [●], and [●] edition of a Kannada newspaper [●], each with wide circulation, at least five Working Days prior to the Issue Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price. Such information shall also be disclosed to the Stock Exchanges for dissemination through, and shall be pre-filled in the Bid cum Application Forms available on, the Stock Exchanges' websites.

Bidders are required to ensure that the PAN (of the sole/ First Bidder) provided in the Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.

## Bid cum Application Form

Please note that there is a common Bid cum Application Form for ASBA Bidders (submitted to SCSBs or to the Syndicate in the Specified Locations or to the Registered Brokers at the Broker Centers) as well as for non-ASBA Bidders. The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis*	White
Eligible NRIs, FPIs or FVCIs, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors**	White

*\*Bid cum Application Forms and the abridged prospectus will be available at the offices of the BRLMs, the Syndicate Members, the Registered Brokers and the SCSBs. An electronic copy of the Bid cum Application Form will also be available on the websites of the SCSBs, NSE (www.nseindia.com) and the BSE (www.bseindia.com) and the terminals of the Registered Brokers.*

*\*\*Physical Bid cum Application Forms for Anchor Investors shall be made available at the offices of the BRLMs.*

Bidders can also submit Bid cum Application Forms in the Issue using the stock broker network of the Stock Exchanges i.e. through the Registered Brokers at the Broker Centres. This mechanism can be used to submit ASBA Bids as well as non ASBA Bids.

All non-ASBA Bidders are required to submit their Bids through the Syndicate or the Registered Brokers only. ASBA Bidders are required to submit their Bids through the SCSBs (in physical or electronic form) or with the Syndicate in the Specified Locations or to the Registered Brokers at the Broker Centers, authorising SCSBs to block funds that are available in the ASBA Account specified in the Bid cum Application Form. Non-ASBA Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate or a Registered Broker for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate or Registered Broker will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. The Bidder should preserve this acknowledgment slip and should provide the same for any queries relating to non-Allotment of Equity Shares in the Issue.

Bidders are required to ensure that the PAN (of the sole/ First Bidder) provided in the Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.

**ASBA Bidders bidding through a member of the Syndicate or a Registered Broker should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified Locations or to a Registered Broker in a Broker Center. ASBA Bidders should also ensure that Bid cum Application Forms submitted to the member of the Syndicate at the Specified Locations or a Registered Broker at a Broker Center will not be accepted if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate or the Registered Broker to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). ASBA Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.**

**It is not obligatory for the Registered Broker to accept the Bid cum Application Forms. However, upon acceptance of a Bid cum Application Form, it is the responsibility of the Registered Broker to comply with the obligations set out in 2012 Circular, including in relation to uploading the Bids on the online system of the Stock Exchanges, depositing the cheque and sending the updated electronic schedule to the relevant branch of the Escrow Collection Bank (in case of Bids by Bidders other than ASBA Bidders) and forwarding the schedule along with the Bid cum Application Form to the relevant branch of the SCSB (in**

**case of Bids by ASBA Bidders), and are liable for any failure in this regard.**

Upon completion and submission of the Bid cum Application Form to a Syndicate or the Registered Broker or the SCSB, the Bidder is deemed to have authorised our Company and the Selling Shareholders to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon the filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form.

To supplement the foregoing, the mode and manner of Bidding through the Bid cum Application Form is illustrated in the following chart:

Category of bidder		Mode of Bidding	To whom the application form has to be submitted
Retail Bidders	Individual	Either (i) ASBA or (ii) non-ASBA	<p>In case of ASBA Bidders</p> <p>(i) If using physical Bid cum Application Form, to the Syndicate/ Sub Syndicate at the Specified Locations, or to the Designated Branches of the SCSBs where the ASBA Account is maintained, or to the Registered Brokers at the Broker Centres ; or</p> <p>(ii) If using electronic Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the ASBA account is maintained.</p> <p>In case of non-ASBA Bidder:</p> <p>Using physical Bid cum Application Form, to the Syndicate/ Sub Syndicate at the Specified Locations or the Registered Brokers at the Broker Centres.</p>
Non Bidders (excluding Investors)	Institutional and QIBs Anchor	ASBA ( <i>Kindly note that ASBA is mandatory and no other mode of Bidding is permitted</i> )	<p>(i) If using physical Bid cum Application Form, to the Syndicate / Sub Syndicate at the Specified Locations, to the Designated Branches of the SCSBs where the ASBA Account is maintained, or to the Registered Brokers at the Broker Centres; or</p> <p>(ii) If using electronic Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the ASBA Account is maintained.</p>
Anchor Investors		Non- ASBA	To the Book Running Lead Managers.

### Who can Bid?

In addition to the category of Bidders set forth under “– General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors category; and
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares.

### Participation by associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to subscribe to the Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The BRLMs and any persons related to the BRLMs or our Promoters and our Promoter Group cannot apply in

the Issue under the Anchor Investor Portion.

### **Bids by Mutual Funds**

As per the SEBI Regulations, at least one third of the Anchor Investor Portion will be reserved for domestic Mutual Funds and 5.00% of the QIB Portion (excluding Anchor Investor Portion) is reserved for allocation to Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

**In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

**No Mutual Fund scheme shall invest more than 10.00% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10.00% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10.00% of any company's paid-up share capital carrying voting rights.**

### **Bids by Eligible NRIs**

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and bidding on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their NRE Account or FCNR Account, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE Account or FCNR Account, as the case may be. Payment for Bids by non-resident Bidder bidding on a repatriation basis will not be accepted out of NRO Accounts.

NRIs Bidding on non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR Accounts as well as the NRO Account /Non-Resident (Special) Rupee account / Non-Resident Non-Repatriable Term Deposit Account. NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for Residents (white in colour).

### **Bids by FPIs**

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. 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.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in

India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

Any QFI or FII who holds a valid certificate of registration 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. Further, a QFI may participate in the Issue until January 6, 2015 (or such other date as may be specified by SEBI) or if it obtains a certificate of registration as FPI, whichever is earlier.

### **Bids by Anchor Investors**

Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider participation by Anchor Investors in the Issue for up to 30.00% of the QIB Portion in accordance with the SEBI Regulations. Only QIBs as defined in Regulation 2(1)(zd) of the SEBI Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI Regulations are eligible to invest. The QIB Portion will be reduced in proportion to allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

- (i) Anchor Investor Bid cum Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100.00 million. A Bid cannot be submitted for over 30.00% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100.00 million.
- (iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (iv) Bidding for Anchor Investors will open one Working Day before the Bid/Issue Opening Date and be completed on the same day.
- (v) Our Company and the Selling Shareholders in consultation with the BRLMs will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
  - (a) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100.00 million;
  - (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor; and
  - (c) minimum of five and maximum of 25 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor.
- (vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Issue Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/Issue Opening Date, through intimation to the Stock Exchange.
- (vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (viii) If the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price will be payable by the Anchor

Investors within two Working Days from the Bid/Issue Closing Date. If the Issue Price is lower than the Anchor Investor Issue Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Issue Price.

- (ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (x) The BRLMs, our Promoters, Promoter Group, Group Companies or any person related to them will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLMs and made available as part of the records of the BRLMs for inspection by SEBI.
- (xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
- (xii) For more information, see the section see “Issue Procedure - Part B: General Information Document for Investing in Public Issues - Section 7: Allotment Procedure and Basis of Allotment - Allotment to Anchor Investor” on page 501.
- (xiii) Anchor Investors are not permitted to Bid in the Issue through the ASBA process.

#### **Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

The SEBI VCF Regulations and SEBI FVCI Regulations, inter alia prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25.00% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25.00% of the corpus in one investee company. A category III AIF cannot invest more than 10.00% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

**All Non-Resident Bidders including Eligible NRIs, FPIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian rupees will be converted into USD or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company, the Selling Shareholders, or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of



registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30.00% of the paid up share capital of the investee company or 30.00% of the banks' own paid up share capital and reserves, whichever is less (except in certain specified exceptions, such as setting up or investing in a subsidiary, which requires RBI approval). Further, the RBI Master Circular of July 1, 2013 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- (a) equity shares of a company: the least of 10.00% of the investee company's subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10.00% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10.00% of the respective fund in case of a life insurer or 10.00% of investment assets in case of a general insurer or reinsurer (25.00% in case of ULIPs); and
- (c) the industry sector in which the investee company operates: 10.00% of the insurer's total investment exposure to the industry sector (25.00% in case of ULIPs).

#### **Bids by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250.00 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250.00 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of a Bid by way of ASBA pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Bid cum Application Form.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FPIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the IRDA, in addition to the above, a certified copy of the certificate of registration issued by the IRDA must be lodged along with the Bid cum Application Form.

- (c) With respect to Bids made by provident funds with a minimum corpus of ₹ 250.00 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250.00 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.
- (d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form.

Our Company and the Selling Shareholders in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company, the Selling Shareholders and the BRLMs may deem fit.

#### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250.00 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid, without assigning any reason thereof.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, the BRLMs and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.**

#### **General Instructions**

##### ***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the Syndicate (except in case of electronic forms) or with respect to ASBA Bidders, ensure that your Bid is submitted either to a member of the Syndicate (in the Specified Locations), a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account, or to a Registered Broker at the Broker Centres;
6. In relation to the ASBA Bids, ensure that your Bid cum Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Syndicate in the Specified Locations or with a Registered Broker at the Broker Centres, and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue;
7. With respect to the ASBA Bids, ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
8. QIBs (other than Anchor Investors) and the Non-Institutional Investors should submit their Bids through the ASBA process only;
9. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;

10. Ensure that you request for and receive a TRS for all your Bid options;
11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs or the Registered Broker (at the Broker Centres);
12. Ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid cum Application Form under non-ASBA process to the Syndicate or the Registered Brokers;
13. With respect to non-ASBA Bids, ensure that the full Bid Amount is paid for the Bids and with respect to ASBA Bids, ensure funds equivalent to the Bid Amount are blocked;
14. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process;
15. Submit revised Bids to the same member of the Syndicate, SCSB or Registered Broker, as applicable, through whom the original Bid was placed and obtain a revised TRS;
16. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the I.T. Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;
17. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
18. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
19. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
20. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
21. Ensure that the category and sub-category is indicated;
22. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
23. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
24. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the online IPO system of the stock exchanges by the Syndicate, the SCSBs or the Registered Brokers, as the case may be, match with the DP ID, Client ID and PAN available in the Depository database;
25. In relation to the ASBA Bids, ensure that you use the Bid cum Application Form bearing the stamp of the Syndicate (in the Specified Locations) and/or relevant SCSB and/ or the Designated Branch and/ or the Registered Broker at the Broker Centres (except in case of electronic forms);
26. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as

per the Bid cum Application Form and the Red Herring Prospectus;

27. ASBA Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only in the Specified Locations and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). ASBA Bidders bidding through a Registered Broker should ensure that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms;
28. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
29. In relation to the ASBA Bids, ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form; and
30. In relation to the ASBA Bids, ensure that you receive an acknowledgement from the Designated Branch of the SCSB or from the member of the Syndicate in the Specified Locations or from the Registered Broker at the Broker Centres, as the case may be, for the submission of your Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate, the SCSBs or the Registered Brokers, as applicable;
4. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Syndicate, the SCSBs or the Registered Brokers only;
6. Do not submit the Bid cum Application Forms to the Escrow Collection Bank(s), our Company or the Registrar to the Issue;
7. Do not Bid on a Bid cum Application Form that does not have the stamp of the Syndicate, the Registered Brokers or the SCSBs;
8. Anchor Investors should not Bid through the ASBA process;
9. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors);
10. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Investors);
11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
12. Do not submit the GIR number instead of the PAN;
13. Do not submit the Bids without the full Bid Amount;
14. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary

account which is suspended or for which details cannot be verified by the Registrar to the Issue;

15. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
16. If you are a QIB, do not submit your Bid after 3.00 pm on the Bid/Issue Closing Date for QIBs;
17. If you are a Non-Institutional Investor or Retail Individual Investor, do not submit your Bid after 3.00 pm on the Bid/Issue Closing Date;
18. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872;
19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
20. Do not submit more than five Bid cum Application Forms per ASBA Account;
21. Do not submit ASBA Bids to a member of the Syndicate at a location other than the Specified Locations or to the brokers other than the Registered Brokers at a location other than the Broker Centres;
22. Do not submit ASBA Bids to a member of the Syndicate in the Specified Locations unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Specified Location, for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>); and
23. Do not submit ASBA Bids to a Registered Broker unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Registered Broker to deposit the Bid cum Application Forms.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

### **Payment instructions**

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 Equity Shares within 12 Working Days of the Bid/Issue Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payment. 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/Issue Closing Date.

### **Payment into Escrow Account for non-ASBA Bidders**

The payment instruments for payment into the Escrow Account should be drawn in favour of:

- (a) In case of resident Retail Individual Investors: “[●]”
- (b) In case of Non-Resident Retail Individual Investors: “[●]”

For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: “[●]”
- (b) In case of Non-Resident Anchor Investors: “[●]”

### **Pre- Issue Advertisement**

Subject to Section 30 of the Companies Act 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in

[●] edition of English national newspaper [●], [●] edition of Hindi national newspaper [●], and [●] edition of a Kannada newspaper, each with wide circulation.

### **Signing of the Underwriting Agreement and the RoC Filing**

- (a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue size, and underwriting arrangements and will be complete in all material respects.

### **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- That if our Company does not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given as a public notice within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- That if the Selling Shareholders withdraw the Offer for Sale after the Bid/Issue Closing Date, our Company shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Company subsequently decides to proceed with the Issue;
- That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid/Issue Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be dispatched within specified time;
- That no further Issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;
- That adequate arrangement shall be made to collect all Bid cum Application Forms under the ASBA process and to consider them similar to non-ASBA Bids while finalising the Basis of Allotment; and
- Our Company shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

### **UNDERTAKINGS BY THE SELLING SHAREHOLDERS**

Each Selling Shareholder undertakes that:

- the Equity Shares being sold by it pursuant to the Offer for Sale, or the compulsorily convertible preference shares which was converted into such Equity Shares, as the case may be, being included in the Issue, have been held by it for a continuous period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI, are fully paid-up and are in physical form and shall be

dematerialised prior to filing of the Red Herring Prospectus with the RoC and SEBI ;

- it is the legal and beneficial owner of, and has full title to, the Equity Shares being sold in the Offer for Sale, except for IAL who is the holder of Equity Shares proposed to be sold by it in the Offer for Sale, in its capacity of a portfolio manager registered under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and entrusted with the management of a portfolio of the equity shares of its clients, who are the legal and beneficial holders and have valid and full title to the Equity Shares sold in the Offer for Sale, which are proposed to be included in the Issue and these Equity Shares sold in the Offer for Sale are free from liens, charges and encumbrances or any contractual transfer restrictions of any kind whatsoever other than such rights as set out under the various shareholder agreements dated February 21, 2014; further details of which are set out in “History and Corporate Structure” on page 197;
- the Equity Shares being sold by it pursuant to the Offer for Sale are free and clear of any liens or encumbrances and shall be transferred to the eligible investors within the specified time; except in circumstances set out under various shareholder agreements dated February 21, 2014 further details of which are set out in “History and Corporate Structure” on page 197.
- it shall provide all reasonable cooperation as requested by our Company in relation to the completion of allotment and dispatch of the allotment advice and Anchor Investor allocation note, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Issue;
- it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Issue;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Selling Shareholders, to the extent applicable;
- it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company in sending a suitable communication, where refunds are made through electronic transfer of funds, to the applicant within 15 days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- it shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;
- if our Company does not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given by our Company as a public notice within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly. It shall extend all reasonable cooperation requested by our Company and the BRLMs in this regard;
- it shall not further transfer the Equity Shares during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/ to be Allotted pursuant to the Issue;
- it shall not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered in the Offer for Sale, except in circumstances set out under various shareholder agreements dated February 21, 2014 further details of which are set out in “History and Corporate Structure” on page 197;
- it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Offer for Sale are available for transfer in the Offer for Sale; and
- it shall comply with all applicable laws including the Companies Act, the SEBI Regulations, the FEMA and the applicable circulars, guidelines and regulations issued by SEBI and the RBI, in relation to the Equity Shares offered by it in the Offer for Sale.

#### Utilisation of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- the utilisation of monies received under Promoter's contribution shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- the details of all unutilised monies out of the funds received under Promoter's contribution shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.



## PART B

### GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 1956, as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI ICDR Regulations, 2009**”).

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus (“RHP”)/Prospectus filed by the Issuer with the Registrar of Companies (“**RoC**”). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Issue and on the website of Securities and Exchange Board of India (“**SEBI**”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section “Glossary and Abbreviations”.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

##### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

### 2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956, as amended or replaced by the Companies Act 2013, the Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

### 2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### 2.5 ISSUE PERIOD

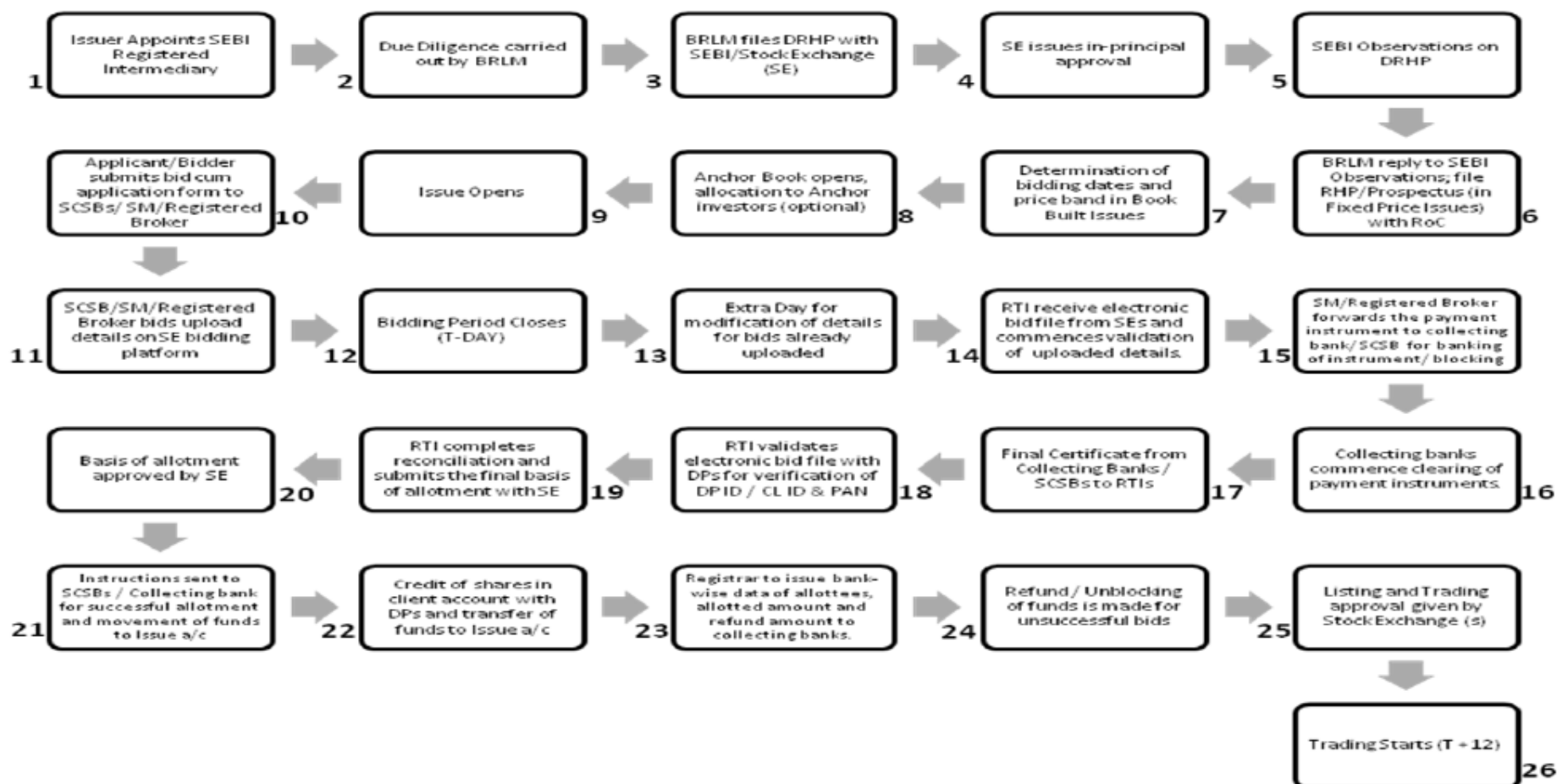
The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

### 2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. [Bidders/Applicants may note that this is not applicable for Fast Track FPOs.]:

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
  - (i) Step 7 : Determination of Issue Date and Price
  - (ii) Step 10: Applicant submits ASBA Application Form with Designated Branch of SCSB and Non-ASBA forms directly to collection Bank and not to Broker.
  - (iii) Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform
  - (iv) Step 12: Issue period closes
  - (v) Step 15: Not Applicable



### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

**Each Bidder/Applicant should check whether it is eligible to apply under applicable law.** Furthermore, certain categories of Bidders/Applicants, such as NRIs, FII's, QFIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- Qualified Foreign Investors subject to applicable law;
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

### SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified Bid cum Application Form either bearing the stamp of a member of the Syndicate or bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

**Fixed Price Issue:** Applicants should only use the specified cum Application Form either bearing the stamp of

Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants bidding/applying in the reserved category	[As specified by the Issuer]

Securities Issued in an IPO of Issue size equal to rupees ten crores or more can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

#### **4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ APPLICATION FORM**

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

**COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA** **XYZ LIMITED - PUBLIC ISSUE - R** **FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS**

**Logo** To, The Board of Directors XYZ Limited **BOOK BUILDING ISSUE** Bid cum Application Form No. **IN**

SYNDICATE MEMBER'S STAMP & CODE	BROKER'S/AGENT'S STAMP & CODE	1. NAME & CONTACT DETAILS of Sole / First Applicant Mr. / Ms. _____ Address _____ Tel. No (with STD code) / Mobile _____ Email _____
ESCROW BANK / SCBS BRANCH STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE	
BANK BRANCH SERIAL NO.	REGISTRAR'S / SCBS SERIAL NO.	2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL		6. Investor Status <input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> Non-Resident Indians - NRI (Non-Repatriation basis) <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VC <input type="checkbox"/> Others (Please specify) - OTH <small>* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)</small>
For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID		
4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")		
5. Category <input type="checkbox"/> Retail Individual <input type="checkbox"/> Non-Institutional <input type="checkbox"/> QIB		

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) *Cut-off* (Price in multiples of ₹ 1/- only) (In Figures)															
		Bid Price			Discount, if any			Net Price			*Cut-off* (Please tick)						
		7	6	5	4	3	2	1	4	3	2	1	4	3	2	1	
Option 1																	<input type="checkbox"/>
(OR) Option 2																	<input type="checkbox"/>
(OR) Option 3																	<input type="checkbox"/>

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)		PAYMENT OPTIONS <input type="checkbox"/> Full Payment <input type="checkbox"/> Part Payment	
Amount Paid (₹ in figures) _____ (₹ in words) _____			
<input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD) Cheque/DD No. _____ Dated DD MM YY Drawn on (Bank Name & Branch) _____		<input type="checkbox"/> (B) ASBA Bank A/c No. _____ Bank Name & Branch _____	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE BIDDERS UNDERTAKING AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT  Date : _____, 2011	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (For ASBA option ONLY) I/We authorize the SCBS to do all acts as are necessary to make the Application in the issue 1) _____ 2) _____ 3) _____	BROKER'S / SCBS BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)
--	--	--

TEAR HERE

<b>XYZ LIMITED</b>	<b>Acknowledgement Slip for Syndicate Member / SCBS</b>	Bid cum Application Form No. _____
DPID / CLID _____	PAN _____	
Amount Paid (₹ in figures) _____	Bank & Branch _____	Stamp & Signature of Banker
Cheque / DD/ASBA Bank A/c No. _____		
Received from Mr./Ms. _____		
Telephone / Mobile _____	Email _____	

TEAR HERE

<b>XYZ LIMITED</b>	Option 1	Option 2	Option 3	Stamp & Signature of Syndicate Member / SCBS	Name of Sole / First Applicant
	No. of Equity Shares				
	Bid Price				
	Amount Paid (₹)				
Cheque / DD/ASBA Bank A/c No. _____				<b>Acknowledgement Slip for Bidder</b>	Bid cum Application Form No. _____
Bank & Branch _____					

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA		<b>XYZ LIMITED - PUBLIC ISSUE - NR</b>		FOR ELIGIBLE NRIs, FIIs, FVCI, ETC., APPLYING ON A REPATRIATION BASIS	
Logo		To, The Board of Directors XYZ Limited		BOOK BUILDING ISSUE INE523L01018	
SYNDICATE MEMBER'S STAMP & CODE		BROKER'S/AGENT'S STAMP & CODE		1. NAME & CONTACT DETAILS of Sole / First Applicant	
ESCROWBANK / SCSB BRANCH STAMP & CODE		SUB-BROKER'S/SUB-AGENT'S STAMP & CODE		Mr. / Ms. _____ Address _____ Tel. No (with STD code) / Mobile _____	
BANK BRANCH SERIAL NO.		REGISTRAR'S / SCSB SERIAL NO.		2. PAN OF SOLE / FIRST APPLICANT	
3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL				6. Investor Status	
For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID				<input type="checkbox"/> NRI Non-Resident Indian (Repatriation basis)	
4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")				<input type="checkbox"/> FII Foreign Institutional Investor	
Bid Options		No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)		5. Category	
		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)		<input type="checkbox"/> Retail Individual	
		Bid Price Discount, if any Net Price "Cut-off" (Please tick)		<input type="checkbox"/> Non-Institutional	
Option 1				<input type="checkbox"/> FVCI Foreign Venture Capital Investor	
(OR) Option 2				<input type="checkbox"/> FIISA FII Sub Account Corporate / Individual	
(OR) Option 3				<input type="checkbox"/> OTH Others (Please Specify)	
7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)				PAYMENT OPTIONS <input type="checkbox"/> Full Payment <input type="checkbox"/> Part Payment	
Amount Paid (₹ in figures) _____ (₹ in words) _____					
<input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD)				<input type="checkbox"/> (B) ASBA	
Cheque/DD No. _____ Dated DD / MM / YY				Bank A/c No. _____	
Drawn on (Bank Name & Branch) _____				Bank Name & Branch _____	
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.					
8A. SIGNATURE OF SOLE / FIRST APPLICANT		8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (For ASBA option ONLY)		BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)	
Date : _____, 2011		1) _____ 2) _____ 3) _____			
XYZ LIMITED		Acknowledgement Slip for Syndicate Member / SCSB		Bid cum Application Form No. _____	
DPID / CLID		PAN			
Amount Paid (₹ in figures)		Bank & Branch		Stamp & Signature of Banker	
Cheque / DD/ASBA Bank A/c No.					
Received from Mr./Ms.					
Telephone / Mobile		Email			
XYZ LIMITED		Acknowledgement Slip for Bidder		Bid cum Application Form No. _____	
Option 1 Option 2 Option 3		Stamp & Signature of Syndicate Member / SCSB		Name of Sole / First Applicant	
No. of Equity Shares					
Bid Price					
Amount Paid (₹)					
Cheque / DD/ASBA Bank A/c No.					
Bank & Branch					

#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications(including refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders/Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or

are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

- (c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favor of the Bidder/Applicant whose name appears in the Bid cum Application Form/Application Form or the Revision Form and all communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

*“Any person who –*

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) *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*
- (c) *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.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 109A of the Companies Act, 1956. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

#### 4.1.2 **FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT**

- (a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim (“PAN Exempted Bidders/Applicants”). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- (c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the



beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

- (d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- (e) Bids/Applications by Bidders whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

#### 4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**
- (b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk.

#### 4.1.4 **FIELD NUMBER 4: BID OPTIONS**

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))
- (c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.
- (e) **Allotment:** The allotment of specified securities to each RII shall not be less than the

minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

#### 4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

- (b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- (c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.
- (d) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.
- (e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 30% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- (g) A Bid cannot be submitted for more than the Issue size.
- (h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

#### 4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
  - (i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - (ii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
  - (i) Bids by Reserved Categories bidding in their respective Reservation Portion as well as bids made by them in the Net Issue portion in public category.
  - (ii) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - (iii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - (iv) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

#### 4.1.5 FIELD NUMBER 5 : CATEGORY OF BIDDERS

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.
- (b) Upto 30% of the QIB Category can be allocated by the Issuer, on a discretionary basis [subject to the criteria of minimum and maximum number of anchor investors based on allocation size], to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.
- (d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

#### 4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders/Applicants, such as NRIs, FIIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

#### 4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

- (a) All Bidders are required to make payment of the full Bid Amount (net of any Discount, as applicable) along-with the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be made for Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.
- (c) QIBs and NIIs can participate in the Issue only through the ASBA mechanism.
- (d) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft (“Non-ASBA Mechanism”).
- (e) Bid Amount cannot be paid in cash, through money order or through postal order.

##### 4.1.7.1 **Instructions for non-ASBA Bidders:**

- (a) Non-ASBA Bidders may submit their Bids with a member of the Syndicate or any of the Registered Brokers of the Stock Exchange. The details of Broker Centres along with names and contact details of the Registered Brokers are provided on the websites of the Stock Exchanges.
- (b) **For Bids made through a member of the Syndicate:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the members of the Syndicate at Specified Locations.
- (c) **For Bids made through a Registered Broker:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the Registered Broker.
- (d) If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.

- (e) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- (f) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date.
- (g) Bidders are advised to provide the number of the Bid cum Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

#### 4.1.7.2 Payment instructions for ASBA Bidders

- (a) ASBA Bidders may submit the Bid cum Application Form either
  - (i) in physical mode to the Designated Branch of an SCSB where the Bidders/Applicants have ASBA Account, or
  - (ii) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
  - (iii) in physical mode to a member of the Syndicate at the Specified Locations or
  - (iv) Registered Brokers of the Stock Exchange
- (b) ASBA Bidders may specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;
- (d) Bidders shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) **ASBA Bidders bidding through a member of the Syndicate** should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified locations. ASBA Bidders should also note that Bid cum Application Forms submitted to a member of the Syndicate at the Specified locations may not be accepted by the Member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).
- (g) **ASBA Bidders bidding through a Registered Broker** should note that Bid cum Application Forms submitted to the Registered Brokers may not be accepted by the Registered Broker, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms.
- (h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as

mentioned in the Bid cum Application Form.

- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.
- (l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **4.1.7.2.1 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 12 Working Days of the Bid/Issue Closing Date.

#### **4.1.7.3 Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

#### **4.1.7.4 Discount (if applicable)**

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

#### 4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

#### 4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by a member of the Syndicate, Registered Broker or SCSB, as applicable, for submission of the Bid cum Application Form.
- (b) Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Escrow Collection Bank or SCSB, as applicable, for submission of the Application Form.
- (c) All communications in connection with Bids/Applications made in the Issue should be addressed as under:
  - (i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.
  - (ii) In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.
  - (iii) In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.
  - (iv) In case of queries relating to uploading of Bids by a Registered Broker, the Bidders/Applicants should contact the relevant Registered Broker
  - (v) Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.
- (d) The following details (as applicable) should be quoted while making any queries -
  - (i) full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
  - (ii) name and address of the member of the Syndicate, Registered Broker or the Designated Branch, as the case may be, where the Bid was submitted or
  - (iii) In case of Non-ASBA bids cheque or draft number and the name of the issuing bank thereof

- (iv) In case of ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- (a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:



<b>COMMON BID REVISION FORM FOR ASBA / NON-ASBA</b>		<b>XYZ LIMITED - PUBLIC ISSUE - R</b>		<b>FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS</b>		
Logo <span style="float: right;">To, The Board of Directors XYZ Limited</span>		BOOK BUILDING ISSUE INE523L01018		Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
SYNDICATE MEMBERS STAMP & CODE		BROKERS/AGENT'S STAMP & CODE		1. NAME & CONTACT DETAILS of Sole / First Applicant		
ESCROW BANK/SCSB BRANCH STAMP & CODE		SUB-BROKERS/SUB-AGENT'S STAMP & CODE		Mr. / Ms. <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span> Tel. No (with STD code) / Mobile <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>		
BANK BRANCH SERIAL NO.		REGISTRAR'S / SCSB SERIAL NO.		2. PAN OF SOLE / FIRST APPLICANT		
				3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL <small>For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID</small>		
PLEASE CHANGE MY BID						
4. FROM (as per last Bid or Revision)						
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)			Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only)		
	(In Figures)			(In Figures)		
Option 1	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	
(OR) Option 2	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	
(OR) Option 3	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	
5. TO (Revised Bid)						
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)			Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only)		
	(In Figures)			(In Figures)		
Option 1	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	
(OR) Option 2	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	
(OR) Option 3	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	<div style="border: 1px solid black; width: 15px; height: 15px;"></div>	
6. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)						
Additional Amount Paid (₹ in figures) <span style="border-bottom: 1px solid black; display: inline-block; width: 50px;"></span> (₹ in words) <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>			PAYMENT OPTIONS <input type="checkbox"/> Full Payment <input type="checkbox"/> Part Payment			
<input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD) <span style="float: right;"><input type="checkbox"/> (B) ASBA</span>						
Cheque/DD No. <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span> Dated <span style="border-bottom: 1px solid black; display: inline-block; width: 50px;"></span>			Bank A/c No. <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>			
Drawn on (Bank Name & Branch) <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>			Bank Name & Branch <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>			
<small>I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid revision Form given overleaf.</small>						
7A. SIGNATURE OF SOLE/ JOINT APPLICANT(S)		7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY)		BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)		
Date : _____, 2011		I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue		<div style="border: 1px solid black; width: 100px; height: 50px;"></div>		
TEAR HERE						
XYZ LIMITED BID REVISION FORM		Acknowledgement Slip for Syndicate Member / SCSB		Bid cum Application Form No.		
DPID / CLID <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>		PAN <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>				
Additional Amount Paid (₹) <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>		Bank & Branch <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>		Stamp & Signature of Banker   		
Cheque / DD/ASBA Bank A/c No. <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>						
Received from Mr./Ms. <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>						
Telephone / Mobile <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>		Email <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>				
TEAR HERE						
XYZ LIMITED BID REVISION FORM	Option 1		Option 2		Option 3	
	No. of Equity Shares		Acknowledgement of Syndicate Member / SCSB		Name of Sole / First Applicant	
	Bid Price		<div style="border: 1px solid black; width: 100px; height: 50px;"></div>		<div style="border: 1px solid black; width: 100px; height: 50px;"></div>	
	Additional Amount Paid (₹)					
	Cheque / DD/ASBA Bank A/c No.					
Bank & Branch		Acknowledgement Slip for Bidder		Bid cum Application Form No.		

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

#### 4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders or refunded from the Escrow Account in case of non-ASBA Bidder.

#### 4.2.3 **FIELD 6: PAYMENT DETAILS**

- (a) With respect to the Bids, other than Bids submitted by ASBA Bidders/Applicants, any revision of the Bid should be accompanied by payment in the form of cheque or demand draft for the amount, if any, to be paid on account of the upward revision of the Bid.
- (b) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- (c) In case of Bids submitted by ASBA Bidder/Applicant, Bidder/Applicant may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same member of the Syndicate/Registered Broker or the same Designated Branch (as the case may be) through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (d) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.
- (e) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional

payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

- (f) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders/Applicants or refunded from the Escrow Account in case of non-ASBA Bidder/Applicant.

#### 4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### 4.3 **INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

#### 4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

- (a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Manager to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Issue size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Collection Bank(s) or SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
  - (i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

- (ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
  - (i) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
  - (ii) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
  - (iii) Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### **4.3.3 FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

- (a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

#### **4.3.4 FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### **4.3.5 FIELD 7: PAYMENT DETAILS**

- (a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the payment shall be made for an Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- (b) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").
- (c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

##### **4.3.5.1 Instructions for non-ASBA Applicants:**

- (a) Non-ASBA Applicants may submit their Application Form with the Collection Bank(s).
- (b) For Applications made through a Collection Bank(s): The Applicant may, with the submission of the Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the Prospectus and the Application Form and submit the same to the escrow Collection Bank(s).

- (c) If the cheque or demand draft accompanying the Application Form is not made favoring the Escrow Account, the form is liable to be rejected.
- (d) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- (e) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Applicants until the Designated Date.
- (f) Applicants are advised to provide the number of the Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

#### **4.3.5.2 Payment instructions for ASBA Applicants**

- (a) ASBA Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.
- (b) ASBA Applicants may specify the Bank Account number in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- (d) Applicants shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) ASBA Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- (h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- (i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- (j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- (k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- (l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

##### **4.3.5.2.1 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 12 Working Days of the Issue Closing Date.

#### 4.3.5.3 **Discount** (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- (c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

#### 4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

#### 4.4 **SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM**

##### 4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Non-ASBA Application	1) To members of the Syndicate at the Specified Locations mentioned in the Bid cum Application Form 2) To Registered Brokers
ASBA Application	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres (b) To the Designated branches of the SCSBs where the ASBA Account is maintained

- (a) Bidders/Applicants should not submit the bid cum application forms/ Revision Form directly to the escrow collection banks. Bid cum Application Form/ Revision Form submitted to the escrow collection banks are liable for rejection.
- (b) Bidders/Applicants should submit the Revision Form to the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid.

- (c) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.
- (d) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

## **SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

### **5.1 SUBMISSION OF BIDS**

- (a) During the Bid/Issue Period, ASBA Bidders/Applicants may approach the members of the Syndicate at the Specified Cities or any of the Registered Brokers or the Designated Branches to register their Bids. Non-ASBA Bidders/Applicants who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or any of the Registered Brokers, to register their Bid.
- (b) Non-ASBA Bidders/Applicants (RIIs, Employees and Retail Individual Shareholders) bidding at Cut-off Price may submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount less discount (if applicable) based on the Cap Price with the members of the Syndicate/ any of the Registered Brokers to register their Bid.
- (c) In case of ASBA Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the ASBA Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable). ASBA Bidders/Applicants may approach the members of the Syndicate or any of the Registered Brokers or the Designated Branches to register their Bids.
- (d) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

### **5.2 ELECTRONIC REGISTRATION OF BIDS**

- (a) The Syndicate, the Registered Brokers and the SCSBs may register the Bids using the on-line facilities of the Stock Exchanges. The Syndicate, the Registered Brokers and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Issue Closing Date, the Syndicate, the Registered Broker and the Designated Branches of the SCSBs may upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The members of the Syndicate, the Registered Brokers and the SCSBs are given up to one day after the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

### **5.3 BUILD UP OF THE BOOK**

- (a) Bids received from various Bidders/Applicants through the Syndicate, Registered Brokers and

the SCSBs may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Issue Period.

- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/Issue Period.

#### **5.4 WITHDRAWAL OF BIDS**

- (a) RIIs can withdraw their Bids until finalization of Basis of Allotment. In case a RII applying through the ASBA process wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned SCSB or the Syndicate Member or the Registered Broker, as applicable, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) In case a RII wishes to withdraw the Bid after the Bid/Issue Period, the same can be done by submitting a withdrawal request to the Registrar to the Issue until finalization of Basis of Allotment. The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

#### **5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS**

- (a) The members of the Syndicate, the Registered Broker and/or SCSBs are individually responsible for the acts, mistakes or errors or omission in relation to
  - (i) the Bids accepted by the members of the Syndicate, the Registered Broker and the SCSBs,
  - (ii) the Bids uploaded by the members of the Syndicate, the Registered Broker and the SCSBs,
  - (iii) the Bid cum application forms accepted but not uploaded by the members of the Syndicate, the Registered Broker and the SCSBs, or
  - (iv) With respect to Bids by ASBA Bidders/Applicants, Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.
- (b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

##### **5.5.1 GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the (i) authorised agents of the BRLMs, (ii) Registered Brokers, or (iii) SCSBs, or (iv) Collection Bank(s), or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected,



inter-alia, on the following grounds, which have been detailed at various places in this GID:-

- (a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Bids/Applications by OCBs; and
- (c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;
- (e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (g) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;
- (h) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (k) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;
- (l) Bids/Applications at Cut-off Price by NIIs and QIBs;
- (m) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids/Applications by ASBA Bidders, the amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (o) In relation to ASBA Bids/Applications, submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;
- (p) Bids/Applications for a Bid/Application Amount of more than ₹ 200,000 by RIIs by applying through non-ASBA process;
- (q) Bids/Applications for number of Equity Shares which are not in multiples of Equity Shares which are not in multiples as specified in the RHP;
- (r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (s) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

- (t) With respect to ASBA Bids/Applications, inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;
- (u) Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- (v) With respect to ASBA Bids/Applications, where no confirmation is received from SCSB for blocking of funds;
- (w) Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied with cheque(s) or demand draft(s);
- (x) ASBA Bids/Applications submitted to a BRLM at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;
- (y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- (z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

## 5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.
- (b) Under-subscription in Retail category is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB category is not available for subscription to other categories.
- (c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 20 to Rs. 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding (“Alternate Book Building Process”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## **SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

**Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue.** As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Syndicate Members/SCSB and/or Bankers to the Issue or Registered Broker.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale

only, then minimum subscription may not be applicable.

#### **7.1 ALLOTMENT TO RIIs**

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

- (a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

#### **7.2 ALLOTMENT TO NIIs**

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

#### **7.3 ALLOTMENT TO QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

#### **7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)**

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer subject to compliance with the following requirements:
- (i) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
  - (ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor; and
    - a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor.
- (b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

## 7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of

Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

- (e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## 7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within 12 Working Days of the Bid/ Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

## SECTION 8: INTEREST AND REFUNDS

### 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 12 Working Days of the Bid/Issue Closing Date.

### 8.2 GROUNDS FOR REFUND

#### 8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an

official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not repaid within the eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, and as disclosed in the RHP/Prospectus.

### **8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, the Issuer may forthwith, without interest refund the entire subscription amount received. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at the rate prescribed under the SEBI ICDR Regulations, the Companies Act, 2013 and other applicable laws.

### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

### **8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

## **8.3 MODE OF REFUND**

- (a) **In case of ASBA Bids/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.
- (b) **In case of Non-ASBA Bid/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Bidders/Applicants and also for any excess amount paid on Bidding/Application, after adjusting for allocation/ allotment to Bidders/Applicants.
- (c) In case of non-ASBA Bidders/Applicants, the Registrar to the Issue may obtain from the depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders/Applicants in their Bid cum Application Forms for refunds. Accordingly, Bidders/Applicants are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in

delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Bidders/Applicants' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Bidders/Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

- (d) In the case of Bids from Eligible NRIs and FIIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

### **8.3.1 Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants**

The payment of refund, if any, may be done through various modes as mentioned below:

- (a) **NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;
- (b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Bidders/Applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Bidders/Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders/Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- (c) **Direct Credit**—Bidders/Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- (d) **RTGS**—Bidders/Applicants having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and
- (e) For all the other Bidders/Applicants, including Bidders/Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc Bidders/Applicants may refer to RHP/Prospectus.

### **8.3.2 Mode of making refunds for ASBA Bidders/Applicants**

In case of ASBA Bidders/Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

## **8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND**

The Issuer may pay interest at the rate of 15% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to



Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 12 Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Portion	Up to 30% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Issue who Bid/apply through ASBA
Banker(s) to the Issue/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid /Issue Closing Date	The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/

<b>Term</b>	<b>Description</b>
	Issue Closing Date
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/ Book Running Lead Manager(s)/Lead Manager/ LM	The Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account

<b>Term</b>	<b>Description</b>
Companies Act	The Companies Act, 1956
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders/Applicants (excluding the ASBA Bidders/Applicants) may Issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form

<b>Term</b>	<b>Description</b>
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI
OCB/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

Term	Description
	which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least two working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, 1956 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
Qualified Foreign Investors or QFIs	<p>Non-Resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI.</p> <p>Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies</p>
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all

Term	Description
	references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/ Categories	Categories of persons eligible for making application/bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than ₹ 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Issue (excluding Bids from ASBA Bidders/Applicants)
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday on which commercial banks are open for business, except with reference to announcement of Price Band and Bid/Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for

Term	Description
	commercial banks in India

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”), issued Circular 1 of 2013 (“**Circular 1 of 2013**”), which with effect from April 5, 2013, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on April 4, 2013. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Circular 1 of 2013 will be valid until the DIPP issues an updated circular (expected on April 5, 2013 and effective from April 5, 2014).

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (“**FDI**”) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The Equity Shares have not been and will not be registered under the Securities Act any state securities laws in the United States, and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**



## SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act 1956, and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures, their consolidation or splitting are as provided below. Each provision below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

***The Articles of Association of GMR Energy Limited (the “Company”) are divided into Parts I and II, which parts shall, unless the context otherwise requires, co-exist with each other. Part I shall be without prejudice to Part II or rights of the Investors in Part II. In the event of any inconsistency between Part I and Part II of the Articles, the provisions of Part II shall prevail over Part I. However, Part II of these Articles shall automatically terminate and cease to have any force and effect from the date of listing of shares of the Company on a stock exchange in India subsequent to a QIPO without any further action by the Company or by the shareholders.***

### **PART I**

#### **CAPITAL**

**1. *Authorised Share Capital***

The authorized share capital of the Company shall be such amount as is given in Clause V of the Memorandum of Association.

**2. *Shares at the Disposal of the Directors***

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting.

**3. *Consideration for Allotment***

The Board of Directors may allot and issue shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and/or in the conduct of its business; and any shares which may be so allotted may be issued as fully/partly paid up shares and if so issued shall be deemed as fully/partly paid up shares.

**4. *Restriction on Allotment***

- (a) The Directors shall in making the allotments duly observe the provisions of the Act;
- (b) The amount payable on application on each share shall not be less than 5% of the nominal value of the share; and
- (c) Nothing herein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt

or obligation of the Company

5. *Increase of Capital*

The Company at its general meeting may, from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at general meeting of the Company in conformity with the Act and other applicable laws. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of Section 97 of the Act.

6. *Reduction of Capital*

The Company may, subject to the provisions of Sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act from time to time, by Special Resolution reduce its capital and any capital redemption reserve account or securities premium account in any manner for the time being authorized by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

7. *Sub-division, Consolidation and Cancellation of Share Certificate*

Subject to the provisions of Section 94 of the Act, the Company in general meeting, may by an ordinary resolution from time to time:

- (a) Divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference of special advantage as regards dividend, capital or otherwise as compared with the others
- (b) Cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

8. *New capital part of the existing capital*

Except so far as otherwise provided by the conditions of the issue or by these Presents any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

9. *Power to issue Shares with differential voting rights*

The Company shall have the power to issue shares with such differential rights as to dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable.

10. *Power to issue preference shares*

Subject to the provisions of Section 80 of the Act, the Company shall have the powers to issue

preference shares which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of such redemption.

*11. Further Issue of Shares*

- (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares then
  - (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.
  - (b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of offer within which the offer, if not accepted, will be deemed to have been declined.
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.
  - (d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company
- (2) Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub- clause (1) hereof) in any manner whatsoever.
  - (a) If a Special Resolution to that effect is passed by the Company in general meeting, or
  - (b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
  - (a) To extend the time within which the offer should be accepted; or
  - (b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company:
  - (i) To convert such debentures or loans into shares in the Company; or
  - (ii) To subscribe for shares in the Company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans other than debentures issued to or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in general meeting before the issue of the debentures or raising of the loans.

12. *Right to convert loans into capital*

Notwithstanding anything contained in sub-clauses(s) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures or loans raised by the Company to convert such debentures or loans into shares or to subscribe for shares in the Company.

13. *Allotment on application to be acceptance of shares*

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register, shall, for the purpose of these Articles, be a Member.

14. *Return on allotments to be made or Restrictions on Allotment*

The Board shall observe the restrictions as regards allotment of shares to the public contained in Sections 69 and 70 of the Act, and as regards return on allotments, the Directors shall comply with Section 75 of the Act.

15. *Money due on shares to be a debt to the Company*

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

16. *Installments on Shares*

If, by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

17. *Members or heirs to pay unpaid amounts*

Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with these Regulations require or fix for the payment thereof.

18. *Variation of Shareholders' rights*

- (a) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to the shares of any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to provisions of sections 106 and 107 of the Act and

whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourth of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class.

- (b) Subject to the provisions of Section 107(2) of the Act, to every such separate meeting, the provisions of these Regulations relating to meeting shall mutatis mutandis apply.

19. *Power to establish Branch Offices*

The Company shall have power to establish branch offices subject to the provisions of Section 8 of the Act or any statutory modifications thereof.

20. *Payments of Interest out of Capital*

The Company shall have power to pay interest out of its capital on so much of the shares which were issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant for the Company in accordance with Section 208 of the Act.

21. Subject to provisions of these Articles, the Company if authorized by a special resolution passed at a general meeting may amalgamate or cause itself to be amalgamated with any other person, firm or body corporate subject however to the provisions of Section 391 to 394 of the Act.

## **SHARE CERTIFICATES**

22. *Rules to issue share certificates*

The rules under “The Companies (Issue of Share Certificate) Rules, 1960 shall be complied with in the issue, reissue, renewal of share certificates and the format sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said rules.

23. (a) *Every Member entitled to certificate for his shares*

- (i) Every Member or allottee of shares shall be entitled, without payment, to receive one or more certificates specifying the name of the person in whose favour it is issued, the shares to which it relates, and the amount paid thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of fractional coupon of requisite value, save in case of issue of share certificates against letters of acceptance of or renunciation or in cases of issues of bonus shares. Such share certificates shall also be issued in the event of consolidation or sub-division of the shares of the Company.
- (ii) Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of (1) two Directors or persons acting on behalf of the Directors under duly registered powers of attorney; and (2) the Secretary or some other persons appointed by the Board for the purpose.
- (iii) Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating date of issue.

(b) *Joint ownership of shares:*

Any two or more joint allottees of shares shall be treated as a single Member for the purposes of this Article and any share certificate, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. The Company shall comply with the provisions of Section 113 of the Act.

Notwithstanding anything contained in preceding sub-clause (a) and (b), the Board of Directors of the

Company may at their absolute discretion refuse sub-division of share certificates or debenture certificates into denomination of less than marketable lots except where sub-division is required to be made to comply with a statutory provision or an order of a competent court of law or a request from a member to convert holding of odd lot into transferable/marketable lot.

(c) *Director to sign Share Certificates:*

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other materials used for the purpose.

(d) *Issue of new certificate in place of one defaced, lost or destroyed*

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the Company.

(e) *Renewal of Share Certificate:*

When a new share certificate has been issued in pursuance of clause (d) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of share certificate number, sub-divided/replaced on consolidation of shares.

(f) When a new certificate has been issued in pursuance of clause (d) of this Article, it shall state on the face of it against the stub or counterfoil to the effect that it is duplicate issued in lieu of share certificate No..... The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate and when a new certificate has been issued in pursuance of clauses (c), (d), (e) and (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it, the names of the persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.

(g) All blank forms, share certificates shall be printed only on the authority of a resolution duly passed by the Board.

24. *Responsibilities to maintain records*

The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates.

25. *Rights of Joint Holders*

- (a) If any share stands in the names of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of share shall be severally as well as jointly liable for payment of all installments and calls due in respect of such share and for all incidents thereof according to these Regulations.

26. *Limitation of Time For Issue of Certificates*

Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

### **UNDERWRITING & BROKERAGE**

27. *Commission for placing shares, debentures, etc*

- (a) Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares or debentures of the Company and provisions of Section 76 of the Act shall apply.
- (b) The Company may also, in any issue, pay such brokerage as may be lawful.

### **LIEN**

28. *Company's lien on shares /debentures*

The Company shall have a first and paramount lien upon all the shares /debentures (other than fully paid up shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares/debentures, and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from provisions of this clause. The fully paid up shares shall be free from all lien and that in the case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

29. *Enforcing lien by sale*

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such Member or his representative and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for thirty days after such notice.

30. *Application of sale proceeds*

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

### **CALLS ON SHARES**

31. *Board to have right to make calls on shares*

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and the member(s) and place(s) appointed by the Board. A call may be made payable by installments.

Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in general meeting.

32. *Notice for call*

Thirty days notice in writing of any call shall be given by the Company specifying the date, time and places of payment and the person or persons to whom such call be paid.

33. *Call when made*

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board.

34. *Liability of joint holders for a call*

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

35. *Board to extend time to pay call*

The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time to all or any of the members. The Board may be fairly entitled to grant such extension, but no Member shall be entitled to such extension, save as a matter of grace and favour.

36. *Calls to carry Interest*

If a Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

37. *Dues deemed to be calls*

Any sum, which as per the terms of issue of a share becomes payable on allotment or at a fixed date whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same may become payable and in case of non payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become



payable by virtue of a call duly made and notified.

38. *Proof of dues in respect of shares*

On any trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares it shall be sufficient to prove (i) that the name of the Members in respect of whose shares the money is sought to be recovered appears entered in the Register as the holder, at or subsequent to the date on which the money sought to be recovered is alleged to have become due on the shares, (ii) that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his representatives pursuant to these Articles, and (iii) it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

39. *Partial payment not to preclude forfeiture*

Neither a judgment nor a decree in favour of the Company, for call or other moneys due in respect of any share nor any part payment or satisfaction there under, nor the receipt by the Company of a portion of any money which shall, from time to time be due from any member to the Company in respect of his shares either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

40. *Payment in anticipation of call may carry interest*

- (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.
- (b) The Member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.
- (c) The provisions of this Article shall mutatis mutandis apply to the calls on debentures of the Company.

## **FORFEITURE OF SHARES**

41. *Board to have right to forfeit shares*

If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

42. *Notice for forfeiture of shares*

- (a) The notice shall name a further day (not earlier than the expiration of thirty days from the date of notice) and place or places on which such call or installment and such interest thereon (at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid) and expenses as aforesaid, are to be paid.
- (b) The notice shall also state that in the event of the non-payment at or before the time the call

was made or installment is payable the shares will be liable to be forfeited.

43. *Effect of forfeiture*

If the requirements of any such notice as aforesaid were not complied with, every or any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture, subject to applicable provisions of the Act. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

44. *Notice of forfeiture*

When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member on whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

45. *Forfeited share to be the property of the Company*

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.

46. *Member to be liable even after forfeiture*

Any Member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with the interest thereon from time to time of the forfeiture until payment at such rates as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

47. *Claims against the Company to extinguish on forfeiture*

The forfeiture of a share involves extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company, in respect of the shares and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

48. *Evidence of forfeiture*

A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

49. *Effecting sale of shares*

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinafter given, the Board may appoint some person to execute an instrument of transfer of the shares sold, cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person.

50. *Certificate of forfeited shares to be void*

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand

cancelled and become null and void and have no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

51. *Board entitled to cancel forfeiture*

The Board may at any time before any share so forfeited shall have them sold, re-allotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions at it thinks fit.

## **TRANSFER AND TRANSMISSION OF SHARES**

52. *Register of Transfers*

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares.

53. *Endorsement of Transfer*

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

54. *Instrument of Transfer*

The instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use a common form of transfer in all cases. In case of transfer of shares, where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.

55. *Executive transfer instrument*

Every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the Register in respect thereof. The instrument of transfer shall be in respect of same class of shares and should be in the form prescribed under the Act.

56. *Closing Register of transfers and of Members*

The Board shall be empowered, on giving not less than seven days notice by advertisement in a newspaper circulating in the district in which the Office of the Company is situated, to close the transfer books, Register, the register of debenture holders at such time or times, and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as it may seem expedient.

57. *Directors may refuse to register transfer*

Subject to the provisions of Section 111 and Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in shares or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

58. *Transfer of partly paid shares*

Where in the case of partly paid shares, an application for registration is to be made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

59. *Survivor of joint holders recognized*

In case of the death of any one or more persons named in the Register of Members as the joint-holders of any shares, the survivors shall be the only person recognized by the Company as having any title to or interest in such share but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

60. *Title to shares of deceased members*

The executors or administrators or holders of a succession certificate or the legal representatives of a deceased Member (not being one or two joint holders) shall be the only person recognized by the Company as having any title to the shares registered in the name of such Member, and the Company shall be bound to recognize such executors or administrators or holders of a succession certificate or the legal representatives shall have first obtained probate holders or letter of administration or succession certificate as the case may be, from a duly constituted court in the Union of India. Provided that in any case where the Board in its absolute discretion, thinks fit, the Board may dispense with the production of probate or letter of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

61. *Transfers not permitted*

No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind, except fully paid shares through a legal guardian.

62. *Transmission of shares*

Subject to the provisions of the Act and these Presents, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any members, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Article, or of his title, either by registering himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares.

63. *Rights on Transmission*

A person entitled to a share by transmission shall, subject to the Directors' right to retain such dividends or money, be entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

Provided that the Board may at any time to give a notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of such share, until the requirements of notice have been complied with.

64. *Instrument of transfer to be stamped*

Every instrument of transfer shall be presented to the Company duly stamped for registration,

accompanied by such evidence as the Board may require to prove the title of the transferor his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the dividend in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such dividend to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.

65. *Share Certificates to be surrendered*

Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108) properly stamped and executed instrument of transfer.

66. *No fee on Transfer or Transmission*

No fee shall be charged for:

- (a) registration of transfers, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document; and
- (b) sub-division and/ or consolidation of shares and debentures and sub-division of letters of allotment and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading;

67. *Company not liable to notice of equitable rights*

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the board shall so think fit.

68. *Transfer and Transmission of Debentures*

The provisions of these Articles, shall, mutatis mutandis, apply to the transfer of or the transmission by law of the right to debentures of the Company.

69. *Dematerialisation of Securities*

- (i) Definitions: For the purpose of this Article:

“*Beneficial Owner*” means a person whose name is recorded as such with a Depository.

“*Depositories Act*” means the Depository Act, 1996, including any statutory modifications or re-enactment for the time being in force.

“*Depository*” means a company formed and registered under the Act and which has been granted a Certificate of Registration to act as a depository under the Securities and Exchange Board of India Act 1992.

“*Participant*” means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

“*Record*” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations issued by the Securities and Exchange Board of India in relation to the Depository Act, 1996.

“*Registered Owner*” means a Depository whose name is entered as such in the records of the Company.

“*SEBI*” means the Securities and Exchange Board of India

“*Security*” means such security as may be specified by the Securities and Exchange Board of India from time to time.

(ii) *Company to Recognize Interest in Dematerialized Securities under the Depositories Act, 1996.*

Either the Company or the investor may exercise an option to issue, dematerialise, hold the securities (including shares) with a Depository in Electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof.

(iii) *Dematerialisation/Re-Materialisation Of Securities*

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the de-materialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(iv) *Option To Receive Security Certificate Or Hold Securities With Depository*

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its record, the name of the allottees as the beneficial owner of that security.

(v) *Securities In Electronic Form*

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 187 B, 187 C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

(vi) *Beneficial Owner Deemed As Absolute Owner*

Except as ordered by a court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the beneficial owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(vii) *Rights Of Depositories And Beneficial Owners*

Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the Depository is the registered owner of the securities, and shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository

(viii) *Register and Index of Beneficial Owners*

The Company shall cause to be kept a Register and Index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a Branch register of Members resident in that state or country.

(ix) *Cancellation of Certificates Upon Surrender By Person*

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

(x) *Service of Documents*

Notwithstanding anything contained in the Act, or these Articles, to the contrary, where securities are held in a Depository, the record of the beneficial ownership may be served by such Depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs.

(xi) *Allotment of Securities*

Where the securities are dealt within a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

(xii) *Transfer Of Securities*

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in Depository.

(xiii) *Distinctive Number Of Securities Held In A Depository*

The shares in the capital shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the shares of the Company which are in dematerialized form.

(xiv) *Provisions Of Articles To Apply To Shares Held In Depository*

Except as specifically provided in these Articles, the provisions relating to joint holders of

shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act, 1996.

(xv) *Depository To Furnish Information*

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by laws and the Company in that behalf.

(xvi) *Option To Opt Out In Respect Of Any Such Security*

If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(xvii) *Overriding Effect of This Article*

Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Articles of these Presents.

70. *Nomination Facility*

- (i) Every holder of shares, or holder of debentures of the Company may at any time, nominate, in the prescribed manner a person to whom his shares in or debentures of the Company shall rest in the event of his death.
- (ii) Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall rest in the event of death of all the joint holders.
- (iii) Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentures holder of the Company or as the case may be on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or as the case may be all the joint holders in relation to such shares in or debenture of the Company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (iv) Where the nominee is a minor it shall be lawful for the holder of shares or debentures, to make the nomination and to appoint in the prescribed manner any person to become entitled to shares in or debentures of the Company in the event of his death in the event of minority of the nominee.
- (v) Any person who becomes a nominee by virtue of the provisions of Section 109 A upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either
  - a) To be registered himself as holder of the shares or debentures as the case may be, or
  - b) To make such transfer of the share or debenture as the case may be, as the deceased shareholder or debenture holder, as the case may be could have made.



If the person being a nominee, so becoming entitled, elects to be registered himself as a holder of the share or debenture as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with a death certificate of the deceased shareholder or debenture holder as the case may be.

- (vi) All the limitations, restrictions and provisions of this Act, relating to the right to transfer and registration of transfer of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer where a transfer is signed by that shareholder or debenture holder, as the case may be.
- (vii) A person being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture and if the notice is not complied with within 90 days, the Board may thereafter withhold payments of all dividends, bonus, or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with.

- (viii) A Depository may in terms of Section 109A at any time, make a nomination and above provisions shall as far as may be, apply to such nomination.

71. *Buy Back of Shares*

The Company shall be entitled to purchase its own shares or other securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under Sections 77A and other applicable laws, if any.

72. *Copies of Memorandum and Articles to be sent to members*

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of such sum as may be prescribed.

### **KAMALANGA POWER PROJECT**

- 73. The Power Project in Kamalanga District Dhenkanal, Orissa shall be implemented by Special Purpose Vehicle (SPV), GMR Kamalanga Energy Limited, and the Company shall hold at least 51% equity stake in GMR Kamalanga Energy Ltd, such that M/s. GMR Kamalanga Energy Ltd remains the subsidiary of the Company during the continuance of the power project and the mine at all times.

### **SHARE WARRANTS**

74. *Rights to issue share warrants*

- (a) The Company may issue share warrants subject to, and in accordance with provisions of Section 114 and 115 of the Act.
- (b) The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

75. *Rights of warrant holders*

- (a) The bearer of the share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition, for calling a meeting of the Company, and of attending, and voting and exercising other privileges of a member at any meeting held after the expiry of two clear days from time of the deposit, as if his name were inserted in the Register or Members as the holder of the shares included in the deposited warrant.
  - (b) Not more than one person shall be recognized as the depositor of the share warrant.
  - (c) The Company shall, on two days written notice, return the deposited share warrant to the depositor.
76. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be member of the Company.

77. *Board to make rules*

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

### **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

78. *Rights to convert shares into stock & vice-versa*

The Company in general meeting may, by an Ordinary Resolution, convert any fully paid-up shares into stock and when any shares shall have been converted into stock the several holders of such stock, may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same Regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place. The Company may, by an Ordinary Resolution reconvert any stock into fully paid up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal amount of shares from which the stock arose.

79. *Rights of stock holders*

The holders of stock shall according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets on winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those privileges or advantages.

### **GENERAL MEETINGS**

80. *Annual General Meetings*

The Company shall, in addition to any other meetings hold a general meeting which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions of the Act.

*Extraordinary General Meetings*

The Board may, whenever it thinks fit, convene an Extraordinary General Meeting at such date, time and at such place as it deems fit, subject to such directions if any, given by the Board.

81. *Extraordinary Meetings on requisition*

The Board shall on, the requisition of members convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under Section 169 of the Act.

82. *Notice for General Meetings*

All general meetings shall be convened by giving not less than twenty- one days notice excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, specifying the place and hour of the meeting and in case of any special business proposed to be transacted, the nature of that business shall be given in the manner mentioned in Section 173 of the Act. Notice shall be given to all the shareholders and to such persons as are under the Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any member or other person to whom it should be given shall not invalidate the proceedings of any general meeting.

The members may participate in general meetings through such modes as permitted by applicable laws.

83. *Shorter Notice admissible*

With the consent of all the members entitled to vote, at an Annual General Meeting or with the consent of the members holding 95 percent of such part of the paid-up share capital of the Company as gives a right to vote thereat, any general meeting may be convened by giving a shorter notice than twenty one days.

84. *Special and Ordinary Business*

- (a) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of sanctioning of dividend, the consideration of the accounts, balance sheet and the reports of the Directors and Auditors, the election of Directors in place of those retiring by rotation and the appointment of and the fixing up of the remuneration of the auditors.
- (b) In case of special business as aforesaid, an explanatory statement as required under Section 173 of the Act shall be annexed to the notice of the meeting.

85. *Quorum for General Meeting*

Five members or such other number of members as the law for the time being in force prescribes, personally present shall be quorum for a general meeting and no business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the meeting.

86. *Time for quorum and adjournment*

If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine. If at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be quorum and may transact the business for which the meeting was called.

87. *Chairman of General Meeting*

The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company.

88. *Election of Chairman*

If there is no such Chairman or if at any meeting he is not present within fifteen minutes after the time

appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and if no Director be present or if all the Directors decline to take the chair then the members present shall choose someone of their number to be the Chairman.

89. *Adjournment of Meeting*

The Chairman may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as nearly as may be in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

90. *Voting at Meeting*

At any general meeting, a resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman that the resolution had, on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

91. *Decision by poll*

If a poll is duly demanded in accordance with the provisions of the Act, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

92. *Casting vote of Chairman*

In case of equal votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled to as a member.

93. *Poll to be immediate*

- (a) A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not later than forty eight hours from the time of demand as the Chairman of the meeting directs.
- (b) A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn at anytime by the person or persons who made the demand.

94. *Passing resolutions by Postal Ballot*

- (a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 or other applicable law to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the general meeting of the Company.
- (b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 192A of the Act and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended from time.

**VOTE OF MEMBERS**

95. *Voting rights of Members*

- a) On a show of hands every member holding equity shares and present in person shall have one vote.
- b) On a poll, every member holding equity shares therein shall have voting rights in proportion to his share of the paid up equity share capital.
- c) On a poll, a member having more than one vote, or his proxy or other persons entitled to vote for him need not use all his votes in the same way.

96. *Voting by joint-holders*

In case of joint-holders the vote of first named of such joint-holders who tender a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders.

97. *Voting my Member of Unsound Mind*

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or legal guardian may, on a poll vote by proxy.

98. *No right to vote unless calls are paid*

No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

99. *Proxy*

On a poll, votes may be given either personally or by proxy.

100. *Instrument of proxy*

The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a Corporation either under its common seal or under the hand of its attorney duly authorized in writing. Any person whether or not he is a member of the Company may be appointed as a proxy.

The instrument appointing a proxy and power of attorney or other authority (if any) under which it is signed must be deposited at the Office of the Company not less than forty eight hours prior to the time fixed for holding the meeting at which the person named in the instrument proposed to vote, or, in case of a poll, not less than twenty four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting at which the proxy is used.

101. The form of proxy shall be two way proxies as given in Schedule IX of the Act enabling the shareholder to vote for/against any resolution.

102. *Validity of proxy*

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death of or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the shares in respect of revocation or transfer shall have been received

by the Company at its Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

*103. Corporate Members*

Any corporation which is a member of the Company may, by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual member of the Company (including the right to vote by proxy).

## **DIRECTORS**

*104. Number of Directors*

Unless otherwise determined by general meeting, the number of Directors shall not be less than three and not more than twelve, including all kinds of Directors.

*105. Appointment of Director by IDFC Private Equity Fund III and its co-investors.*

Notwithstanding anything contained herein, IDFC Private Equity Fund III, IDFC Investment Advisors Limited, Infrastructure Development Finance Company Limited, GKFF Capital and Ascent Capital Advisors India Private Limited (collectively, the “**IDFC Investors**”) represented by IDFC Private Equity Fund III shall have the right to appoint a Director and an alternate Director in place of such Director, as long as the IDFC Investors hold at least 5% of the issued and paid up equity share capital of the Company. Such Director shall not be liable to retire by rotation.

*106. Appointment of Director by Claymore.*

Notwithstanding anything contained herein, Claymore Investments (Mauritius) PTE Limited shall have the right to appoint a Director and an alternate Director in place of such Director, as long as Claymore holds at least of 5% of the issued and paid up equity share capital of the Company. Such Director shall not be liable to retire by rotation.

*107. Share qualification not necessary*

Any person whether a member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director.

*108. Director's power to fill-up casual vacancy*

The Board of Directors shall have power at any time and from time to time to appoint subject to the provisions of these Presents any person as a Director to fill a casual vacancy and any Director so appointed to fill a casual vacancy shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated.

*109. Additional Directors*

The Board of Directors shall have power at any time and from time to time to appoint one or more persons as Additional Directors provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An additional Director so appointed shall hold office up to the date of the next Annual general Meeting of the Company and shall be eligible for appointment by the Company as a Director at that Meeting subject to provisions of the Act.

*110. Alternate Directors*

Subject to Section 313 of the Act, the Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called the original Director) during the absence of the original Director for a period of not less than 3 months from the State in which the meetings of the Board are ordinarily held.

An Alternate Director so appointed shall vacate office if and when the original Director returns to the State in which the meetings of the Board are ordinarily held. If the term of office of the original Director is determined before he so returns to the State aforesaid, any provision for the automatic reappointment of retiring Directors in default of another appointment shall apply to the original and not to the Alternate Director.

*111. Remuneration of Directors*

A Director (other than a Managing Director or Whole- Time Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him. The remuneration of Directors including Managing Director and/or Whole-time Director may be paid in accordance with the applicable provisions of the Act.

The Board of Directors may allow and pay or reimburse any Director who is not a bonafide resident of the place where a meeting of the Board or of any Committee is held and who shall come to such place for the purpose of attending such meeting or for attending its business at the request of the Company, such sum as the Board may consider fair compensation for travelling, and out-of-pocket expenses and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business he shall be entitled to be reimbursed any travelling or other expenses incurred in connection with the business of the Company.

*112. Remuneration for extra services*

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions (which expression shall include work done by Director as a member of any Committee formed by the Directors) in going or residing away from the town in which the Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to or in substitution for any other remuneration to which he may be entitled.

*113. Continuing Director may act*

The continuing Directors may act notwithstanding any vacancy in the Board but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a general meeting of the Company but for no other purpose.

*114. Vacation of office of Director*

The Office of a Director shall be deemed to have been vacated under the circumstances enumerated under Section 283 of the Act.

*115. Equal power to Director*

Except as otherwise provided in these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

## **ROTATION AND RETIREMENT OF DIRECTOR**

*116. One-third of Directors to retire every year*

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the Directors appointed pursuant to Articles 105 and 106 shall not

retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

*117. Retiring Directors eligible for re-election*

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

*118. Which Director to retire*

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

*119. Retiring Director to remain in office till successors appointed*

Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring director, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned meeting the place of the retiring Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned Meeting

*120. Increase or reduction in the number of Directors*

Subject to the provisions of Section 252, 255, 259 of the Act, the Company in general meeting may by Ordinary Resolution increase or reduce the number of its Directors.

*121. Power to remove Director by ordinary resolution*

Subject to the provisions of the Act and Articles 105 and 106, the Company may by an Ordinary Resolution in general meeting remove any Director before the expiration of his period of office and may, by an Ordinary Resolution, appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

*122. Right of persons other than retiring Directors to stand for Directorship*

A person not being a retiring Director shall, in accordance with Section 257 of the Act, be eligible for appointment to the office of a Director at any general meeting if he or some other member intending to propose him as a Director not less than 14 days before the meeting has left at the office of the Company, a notice in writing under his hand signifying his candidature for the office of the Director or the intention of such member to propose him as a candidate for that office as the case may be, along with the prescribed deposit amount which shall be refunded to such person or as the case may be, to such member if the person succeeds in getting elected as Directors.

*123. Directors may Contract with the Company*

- (a) Subject to the provisions of Section 295, 297, 299, 300, 302, 314 and other applicable provisions, if any, of the Act, the Directors shall not be disqualified by reason of his or their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract, or arrangement entered into by or on behalf of the Company with such Director or with any company, body corporate or partnership in which he shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that



office or of fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which the contract or arrangement is determined if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.

- (b) A general notice such as is referred to in sub-section (3) of Section 299 of the Act shall be sufficient disclosure under this Article as provided in that Section.

124. *Directors not liable for retirement*

The Company in general meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

125. *Director for companies promoted by the Company*

Directors of the Company may be or become a Director of any company promoted by the Company or in which it may be interested as vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company subject to compliance with applicable provisions of the Act.

### **PROCEEDINGS OF BOARD OF DIRECTORS**

126. *Meetings of the Board*

- (a) The Board of Directors shall meet at least once in every three months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with section 288 of the Act, provided that at least four such meetings shall be held in every year.
- (b) The Chairman may, at any time, and the company secretary or such other Officer of the Company as may be authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.
- (c) The Directors may participate in Board Meetings through such modes as permitted by applicable laws.

127. *Quorum*

- (a) Subject to the provisions of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any, whose places are vacant at the time. The term 'interested director' means any Director whose presence cannot, by reason of Section 300 of the Act be counted for the purpose of forming a quorum at meeting of the Board, at the time of the discussion or vote on the concerned matter or resolution.

128. *Questions how decided*

- (a) Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers

and discretions for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.

- (b) In case of an equality of votes, the Chairman shall have second or casting vote in addition to his vote as Director.

129. *Election of Chairman of Board*

- (a) The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.
- (b) If no such Chairman is elected or at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the Chairman of the Meeting.
- (c) Notwithstanding anything contrary contained in the Articles of Association, the board of directors shall have the power to appoint / reappoint the same individual to hold and occupy both the positions of chairman and managing director or chief executive officer (CEO) or such equivalent managerial position thereof, in the Company.

130. *Delegation of Powers*

- (a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.
- (b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

131. *Election of Chairman of Committee*

- (a) A committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among themselves to be the Chairman of the Committee Meeting.
- (b) The quorum of a committee may be fixed by the Board of Directors.

132. *Questions how determined*

- (a) A committee may meet and adjourn as it thinks proper.
- (b) Questions arising at any meeting of a committee shall be determined by the sole member of the committee or by a majority of votes as the members present as the case may be and in case of an equality of vote the Chairman shall have a second or casting vote, in addition to his vote as a member of the committee.

133. *Validity of acts done by Board or a Committee*

All acts done by any meeting of the Board, of a committee thereof, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

134. *Resolution by Circulation*

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the Committee, as the

case may be and to all other Directors or members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or committee duly convened and held.

135. *Maintenance of Foreign Register*

The Company may exercise the powers conferred on it by Sections 157 and 158 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those sections) make and vary such regulations as it may think fit respecting the keeping any register.

136. *Borrowing Powers*

- (a) The Board of Directors may from time to time but with such consent of the Company in general meeting as may be required under the Act raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company at a general meeting, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose and in particular, but subject to the provisions of Section 292 and 293 and other applicable provisions of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of debentures, perpetual or otherwise, including debentures convertible into shares of this or any other Company or perpetual annuities and to secure any such money so borrowed, raised or received, mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that every resolution passed by the Company in general meeting in relation to the exercise of the power to borrow as stated shall specify the total amount up to which moneys may be borrowed by the Board Directors.

- (b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or Managing Director or to any other person permitted by applicable law, if any, within the limits prescribed.
- (c) Subject to provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable debentures (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as they may seem expedient.
- (d) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and the same shall be in the interests of the Company.

137. *Assignment of Debentures*

Such debentures may be assignable free from any equities between the Company and the person to whom the same may be issued.

138. *Term of Issue of Debentures*

Any debentures may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at the general meeting, appointment of Directors and otherwise. Debentures with a right of conversion into or allotment of shares shall be issued only with the consent of the Company in a general meeting by a Special Resolution.

139. *Debenture Directors*

Any trust deed for securing debentures may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of debentures or of some person to be a Director of the Company and may empower such trustee or holders of debentures from time to time to remove any Directors so appointed. A Director appointed under this Article is herein referred to as a “Debenture Director” and the Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares, not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

140. *Nominee Directors*

(a) So long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such institution/ corporation/ company (hereinafter referred to as the “Corporation”) so provides, the corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to as “Nominee Director/s) on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).

(b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as they holds or continues to hold debentures/shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the Corporation are paid off or they ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

(c) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all general meetings, Board meetings and of the meetings of the committee of which Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

(d) The Company shall pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or

remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

- (e) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer.

*141. Register of Charges*

The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

*142. Charge of uncalled capital*

Where any uncalled capital of the Company is charged as security or other security is created on such uncalled capital, the Directors may authorize, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such charge is executed.

*143. Subsequent assigns of uncalled capital*

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

*144. Charge in favour of Director for Indemnity*

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

*145. Powers to be exercised by Board only by Meeting*

- (a) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at the meeting of the Board:
  - (i) Power to make calls on shareholders in respect of moneys unpaid on their shares;
  - (ii) Power to issue debentures;
  - (iii) Power to borrow money otherwise than on debentures;
  - (iv) Power to invest the funds of the Company;
  - (v) Power to make loans.
- (b) The Board of Directors may by a resolution passed at a meeting delegate to any committee of directors or the Managing Director or to any person permitted by applicable law the powers specified in sub clauses (a) (iii), (iv) and (v) above.
- (c) Every resolution delegating the power set out in sub clause (a) (iii) above shall specify the total amount up to which moneys may be borrowed by the said delegate.
- (d) Every resolution delegating the power referred to in sub-clause (a) (iv) above shall specify the total amount, up to which the fund may be invested and the nature of the investments which may be made by the delegate.

- (e) Every resolution delegating the power referred to in sub-clause (a) (v) above shall specify the total amount up to which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

*146. Making liability of directors unlimited*

The Company may, by Special Resolution in a general meeting, alter its memorandum of association so as to render unlimited the liability of its directors or of any director or manager in accordance with Section 323 of the Act.

**MANAGING DIRECTOR(S) and/ or WHOLE-TIME DIRECTOR(S)**

*147.*

- (a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the Managing Director and/ or whole-time Directors for such term and subject to such remuneration, terms and conditions as they may think fit.
- (b) The Directors may from time to time resolve that there shall be either one or more Managing Directors and/ or Whole time Directors.
- (c) In the event of any vacancy arising in the office of a Managing Director and/or Whole-time Director, the vacancy shall be filled by the Board of Directors subject to the approval of the members.
- (d) If a Managing Director and/or whole time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be Managing Director/whole time Director.
- (e) The Managing Director and/or whole time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or whole-time Director.

*148. Powers and duties of Managing Director or whole-time Director*

The Managing Director/Whole-time Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these Presents by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The Managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

*149. Remuneration of Managing Directors/whole time Directors*

Subject to the provisions of the Act and subject to such sanction of Central Government\Financial Institutions as may be required for the purpose, the Managing Directors\whole-time Directors shall receive such remuneration (whether by way of salary, perquisites, commission or participation in profits or partly in one way and partly in another) as the Company in general meeting may from time to time determine.

*150. Reimbursement of expenses*

The Managing Directors\whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

151. *Business to be carried on by Managing Directors/ Whole time Directors*

- (a) The Managing Directors\whole-time Director shall have subject to the supervision, control and discretion of the Board, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the management of the affairs and transactions of Company, except such powers and such duties as are required by law or by these Presents to be exercised or done by the Company in general meeting or by Board of Directors and also subject to such conditions or restrictions imposed by the Act or by these Presents.
- (b) Without prejudice to the generality of the foregoing and subject to the supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director/ Whole time Director and he shall have all the powers except those which are by law or by these Presents or by any resolution of the Board required to be done by the Company in general meeting or by the Board.
- (c) The Board may, from time to time delegate to the Managing Director or Whole time Director such powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or Whole time Director by the Board or by these Presents.

**COMMON SEAL**

152. *Custody of Common Seal*

The Board shall provide for the safe custody of the Common Seal for the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof; and the Common Seal shall be kept at the Office of the Company and committed to the custody of the Managing Director or the Secretary if there is one.

153. *Seal how affixed*

The seal shall not be affixed to any instrument except by authority of a resolution of the Board or a committee of the Board authorised by it in that behalf, and except in the presence of at least one Director or the secretary or any one person as the Board / committee of the Board may appoint for the purpose. Every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by a Director or the persons/secretary aforesaid in whose presence the seal shall have been affixed provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority issuing the same.

Provided that certificates of shares may be under the signatures of such persons as provided by the Companies (Issue of Share Certificates) Rules, 1960 in force from time to time. Save as otherwise expressly provided by the Act a document or proceeding requiring authentication by the Company may be signed by a Director, or the Secretary or any other officer authorised in that behalf by the Board and need not be under its Seal.

154. The Company may exercise the powers conferred by Section 50 of the Act with regard to having an official seal for use abroad and such powers shall accordingly be vested in the Directors or any other person duly authorized for the purpose.

**DIVIDEND**

155. *Right to dividend*

- (a) The profits of the Company, subject to any special rights, relating thereto created or authorized to be created by these Presents and subject to the provisions of these Presents as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively on the last day of the year of account in respect of which

such dividend is declared and in the case of interim dividends on the close of the last day of the period in respect of which such interim dividend is paid.

- (b) Where capital is paid in advance of calls, such capital, whilst carrying interest, shall not confer a right to participate in the profits.

156. *Declaration of Dividends*

The Company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

157. *Interim Dividends*

The Board may from time to time pay to the members such interim dividends as appear to them to be justified by the profits of the Company.

158. *Dividends to be paid out of profits*

No dividend shall be payable except out of the profits of the Company for that year or any other undistributed profits except as provided by Section 205 of the Act.

159. *Reserve Funds*

- (a) The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such application, may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time think fit.
- (b) The Board may also carry forward any profits when it may think prudent not to appropriate to Reserves.

160. *Deduction of arrears*

Subject to Section 205 of the Act, no Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares of or otherwise howsoever wither alone or jointly with any other person or persons and the Board may deduct from any dividend payable to any members all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the shares of the Company.

161. *Adjustment of dividends against calls*

Any general meeting declaring a dividend may make a call on the members as such amount as the meeting fixed, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members be set off against the call.

162. *Receipt of joint holder*

Any one of two or more joint holders of a share may give effectual receipt for any dividends, or other moneys payable in respect of such shares.

163. *Notice of dividends:*

Notice of any dividend that may have been declared shall be given to the persons entitled to share thereto in the manner mentioned in the Act.



164. *Dividends not to bear interest*

No dividends shall bear interest against the Company.

165. *Transfer of Shares and dividends*

Subject to the provisions of Section 206 A of the Act, any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

166. *Unpaid or Unclaimed Dividend*

- (a) Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, the Company shall within seven days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called "GMR Energy Unpaid Dividend Account".
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund known as Investors Education And Protection Fund established under section 205C of the Act.
- (c) No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

### **CAPITALISATION OF PROFITS**

167. *Capitalisation of Profits*

- (a) The Company in general meeting, may, on recommendation of the Board resolve:
  - (i) That it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and
  - (ii) That such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
- (b) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:
  - (i) Paying up any amounts for the time being unpaid on shares held by such members respectively
  - (ii) Paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
  - (iii) Partly in the way specified in sub-clause (i) and partly that specified in sub clause (ii).
- (c) A share premium account may be applied as per Section 78 of the Act and a capital redemption reserve account may, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
- (d) The Board shall give effect to the resolution passed by the Company in pursuance of these Regulations.

168. *Power of Directors for declaration of bonus issue*

- (a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:
  - (i) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and
  - (ii) generally do all acts and things required to give effect thereto.
- (b) The Board shall have full power:
  - (i) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and also
  - (ii) to authorize any person, on behalf of all the members entitled thereto, to enter into an agreement with the Company providing for the allotment to such members, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any parts of the amounts remaining unpaid on the shares.
- (c) Any agreement made under such authority shall be effective and binding on all such members.

## ACCOUNTS

### 169. *Books of Account to be kept*

- (a) The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure takes place, of all sales and purchases of goods by the Company, and of the assets, credits and liabilities of the Company.
- (b) If the Company shall have a Branch Office, whether in or outside India, proper books of account relating to the transactions effected at the office shall be kept at that office, and proper summarized returns made upto date at intervals of not more than three months, shall be sent by Branch Office to the Company at its Office or to such other place in India, as the Board thinks fit where the main books of the Company are kept.
- (c) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its Branch Office, as the case may be with respect to the matters aforesaid, and explain its transactions.

### 170. *Where Books of accounts to be kept*

The Books of Account shall be kept at the Office or at such other place in India as the Directors think fit.

### 171. *Inspection by Members*

No member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute.

### 172. *Board's Report to be attached to Balance Sheet*

- (a) Every Balance Sheet laid before the Company in general meeting shall, as required under Section 217 of the Act, have attached to it a report by the Board of Directors with respect to the state of the Company's affairs, the amounts if any, which it proposes to carry to any Reserves in such Balance Sheet; and the amount, if any which it recommends to be paid by way of dividend, material changes and commitments, if any, effecting the financial positions of

the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet related and the date of report.

- (b) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or any of its subsidiaries deal with any changes which have occurred during the financial year in the nature of the Company's business, or in the Company's subsidiaries or in nature of the business carried on by them and generally in the classes of business in which the Company has an interest.
- (c) The Board's Report shall also include a statement showing the name of every employee of the Company who was in receipt of such sum as remuneration as may be prescribed by the Act or the Central Government from time to time during the year to which the Report pertains.
- (d) The Board shall also give the fullest information and explanation in its report or in cases falling under the proviso to Section 222, in an addendum to that report on every reservation, qualification or adverse remark contained in the Auditors' Report.
- (e) The Board shall have the right to assign any person being a Director with a duty of seeing that the provisions of sub-clauses (a) to (c) of this Article are complied with.

### **AUDIT**

#### *173. Accounts to be audited*

Every Balance Sheet and Profit & Loss Account shall be audited by one or more Auditors to be appointed as hereinafter set out.

- (a) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within seven days.
- (b) Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy and fix the remuneration to be paid to him by the Company for his services.
- (c) The Company shall within seven days of the Central Government's power under sub clause (b) becoming exercisable, give notice of that fact to the Government.
- (d) The Directors may fill any casual vacancy in the office of an Auditor but while any such vacancy continues, the remaining auditors (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in general meeting.
- (e) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with provisions of Section 190 and all the other provision of Section 225 shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring auditor shall not be re-appointed.
- (f) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.
- (g) None of the persons mentioned in Section 226 of the Act as are not qualified for appointment

as auditors shall be appointed as Auditors of the Company.

174. *Audit of Branch Offices*

The Company shall comply with the provisions of the Act in relation to the audit of the accounts of Branch Offices of the Company.

175. *Remuneration of Auditors*

The remuneration of the Auditors shall be fixed by the Company as authorized in general meeting from time to time.

### **SERVICE OF DOCUMENTS AND NOTICE**

176. *Service of document on the Company*

A document may be served on the Company or an officer by sending it to the Company or officer at Office of the Company by Registered Post, or by leaving it at the Office or by such other methods as may be permitted under law.

177. *How Document is to be served on members:*

- (a) A document (which expression for this purpose shall be deemed to have included and include any summons, notice requisition, process order, judgment or any other document in relation to or in winding up of the Company) may be served or sent to the Company on or to any member either personally or by sending it by post to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the service of notice to him.
- (b) All notices shall, with respect to any registered share to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and the notice so given shall be sufficient notice to all the holders of such share.
- (c) *Where a document is sent by post*
  - (i) Service thereof shall be deemed to be effected by properly addressing, paying and posting a letter containing the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the Company a sum sufficient to defray expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member, and
  - (ii) Unless the contrary is provided, such service shall be deemed to have been effected
    - a. In the case of a notice of a meeting, at the expiration of forty-eight hours the letter containing the notice is posted; and
    - b. In any other case, at the time at which the letter would be delivered in ordinary course of post.

178. *Members to notify address in India*

Each registered holder of shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

179. *Service on members having no registered address*

If a member has no registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

*180. Service on persons acquiring Shares on death or insolvency of members*

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

*181. Persons entitled to notice of General Meetings*

Subject to the provisions of the Act and these Articles, notice of general meeting shall be given:

- (i) To the members of the Company as provided by these Presents.
- (ii) To the persons entitled to a share in consequence of the death or insolvency of a member.
- (iii) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any member or members of the Company.

*182. Notice by advertisement*

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these Presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Office is situated.

*183. Members bound by document given to previous holders*

Every person, who by the operation of law, transfer or other means whatsoever, shall become entitled to any shares shall be bound by every document in respect of such share which, previously to his name and address being entered in the Register, shall have been duly served on or sent to the person from whom he derived his title to such share.

*184. Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Secretary (if any) or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.*

## **AUTHENTICATION OF DOCUMENTS**

*185. Authentication of documents and proceedings*

Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, the Managing Director, the Manager, the Secretary or an authorized officer of the Company and need not be under its seal.

## **WINDING UP**

*186. Application of assets*

Subject to the provisions of the Act as to preferential payment the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application shall be distributed among the members according to their rights and interests in the Company.

187. *Division of assets of the Company in specie among members*

If the Company shall be wound up whether voluntarily or otherwise the liquidators may with sanction of a special resolution divide among the contributories in specie or kind or any part of the assets of the Company and any with like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators with the like sanction shall think fit, in case any share to be divided as aforesaid involve as liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing, direct the liquidators to sell his proportion and pay them the net proceeds, and the liquidators shall, if practicable, act accordingly.

### **INDEMNITY AND RESPONSIBILITY**

188. *Director's and others' right to indemnity*

- (a) Subject to the provisions of the Act, the Managing Director and every Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability and it shall be the duty of Directors, out of the funds of the Company to pay, all costs and losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.
- (b) Subject as aforesaid the Managing Director and every Director, Manager, Secretary or other Officer or Employee of the Company shall be indemnified against any liability incurred by them or in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court.

189. *Not responsible for acts of others*

- (a) Subject to the provisions of Section 201 of the Act no Director or other Officer of the Company shall be liable for the acts, receipt, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person, Company or Corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight in his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own willful act or default.
- (b) Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with Registrar of Companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said office, shall be paid and borne by the Company.

### **SECRECY CLAUSE**

190. *Secrecy*

No member shall be entitled to inspect the Company's works without the permission of the Managing Director or to require discovery of any information respectively any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the Managing Director it will be inexpedient in the interest of the members of the Company to communicate to the public.

191. *Duties of Officers to observe secrecy*

Every Director, Managing Directors, Manager, Secretary, Auditor, Trustee, Members of Committee, Officer, Servant, Agent, Accountant or other persons employed in the business of the Company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the Company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provision of these Articles or law.

## **PART II**

*Part II of the Articles provide for all the rights and obligations of the parties to the Amended And Restated Share Subscription And Shareholders Agreement dated February 21, 2014 between the Company, GMR Infrastructure Limited, Claymore Investments (Mauritius) Pte Limited, GMR Power Infra Limited, GMR Renewable Energy Limited, Dhruvi Securities Private Limited, GMR Infrastructure (Mauritius) Limited, GMR Infrastructure (Cyprus) Limited, GMR Infrastructure (Global) Limited and GMR Energy Projects (Mauritius) Limited (hereinafter collectively referred to as the “Intermediate Companies”), the Amended And Restated Share Subscription And Shareholders Agreement dated February 21, 2014 between GMR Infrastructure Limited, Intermediate Companies, IDFC Private Equity Fund III, IDFC Limited, GKFF Capital, Ascent Capital Advisors India Private Limited and the Company and the Amended And Restated Share Subscription And Shareholders Agreement dated February 21, 2014 between the Company, Intermediate Companies, GMR Infrastructure Limited, IDFC Investment Advisors Limited and IDFC Private Equity Fund III.*

*In the event of any inconsistency between Part I and Part II of the Articles, the provisions of Part II shall prevail over Part I. However, Part II of the Articles shall automatically terminate and cease to have any force and effect and deemed to fall away on and from the date of listing of shares of the Company on a stock exchange in India subsequent to a QIPO without any further action by the Company or by the shareholders.*

## **PRELIMINARY**

### **INTERPRETATION**

1. Subject to hereinafter provided, the regulations contained in Table 'A' in the first schedule to the Companies Act, 1956 shall apply to this Company in so far as they are applicable to a public Company, limited by Shares.
2. In these present regulations, the following words and expressions shall have the following meanings, unless excluded by the subject or context;

**“The Company”** or **“This Company”** means **GMR Energy Limited.**

**“The Act”** means the Companies Act, 1956 and subsequent amendments thereto or any statutory modification or re-enactment thereof, for the time being in force.

**“Affiliate”** with respect to any party, means any Company, corporation, association or other entity, which, indirectly, Controls, is controlled by or is under common control, with such party.

The term **“Control”** in relation to an entity, shall mean the legal or beneficial ownership directly or indirectly of more than 50% of the voting securities of such entity or controlling the majority of the composition of the Board of Directors or power to direct the management or policies of such entity by contract or otherwise. The term “controlling” and “controlled” shall be construed accordingly.

**“Annual General Meeting”** means the annual general meeting of the Company convened and held in accordance with the Act.

“**Articles of Association**” or “**Articles**” means these Articles of Association of the Company as originally framed or as altered from time to time by Special Resolution;

“**Board**” or “**Board of Directors**” means the Directors of the Company collectively referred to in the Act.

“**Capital**” means the share capital for the time being raised or authorized to be raised for the purposes of the Company.

“**Debenture**” includes debenture-stock, bonds and other securities of the Company, whether constituting a charge on the assets of the Company or not.

“**Debenture holders**” means the duly registered holders from time to time of the debentures of the Company and shall include in case of debentures held by a Depository, the beneficial owners whose names are recorded as such with the Depository.

“**Directors**” means the Directors for the time being of the Company and includes Alternate Directors.

“**Dividend**” includes interim dividend unless otherwise stated.

“**Executor**” or “**Administrator**” means a person who has obtained probate or Letters of Administration, as the case may be, from some competent Court having effect in India and shall include the executor or Administrator or the holder of a certificate, appointed or granted by such competent court and authorized to negotiate or transfer the shares of the deceased member.

“**Extraordinary General Meeting**” means an extraordinary meeting of the Company convened and held in accordance with the Act.

“**Financial Year**” shall have the meaning assigned thereto by Section 2 (17) of the Companies Act 1956.

“**Managing Director**” shall have the meaning assigned thereto in the Act.

“**Member**” means the duly registered holder from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association and in case of shares held by a Depository, the Beneficial Owners whose names are recorded such with the Depository.

“**Month**” means the English Calendar month.

“**Office**” means the Registered Office, for the time being of the Company.

“**Officer**” shall have the meaning assigned thereto by the Act.

“**Ordinary Resolution**” shall have the meaning assigned thereto by the Act.

“**Paid up**” includes “credited as paid up”.

“**Person**” shall include any Association, Corporation, Company as well as individuals.

“**Proxy**” includes Attorney duly constituted under a Power Attorney.

“**Register**” means the Register of Members to be kept pursuant to the said Act.

“**Registrar**” means the Registrar of Companies, Karnataka at Bangalore

“**Seal**” means Common seal for the time being of the Company.

“**Secretary**” means a Company Secretary within the meaning of clause (c) of sub-Section (1) of Section 2 of the Company Secretaries Act, 1980 and includes a person or persons appointed by the board to perform any of the duties of a Secretary subject to the provisions of the Act.



“**Shares**” means the Equity shares of the Company unless otherwise mentioned.

“**Share Warrant**” means share warrant issued pursuant to Section 114 of the Act.

“**Section**” means Section of the Companies Act, 1956.

“**Special Resolution**” shall have the meaning assigned thereto by Section 189 of the Companies Act 1956.

“**Transfer**” means (in either the noun or the verb form and including all conjugations thereof with their correlative meanings) with respect to the Shares, the sale, assignment, transfer or other disposition (whether for or without consideration, whether directly or indirectly) of any Shares or of any interest therein or the creation of any third party interest in or over the Shares, but excluding any renunciation of any right to subscribe for any shares offered pursuant to a rights issue to existing shareholders in proportion to their existing shareholding in the Company; and

“**Writing**” and “**Written**” means and includes words, hand written, printed, typewritten, lithographed, represented or reproduced in any mode in a visible form.

Words importing the singular number include the plural and vice versa.

“**these Presents**” or “**Regulations**” means these Articles of Association as originally framed or altered from time to time and include the Memorandum where the context so requires.

## **CAPITAL**

### *3. Authorised Share Capital*

The authorized share capital of the Company shall be such amount as is given, in Clause V of the Memorandum of Association.

### *4. Shares at the Disposal of the Directors:*

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid shares. Without prejudice to the generality of the forgoing, the Directors shall also be empowered to issue Shares for the purposes of granting stock options to its permanent employees under the terms and conditions of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 or any other applicable law, as amended from time to time. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

### *5. Consideration for Allotment:*

The Board of Directors may allot and issue shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and or in the conduct of its business; and any shares which may be so allotted may be issued as fully/partly paid up shares and if so issued shall be deemed as fully/partly paid up shares.

### *6. Restriction on Allotment*

- (a) The Directors shall in making the allotments duly observe the provision of the Act;

- (b) The amount payable on application on each share shall not be less than 5% of the nominal value of the share; and
- (c) Nothing therein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company

7. *Increase of Capital*

The Company at its General Meeting may, from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Companies Act 1956. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of Section 97 of the Act.

8. *Reduction of Capital*

The Company may, subject to the provisions of Sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act from time to time, by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

9. *Sub-division and Consolidation of Shares:*

Subject to the provisions of Section 94 of the Act, the Company in General Meeting, may by an ordinary resolution from time to time:

- (a) Divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference of special advantage as regards dividend capital or otherwise as compared with the others
- (b) Cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

10. *New capital part of the existing capital:*

Except so far as otherwise provided by the conditions of the issue or by these presents any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

11. *Power to issue Shares with differential voting rights:*

The Company shall have the power to issue Shares with such differential rights as to dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of

Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable.

12. *Power to issue preference shares:*

Subject to the provisions of Section 80 of the Act, the Company shall have the powers to issue preference shares which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of such redemption.

12A *Preference Shares*

Notwithstanding anything contained in these presents, the rights, powers and preferences relating to non-cumulative redeemable preference shares aggregating to an amount not exceeding Rs. 300 Crores (Rupees Three Hundred Crores) (including premium) issued by the Company to Participating Banks/ Financial Institutions/ Investors pursuant to shareholders resolution dated 26<sup>th</sup> November 2009 (“**Non-Cumulative Redeemable Preference Shares**”) are, *inter alia*, are as follows:

- (i) The Non-Cumulative Redeemable Preference Shares confer on the holders thereof, the right to a fixed preferential dividend if dividend is declared in such year, at a rate as determined by the terms of their issue.
- (ii) The Non-Cumulative Redeemable Preference Shares rank for capital and dividend (including all dividends undeclared upto the commencement of winding up) and for repayment of capital in a winding up, *pari passu inter se* and in priority to the Equity Shares of the Company, but do not confer any further or other right to participate either in profits or assets.
- (iii) The holders of the Non-Cumulative Redeemable Preference Shares have the right to receive all notices of general meetings of the Company but do not have the right to vote at any meetings of the Company save to the extent and in the manner provided in the Companies Act, 1956, or any re-enactment thereof.
- (iv) The Non-Cumulative Redeemable Preference Shares do not confer any right on the holders thereof to participate in any offer or invitation by way of rights or otherwise to subscribe for additional shares in the Company; nor do the Non-Cumulative Redeemable Preference Shares confer on the holders thereof any right to participate in any issue of bonus shares or shares issued by way of capitalization of reserves.
- (v) The redemption period of the Non-Cumulative Redeemable Preference Shares shall be as determined by the terms of their issue and in accordance with the provisions of the Companies Act, 1956, or any re-enactment thereof.
- (vi) The rights and terms attached to the Non-Cumulative Redeemable Preference Shares may be modified or dealt with by the Board in accordance with the terms of issue.
- (vii) The amounts specified in the financial statements of the Company, as being part of the Securities Premium Account (as defined in the Companies Act, 1956) shall not be used for any purpose other than for payments in respect of Non-Cumulative Redeemable Preference Shares. Provided that if the aggregate amount in the Securities Premium Account is in excess of the total amounts that would become due under such Non-Cumulative Redeemable Preference Shares issued, such excess amounts may be used for other purposes in accordance with the Companies Act, 1956.

13. *Further Issue of Shares:*

- (2) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares then

- (e) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those share at that date.
  - (f) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of offer within which the offer, if not accepted, will be deemed to have been declined.
  - (g) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.
  - (h) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they may think, in their sole discretion, fit.
- (2) Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons {whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
- (c) If a special resolution to that effect is passed by the Company in General Meeting, or
  - (d) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman.) by the members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
- (a) To extend the time within which the offer should be accepted; or
  - (b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
- (a) To convert such debentures or loans into shares in the Company; or
  - (b) To subscribe for shares in the Company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- (i) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

14. *Rights to convert loans into capital*

Notwithstanding anything contained in sub-clauses(s) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures or loans raised by the Company to convert such debentures or loans into shares or to subscribe for shares in the Company.

15. *Allotment on application to be acceptance of shares:*

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the register, shall, for the purpose of these articles, be a Member.

16. *Returns on allotments to be made or Restrictions on Allotment*

The Board shall observe the restrictions as regards allotment of shares to the public contained in Section 69 and 70 of the Act, and as regards return on allotments, the Directors shall comply with Section 75 of the Act.

17. *Money due on shares to be a debt to the Company:*

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

18. *Members or heirs to pay unpaid amounts:*

Every Member or his heir's executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

## **SHARE CERTIFICATES**

19. a) *Every Member entitled to certificate for his shares:*

- (i) Every member or allottee of shares shall be entitled, without payment, to receive one or more certificates specifying the name of the person in whose favour it is issued, the shares to which it relates, and the amount paid thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of fractional coupon of requisite value, save in case of issue of share certificates against letters of acceptance of or renunciation or in cases of issues of bonus shares. Such share certificates shall also be issued in the event of consolidation or sub-divisions of the shares of the Company.
- (ii) Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of (1) two Directors or persons acting on behalf of the Directors under duly registered powers of attorney; and (2) the Secretary or some other persons appointed by the Board for the purpose and the two Directors or their attorneys and the secretary or other persons shall sign the Share Certificate, provided that if the composition of the Board permits, atleast one of the aforesaid two Directors shall be a person other than the Managing Director.
- (iii) Particulars of every share certificate issued shall be entered in the Registrar of Members against the name of the person to whom it has been issued, indicating date of issue.

b) *Joint ownership of shares:*

Any two or more joint allottees of shares shall be treated as a single member for the purposes of this article and any share certificate, which may be the subject of joint ownership, may be

delivered to any one of such joint owners on behalf of all of them. The Company shall comply with the provisions of Section 113 of the Act.

c) *Director to sign Share Certificates:*

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other materials use for the purpose.

d) *Issue of new certificate in place of one defaced, lost or destroyed or Renewal of Certificates*

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act. or rules applicable in this behalf.

The provision of these Articles shall mutatis mutandis apply to debentures of the Company.

e) *Renewal of Share Certificate:*

When a new share certificate has been issued in pursuance of clause(d) of this article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of share certificate number, sub-divided/replaced on consolidation of shares.

f) When a new certificate has been issued in pursuance of clause (d) of this Article, it shall state on the face of it against the stub or counterfoil to the effect that it is duplicate issued in lieu of share certificate number. The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate and when a new certificate has been issued in pursuance of clauses (c), (d), (e) and (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it, the names of the persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.

g) All blank forms, share certificates shall be printed only on the authority of a resolution duly passed by the Board.

20. *Rules to issue share certificates:*

The rules under "The Companies (Issue of Share Certificate) Rules, 1960 shall be complied with in the issue, reissue, renewal of share certificates and the format sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said rules. The Company shall keep ready share certificates for delivery within 2 months after allotment.

21. *Responsibilities to maintain records:*

The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for maintenance, preservation and safe

custody of all books and documents relating to the issue of share certificates.

22. *Rights of Joint Holders*

If any share stands in the names of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of share shall be severally as well as jointly liable for payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

23. *Limitation Of Time For Issue Of Certificates*

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

## **UNDERWRITING & BROKERAGE**

24 *Commission for placing shares, debentures, etc:*

(a) Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures, or debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture-stock of the Company

(b) The Company may also, in any issue, pay such brokerage as may be lawful.

## **LIEN**

25. *Company's lien on shares /debentures*

The Company shall have a first and paramount lien upon all the shares /debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares/debentures, and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from provisions of this clause. The fully paid up shares shall be free from lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect to such shares.

26. *Enforcing lien by sale:*

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived and until

notice in writing of the intention to sell have served on such member or his representative and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

27. *Application of sale proceeds:*

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

## **CALLS ON SHARES**

28. *Board to have right to make calls on shares*

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and the member(s) and place(s) appointed by the Board. A call may be made payable by installments.

Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in General Meeting.

29. *Notice for call:*

Fourteen days notice in writing of any call shall be given by the Company specifying the date, time and places of payment and the person or persons to whom such call be paid.

30. *Call when made:*

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board.

31. *Liability of joint holders for a call:*

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

32. *Board to extend time to pay call:*

The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time to all or any of the members. The Board may be fairly entitled to grant such extension, but no member shall be entitled to such extension, save as a matter of grace and favour.

33. *Calls to carry Interest:*

If a member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at 5% per annum or such lower rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

34. *Dues deemed to be calls:*

Any sum, which as per the terms of issue of a share becomes payable on allotment or at a fixed date whether on account of the nominal value of the share or by way of premium, shall for the purposes of



the Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same may become payable and in case of non payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

35 *Proof of dues in respect of share*

On any trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares it shall be sufficient to prove (i) that the name of the members in respect of whose shares the money is sought to be recovered appears entered in the Register of Members as the holder, at or subsequent to the date on which the money sought to be recovered is alleged to have become due on the shares, (ii) that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his representatives pursuant of these Articles, and (iii) it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

36 *Partial payment not to preclude forfeiture:*

Neither a judgment nor a decree in favour of the Company, for call or other moneys due in respect of any share nor any part payment or satisfaction there under, nor the receipt by the Company of a portion of any money which shall, from time to time be due from any member to the Company in respect of his shares either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

37 *Payment in anticipation of call may carry interest*

- (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.
- (b) The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.
- (c) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

## **FORFEITURE OF SHARES**

38 *Board to have right to forfeit shares:*

If any member fails to pay any call or installment of a call or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

39 *Notice for forfeiture of shares:*

- (a) The notice shall name a further day (not earlier than the expiration of fourteen days from the date of notice) and place or places on which such call or installment and such interest thereon (at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid) and expenses as aforesaid, are to be paid.
- (b) The notice shall also state that in the event of the non-payment at or before the time the call was made or installment is payable the shares will be liable to be forfeited.

40. *Effect of forfeiture*

If the requirements of any such notice as aforesaid were not complied with, every or any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

41. *Notice of forfeiture:*

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member on whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Member, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

42. *Forfeited share to be the property of the Company:*

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.

43. *Member to be liable even after forfeiture:*

Any member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with the interest thereon from time to time of the forfeiture until payment at such rates as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

44. *Claims against the Company to extinguish on forfeiture:*

The forfeiture of a share involves extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company, in respect of the shares and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

45. *Evidence of forfeiture:*

A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

46. *Effecting sale of shares:*

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinafter given, the Board may appoint some person to execute an instrument of transfer of the shares sold, cause the purchaser's name to be entered in the register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not

be impeached by any person.

47 *Certificate of forfeited shares to be void:*

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and have no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

48 *Board entitled to cancel forfeiture:*

The Board may at any time before any share so forfeited shall have them sold, re-allotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions as it thinks fit.

## **TRANSFER AND TRANSMISSION OF SHARES**

49 *Register of Transfers*

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares.

50 *Endorsement of Transfer:*

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

51 *Instrument of Transfer:*

The instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use a common form of transfer in all cases.

52 *Executive transfer instrument:*

Every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof. The instrument of transfer shall be in respect same class of shares and should be in the form prescribed under the Act.

53 *Closing Register of transfers and of Members:*

The Board shall be empowered, on giving not less than seven days notice by advertisement in a newspaper circulating in the district in which the registered office of the Company is situated, to close the transfer books, the register of members, the register of debenture holders at such time or times, and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as it may seem expedient.

54 *Directors may refuse to register transfer:*

Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Directors may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company.

The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transfer, as the case may be, was delivered with the Company, send notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except when the Company has a lien on the shares.

55 *Transfer of partly paid shares:*

Where in the case of partly paid shares, an application for registration is to be made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

56 *Survivor of joint holders recognized:*

In case of the death of any one or more persons named in the Register of Members as the joint-holders of any shares, the survivors shall be the only person recognized by the Company as having any title to or interest in such share but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

57 *Title to shares of deceased members:*

The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two joint holders) shall be the only person recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives shall have first obtained Probate holders or Letter of Administration or Succession Certificate as the case may be, from a duly constituted Court in the Union of India., Provided that in any case where the Board in its absolute discretion, thinks fit, the Board may dispense with the production of Probate or Letter of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member

58 *Transfers not permitted:*

No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind, except fully paid shares through a legal guardian.

59 *Transmission of shares:*

Subject to the provisions of these presents , any person becoming entitled to shares in consequence of the death, lunacy , bankruptcy or insolvency of any members, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Articles, or of his title, either be registering himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares.

60 *Rights on Transmission:*

A person entitled to a share by transmission shall, subject to the Directors right to retain such dividends or money as hereinafter provided, be entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

61 *Instrument of transfer to be stamped:*

Every instrument of transfer shall be presented to the Company duly stamped for registration, accompanied by such evidence as the Board may require to prove the title of the transferor his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

62 *Share Certificates to be surrendered:*

Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108) properly stamped and executed instrument of transfer.

63 *No fee on Transfer or Transmission:*

No fee shall be charged for registration of transfers, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other documents.

64 *Company not liable to notice of equitable rights:*

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the board shall so think fit.

65 **DEMATERIALISATION OF SECURITIES:**

(i) Definitions: For the purpose of this Article:

“*Beneficial Owner*” means a person whose name is recorded as such with a depository.

“*Bye-Laws*” means Bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

“*Depositories Act*” means the Depository Act, 1996, including any statutory modifications or re-enactment for the time being in force.

“*Depository*” means a Company formed and registered under the Act and which has been granted a Certificate of Registration under the Securities and Exchange Board of India Act 1992.

“*Member*” means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as beneficial owner in the records of the depository.

“*Participant*” means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

“*Record*” includes the records maintained in form of books or stored in a computer or in such other form as may be determined by the Regulations issued by the Securities and Exchange Board of India in relation to the Depository Act, 1996.

“*Registered OWNER*” means a depository whose name is entered as such in the records of the Company.

“*SEBI*” means the Securities and Exchange Board of India

“*Security*” means such security as may be specified by the Securities and Exchange Board of India from

time to time.

Words imparting the singular number only includes the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in that Act.

*(ii) Company to Recognize Interest In Dematerialized Securities Under The Depositories Act, 1996.*

Either the Company or the investor may exercise an option to issue, de-link, hold the securities (including shares) with a depository in Electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof.

*(iii) Dematerialisation/Re-Materialisation Of Securities:*

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the de-materialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

*(iv) Option To Receive Security Certificate Or Hold Securities With Depository:*

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its record, the name of the allottees as the beneficial owner of that security.

*(v) Securities In Electronic Form:*

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 187 B, 187 C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

*(vi) Beneficial Owner Deemed As Absolute Owner:*

Except as ordered by the Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the register of members as the holders of any share or whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami, Trust Equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

*(vii) Rights Of Depositories And Beneficial Owners:*

Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the Depository is the registered owner of the securities, and shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository

*(viii) Register And Index Of Beneficial Owners:*

The Company shall cause to be kept a Register and Index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a Branch register of Members resident in that State or Country.

*(ix) Cancellation Of Certificates Upon Surrender By Person:*

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the depository as the Registered owner in respect of the said securities and shall also inform the Depository accordingly.

*(x) Service Of Documents:*

Notwithstanding anything contained in the Act, or these Articles, to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs.

*(xi) Allotment Of Securities:*

Where the securities are dealt within a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

*(xii) Transfer Of Securities:*

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in depository.

*(xiii) Distinctive Number Of Securities Held In A Depository*

The shares in the capital shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the share of the Company which are in dematerialized form. Except in the manner provided under these Articles, no share shall be sub-divided. Every forfeited or surrendered share be held in material form shall continue to bear the number by which the same was originally distinguished.

*(xiv) Provisions Of Articles To Apply To Shares Held In Depository:*

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act, 1996.

*(xv) Depository To Furnish Information:*

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by laws and the Company in that behalf.

(xvi) *Option To Opt Out In Respect Of Any Such Security:*

If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(xvii) *Overriding Effect Of This Article:*

Provisions of the Articles will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Articles of these presents.

**66 NOMINATION FACILITY:**

- (I) Every holder of shares, or holder of debentures of the Company may at any time, nominate, in the prescribed manner a person to whom his shares in or debentures of the Company shall rest in the event of his death.
- (II) Where the shares in or debentures of the Company or held by more than one person jointly, the joint holders may together nominate in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall rest in the event of death of all the joint holders.
- (III) Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentures holder of the Company or as the case may be on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or as the case may be all the joint holders in relation to such shares in or debenture of the Company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (IV) Where the nominee is a minor it shall be lawful for the holder of shares or debentures, to make the nomination and to appoint in the prescribed manner any person to become entitled to shares in or debentures of the Company in the event of his death in the event of minority of the nominee.

Any person who becomes a nominee by virtue of the provisions of Section 109 A upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either

- a) To be registered himself as holder of the shares or debentures as the case may be , or
- b) To make such transfer of the share or debenture as the case may be, as the deceased shareholder or debenture holder, as the case may be could have made.

If the person being a nominee, so becoming entitled, elects to be registered himself as a holder of the share or debenture as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with a Death Certificate of the deceased share holder or debenture holder as the case may be.

All the limitations, restrictions and provisions of this Act, relating to the right to transfer and registration of transfer of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer where a



transfer is signed by that shareholder or debenture holder, as the case may be.

A person being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture and if the notice is not complied with within 90 days, the Board may thereafter withhold payments of all dividends, bonus, or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with.

A Depository may in terms of Section 58 A at any time, make a nomination and above provisions shall as far as may be, apply to such nomination..

**67 BUY BACK OF SHARES:**

The Company shall be entitled to purchase its own shares or other securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under Section 77 A and other applicable provisions of the Act, The Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 and any amendments, modification(s), repromulgation (s) or re- enactment(s) thereof.

**68 COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of such sum as may be prescribed.

**KAMALANGA POWER PROJECT**

- 68A** The Power Project in Kamalanga District Dhenkanal, Orissa shall be implemented by Special Purpose Vehicle (SPV), GMR Kamalanga Energy Limited, and the Company shall hold at least 51% equity stake in GMR Kamalanga Energy Ltd, such that M/s. GMR Kamalanga Energy Ltd remains the subsidiary of the Company during the continuance of the power project and the mine at all times.

**SHARE WARRANTS**

**69** *Rights to issue share warrants:*

- (a) The Company may issue share warrants subject to, and in accordance with provisions of Section 114 and 115 of the Act.
- (b) The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

**70** *Rights of warrant holders:*

- (a) The bearer of the share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition, for calling a meeting of the Company, and of attending, and voting and exercising other privileges of a member at any meeting held after the expiry of two clear days from time of the deposit, as if his name were inserted in the Register or Members as the holder of the shares included in the deposited warrant.

- (b) Not more than one person shall be recognized as the depositor of the share warrant.
  - (c) The Company shall, on two days written notice, return the deposited share warrant to the depositor.
- 71 (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be member of the Company.

72 *Board to make rules:*

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

### **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

73 *Rights to convert shares into stock & vice-versa:*

The Company in General Meeting may, by an Ordinary Resolution, convert any fully paid-up shares into stock and when any shares shall have been converted into stock the several holders of such stock, may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same Regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place. The Company may, by an Ordinary Resolution reconvert any stock into fully paid up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal amount of shares from which the stock arose.

74 *Rights of stock holders:*

The holders of stock shall according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets on winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those privileges or advantages.

### **GENERAL MEETINGS**

75 *Annual General Meetings:*

The Company shall, in addition to any other meetings hold a General Meeting which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions of the Act.

76 *Extraordinary General Meetings:*

The Board may, whenever it thinks fit, convene an Extraordinary General Meeting at such date, time and at such place as it deems fit, subject to such directions if any, given by the Board.

77 *Extraordinary Meetings on requisition:*

The Board shall on, the requisition of members convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under Section 169 of the Act.

78 *Notice for General Meetings:*

All General Meetings shall be convened by giving not less than twenty- one days notice excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, specifying the place and hour of the meeting and in case of any special business proposed to be transacted, the nature of that business shall be given in the manner mentioned in Section 173 of the Act. Notice shall be given to all the share-holders and to such persons as are under Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any member shall not invalidate the proceedings of any General Meeting.

79 *Shorter Notice admissible:*

With the consent of all the members entitled to vote, at an Annual General Meeting or with the consent of the members holding 95 percent of such part of the paid-up share capital of the Company as gives a right to vote thereat, any general meeting may be convened by giving a shorter notice than twenty one days.

80 *Special and Ordinary Business:*

- (a) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of sanctioning of dividend, the consideration of the accounts, balance sheet and the reports of the Directors and Auditors, the election of Directors in place of those retiring by rotation and the appointment of and the fixing up of the remuneration of the auditors.
- (b) In case of special business as aforesaid, an explanatory statement as required under Section 173 of the Act shall be annexed to the notice of the meeting.

81. *Quorum for General Meeting:*

Five members or such other number of members as the law for the time being in force prescribes, shall be entitled to be personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.

82 *Time for quorum and adjournment:*

If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be quorum.

83 *Chairman of General Meeting*

The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

84 *Election of Chairman:*

If there is no such Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and if no Director be present or if all the Directors decline to take the chair then the members present shall choose someone of their number to be the Chairman.

85 *Adjournment of Meeting:*

The Chairman may, with the consent given in the meeting at which a quorum is present (and shall if so

directed by the meeting) adjourn that meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as nearly as may be in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

86 *Voting at Meeting:*

At any General Meeting, a resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) is demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman that the resolution had, on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

87 *Decision by poll:*

If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

88 *Casting vote of Chairman:*

In case of equal votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled to as a member.

89 *Poll to be immediate:*

- (a) A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not later than forty eight hours from the time of demand as the Chairman of the meeting directs.
- (b) A demand for a poll shall not prevent the continuance of a Meeting of the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn.

90 *Passing resolutions by Postal Ballot*

- (a) Notwithstanding any of the provisions of these Articles the Company may, and in the case of resolutions relating to such business as notified under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the general meeting of the Company.
- (b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under section 192A of the Act and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended from time.

## **VOTE OF MEMBERS**

91 *Voting rights of Members:*

- a) On a show of hands every member holding equity shares and present in person shall have one vote.
- b) On a poll, every member holding equity shares therein shall have voting rights in proportion to his shares of the paid up equity share capital.

- c) On a poll, a member having more than one vote, or his proxy or other persons entitled to vote for him need not use all his votes in the same way.

92 *Voting by joint-holders:*

In the case of joint-holders the vote of the first named of such joint holders who tender a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders.

93 *No right to vote unless calls are paid:*

No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

94 *Proxy:*

On a poll, votes may be given either personally or by proxy.

95 *Instrument of proxy:*

The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a Corporation either under its common seal or under the hand of its attorney duly authorized in writing. Any person whether or not he is a member of the Company may be appointed as a proxy.

The instrument appointing a proxy and Power of Attorney or other authority (if any) under which it is signed must be deposited at the registered office of the Company not less than forty eight hours prior to the time fixed for holding the meeting at which the person named in the instrument proposed to vote, or, in case of a poll, not less than twenty four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

- 96 The form of proxy shall be two way proxies as given in Schedule IX of the Act enabling the share holder to vote for/against any resolution.

97 *Validity of proxy:*

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death of or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the shares in respect of revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

98 *Corporate Members:*

Any corporation which is a member of the Company may, by resolution of its Board of Director or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual member of the Company.

## **DIRECTOR**

99 *Number of Directors:*

Unless otherwise determined by General Meeting, the number of Directors shall not be less than three and not more than twelve, including all kinds of Directors.

100 *Share qualification not necessary:*

Any person whether a member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director.

*101 Director's power to fill-up casual vacancy:*

Any casual vacancy occurring in the Board of Directors may be filled up by the Directors, and the person so appointed shall hold office up to the date, up to which Director in whose place he is appointed would have office if it has not been vacated as aforesaid

*102 Additional Directors:*

The Board of Directors shall have power at any time and from time to time to appoint one or more persons as Additional Directors provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An additional Director so appointed shall hold office up to the date of the next Annual general Meeting of the Company and shall be eligible for re-election by the Company at that Meeting.

*103 Alternate Directors:*

The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called the original Director) during the absence of the original Director for a period of not less than 3 months from the state in which the meetings of the Board are ordinarily held. An Alternate Director so appointed shall vacate office if and when the original Director return to the state in which the meetings of the Board are ordinarily held. If the terms of the office of the original Director is determined before he so returns to the state aforesaid any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the original and not to the Alternate Director.

*104 Remuneration of Directors:*

Every Director other than the Managing Director and the Whole-time Director shall be paid a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him and shall be paid in addition thereto all traveling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or General Meeting of the Company or in connection with business of the Company to and from any place.

*105 Remuneration for extra services:*

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from the town in which the Registered Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to or in substitution for any other remuneration to which he may be entitled.

*106 Continuing Director may act:*

The continuing Directors may act notwithstanding any vacancy in the Board but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a general meeting of the Company but for no other purpose.

*107 Vacation of office of Director:*

The Office of a Director shall be deemed to have been vacated under the circumstances enumerated under Section 283 of the Act.

*108 Equal power to Director:*

Except as otherwise provided in these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

## ROTATION AND RETIREMENT OF DIRECTOR

### 109 *One-third of Directors to retire every year:*

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the Managing Director or Whole time Director, appointed or the Directors appointed as a Debenture Director and Special Director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

### 110 *Retiring Directors eligible for re-election:*

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

### 111 *Which Director to retire:*

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

### 112. *Retiring Director to remain in office till successors appointed*

Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring director, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned meeting the place of the returning Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned Meeting

### 113. *Increase or reduction in the number of Directors:*

Subject to the provisions of Section 252, 255, 259 of the Act, the Company in General Meeting may by Ordinary Resolution increase or reduce the number of its Directors.

### 114. *Power to remove Director by ordinary resolution:*

Subject to the provisions of the Act, the Company may by an ordinary resolution in General Meeting remove any Director before the expiration of his period of office and may, by an ordinary resolution, appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

### 115. *Right of persons other than retiring Directors to stand for Directorship:*

A person not being a retiring Director shall be eligible for appointment to the office of a Director at any General Meeting if he or some other member intending to propose him as a Director not less than 14 days before the meeting has left at the office of the Company, a notice in writing under his hand signifying his candidature for the office of the Director or the intention of such member to propose him as a candidate for that office as the case may be, along with the prescribed deposit amount which shall be refunded to such person or as the case may be, to such member if the person succeeds in getting elected as Directors.



116. Subject to the provisions of Section 297, 299, 300, 302 and 314 of the Act , the Directors shall not be disqualified by reason of his or their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract, or arrangement entered into by or on behalf of the Company with such Director or with any Company or partnership in which he shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which the contract or arrangement is determined if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.

117. *Directors not liable for retirement:*

The Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

118. *Director for subsidiary Company:*

Directors of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as Vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

119. *Meetings of the Board:*

- (a) The Board of Directors shall meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year.
- (b) The Managing Director may, at any time summon a meeting of the Board and the Managing Director or a Secretary or a person authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.

120. *Quorum:*

The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time, The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any, whose places are vacant at the time.

121. *Questions how decided:*

- (a) Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.
- (b) In case of an equality of votes, the Chairman shall have second or casting vote in addition to his vote as Director.

122. *Right of continuing Directors when there is no quorum:*

The continuing Directors may act notwithstanding any vacancy in the Board but if and so long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or of summoning a General Meeting of the Company but for no other purpose.

123. *Election of Chairman of Board:*

- (a) The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.
- (b) If no such Chairman is elected or at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the Chairman of the Meeting.
- (c) Notwithstanding anything contrary contained in the Articles of Association, the board of directors shall have the power to appoint / reappoint the same individual to hold and occupy both the positions of chairman and managing director or chief executive officer (CEO) or such equivalent managerial position thereof, in the Company.

124. *Delegation of Powers:*

- a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.
- b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

125. *Election of Chairman of Committee:*

- (c) If the Chairman of the Board is a member of the Committee, he shall preside over all meetings of the Committee, if the Chairman is not a member thereof, the committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among themselves to be the Chairman of the Meeting.
- (d) The quorum of a committee may be fixed by the Board of Directors. ..

126. *Questions how determined:*

- (c) A committee may meet and adjourn as it thinks proper.
- (d) Questions arising at any meeting of a committee shall be determined by the sole member of the committee or by a majority of votes as the members present as the case may be and in case of an equality of vote the Chairman shall have a second or casting vote, in addition to his vote as a member of the committee.

127. *Validity of acts done by Board or a Committee:*

All acts done by any meeting of the Board, of a committee thereof, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

128. *Resolution by Circulation:*

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with

the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the Committee, as the case may be and to all other Directors or members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as it had been a resolution duly passed at a meeting of the Board or committee duly convened and held.

## **BORROWING**

129. a) The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required under the Act raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company at a General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose and in particular, but subject to the provisions of Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of debentures, perpetual or otherwise, including debenture convertible into shares of this or any other Company or perpetual annuities, Foreign Currency Convertible Bonds, American Depositary Receipts, Global Depositary Receipts, Warrants, and other instruments with or without option to convert into equity shares having or not having voting / special rights, whether attached to any securities or otherwise, and such other securities and instruments as may be permissible in law and/ or by way External Commercial Borrowings or otherwise and to secure any such money so borrowed, raised or received mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated shall specify the total amount up to which moneys may be borrowed by the Board Directors.

- b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or the Managing Director, if any, within the limits prescribed.
- (e) Subject to provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think, fit and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable debentures (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as they may seem expedient.
- (f) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and the same shall be in the interests of the Company.

### *130. Assignment of debentures:*

Such debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

### *131. Terms of Issue of Debentures:*

Any debentures, debenture stock, or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise, Debentures with a right of conversion into or allotment of shares shall be issued only with the consent of the Company in a General Meeting by a Special Resolution.

132. *Debenture Directors:*

Any Trust Deed for securing debentures or debenture stock may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of debentures or debenture stock of some person to be a Director of the Company and may empower such trustee or holders of debentures or debenture stock from time to time to remove any Directors so appointed. A Director appointed under this Article is herein referred to as a “Debenture Director” and the Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares, not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

133. *Nominee Directors:*

a) So long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such Company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the Debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such corporation so provides, the corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to as “Nominee Directors/s) on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).

b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as they holds or continues to hold Debentures/shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the Corporation are paid off or they ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

c) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which Nominee Director/s is//are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

d) The Company shall pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission,

monies and remuneration in relation to such Nominee Director/s shall accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

- e) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer.

*134. Register of Charges:*

The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

*135. Subsequent assigns of uncalled capital:*

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

*136. Charge in favour of Director for Indemnity:*

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

*137. Powers to be exercised by Board only by Meeting:*

- b) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at the meeting of the Board:
- (i) Power to make calls on shareholders in respect of moneys unpaid on their shares;
  - (ii) Power to issue debentures;
  - (iii) Power to borrow money otherwise than on debentures;
  - (iv) Power to invest the funds of the Company;
  - (v) Power to make loans.
- c) The Board of Directors may by a meeting delegate to any committee or the Directors or to the Managing Director the powers specified in sub clauses (iii), (iv) and (v) above.
- d) Every resolution delegating the power set out in sub clause (iii) above shall specify the total amount up to which moneys may be borrowed by the said delegate.
- e) Every resolution delegating the power referred to in sub-clause (iv) above shall specify the total amount, up to which the fund may invested and the nature of the investments which may be made by the delegate.
- f) Every resolution delegating the power referred to in sub-clause (v) above shall specify the total amount up to which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

**MANAGING DIRECTOR(S)/ WHOLE-TIME DIRECTOR(S)**

138. a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the Managing Director or whole-time Directors.
- b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Whole time Directors.
- c) In the event of any vacancy arising in the office of a Managing Director or Whole-time

Director, the vacancy shall be filled by the Board of Directors subject to the approval of the members.

- (g) If a Managing Director or whole time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be Managing Director/whole time Director.
- (h) The Managing Director or whole time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or whole-time Director.

139. *Powers and duties of Managing Director or whole-time Director:*

The Managing Director/Whole-time Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The Managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

140. *Remuneration of Managing Directors/whole time Directors:*

Subject to the provisions of the Act and subject to such sanction of Central Government\Financial Institutions as may be required for the purpose, the Managing Directors\whole-time Directors shall receive such remuneration (whether by way of salary commission or participation in profits or partly in one way and partly in another) as the Company in General Meeting may from time to time determine.

141. *Reimbursement of expenses:*

The Managing Directors\whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

142. *Business to be carried on by Managing Directors/ Whole time Directors:*

- (a) The Managing Directors\whole-time shall have subject to the supervision, control and discretion of the board, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the Management of the affairs and transactions of Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by Board of Directors and also subject to such conditions or restriction imposed by the Act or by these presents.
- (b) Without prejudice to the generally of the foregoing and subject to the supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director/ Whole time Director and he shall have all the powers except those which are by law or by these presents or by any resolution of the Board required to be done by the Company in General Meeting or by the Board.
- (c) The Board may, from time to time delegate to the Managing Director or Whole time Director such powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or Whole time Director by the Board or by these presents.

**COMMON SEAL**

143. *Custody of Common Seal:*

The Board shall provide for the safe custody of the Common Seal for the Company and they shall have

power from time to time to destroy the same and substitute a new seal in lieu thereof; and the Common Seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or the Secretary if there is one.

144. *Seal how affixed*

The seal shall not be affixed to any instrument except by authority of a resolution of the Board or a committee of the Board authorised by it in that behalf, and except in the presence of at least one Director or such other person as the Board may appoint for the purpose. Every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by that Director or such other person aforesaid in whose presence the seal shall have been affixed provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority issuing the same.

145. *Right to dividend:*

- (c) The profits of the Company, subject to any special rights, relating thereto created or authorized to be created by these presents and subject to the provisions of the presents as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively and the last day of the year of account in respect of which such dividend is declared and in the case of interim dividends on the close of the last day of the period in respect of which such interim dividend is paid.
- (d) Where capital is paid in advance of calls, such capital shall not, confer a right to participate in the profits.

146. *Declaration of Dividends:*

The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

147. *Interim Dividends:*

The Board may from time to time pay to the members such interim dividends as appear to them to be justified by the profits of the Company.

148. *Dividends to be paid out of profits:*

No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act.

149. *Reserve Funds:*

- (a) The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such application, may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time think fit.
- (b) The Board may also carry forward any profits when it may think prudent not to appropriate to Reserves.

150. *Deduction of arrears:*

The Board may deduct from any dividend payable to any members all sums of money, if any, presently

payable by him to the Company on account of the calls or otherwise in relation to the shares of the Company.

*151. Adjustment of dividends against calls:*

Any General Meeting declaring a dividend may make a call on the members as such amount as the meeting fixed, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members be set off against the call.

*152. Receipt of joint holder:*

Any one of two or more joint holders of a share may give effectual receipt for any dividends, or other moneys payable in respect of such shares.

*153. Notice of dividends:*

Notice of any dividend that may have been declared shall be given to the persons entitled to share thereto in the manner mentioned in the Act.

*154. Dividends not to bear interest:*

No dividends shall bear interest against the Company.

*155. Transfer of shares not to pass prior to dividends:*

Subject to the provisions of Section 206 A of the Act, any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

*156. Unpaid or Unclaimed Dividend:*

- (a) Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, the Company shall transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank called "GMR Energy Unpaid Dividend Account".
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investors Education And Protection Fund established under section 205C of the Act.
- (c) No unclaimed or unpaid dividend shall be forfeited by the Board.

## **CAPITALISATION OF PROFITS**

*157. Capitalization of Profits:*

- (a) The Company in General Meeting, may, on recommendation of the Board resolve:
  - (i) That it is desirable to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and
  - (ii) That such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
- (b) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:



- (i) Paying up any amounts for the time being unpaid on shares held by such members respectively
- (ii) Paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
- (iii) Partly in the way specified in sub-clause (i) and partly that specified in sub clause (ii).
- (c) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.
- (d) A share premium account and a capital redemption reserve account may, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

158. *Power of Directors for declaration of bonus issue:*

- (a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:
  - (i) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and
  - (ii) generally do all acts and things required to give effect thereto.
- (b) The Board shall have full power:
  - (i) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and also
  - (ii) to authorize any person, on behalf of all the members entitled thereto, to enter into an agreement with the Company providing for the allotment to such members, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to the capitalised of the amounts or any parts of the amounts remaining unpaid on the shares.
- (c) Any agreement made under such authority shall be effective and binding on all such members.

## ACCOUNTS

159. *Books of Account to be kept:*

- (a) The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure takes place, of all sales and purchases of goods by the Company, and of the assets, credits and liabilities of the Company.
- (b) If the Company shall have a Branch Office, whether in or outside India, proper books of account relating to the transactions effected at the office shall be kept at that office, and proper summarized returns made upto date at intervals of not more than three months, shall be sent by Branch Office to the Company at its registered office or to such other place in India, as the Board thinks fit where the main books of the Company are kept.
- (c) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its Branch Office, as the case may be with respect to the matters aforesaid, and explain its transactions.

160. *Where Books of accounts to be kept:*

The Books of Account shall be kept at the Registered Office or at such other place in India as the Directors think fit.

161. *Inspection by Members:*

No member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute.

162. *Boards Report to be attached to Balance Sheet:*

- (a) Every Balance Sheet laid before the Company in General Meeting shall have attached to it a report by the Board of Directors with respect to the state of the Company's affairs, the amounts if any, which it proposes to carry to any Reserves in such Balance Sheet; and the amount, if any which it recommends to be paid by way of dividend, material changes and commitments, if any, effecting the financial positions of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet related and the date of report.
- (b) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or any of its subsidiaries deal with any changes which have occurred during the financial year in the nature of the Company's business, or in the Company's subsidiaries or in nature of the business carried on by them and generally in the classes of business in which the Company has an interest.
- (c) The Boards Report shall also include a statement showing the name of every employee of the Company who was in receipt of such sum as remuneration as may be prescribed by the Act or the Central Government from time to time during the year to which the Report pertains.
- (d) The Board shall also give the fullest information and explanation in its report in cases falling under the proviso to Section 222 on every reservation, qualification or adverse remark contained in the auditors Report.
- (e) The Board shall have the right to charge any person being a Director with a duty of seeing that the provisions of sub-clauses (1) to (3) of this Article are complied with.

## AUDIT

163. *Accounts to be audited:*

Every Balance Sheet and Profit & Loss Account shall be audited by one or more Auditors to be appointed as hereinafter set out.

- (a) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within seven days.
- (b) Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy.
- (c) The Company shall within seven days of the Central Government's power under sub clause (c.) becoming exercisable, give notice of that fact to the Government.
- (d) The Directors may fill any casual vacancy in the office of an Auditor but while any such vacancy continues, the remaining auditors (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.
- (e) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual

General Meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Sec. 190 and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with provisions of Sec. 190 and all the other provision of Section 225 shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring auditor shall not be re-appointed.

- (f) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.
- (g) None of the persons mentioned in Sec. 226 of the Act as are not qualified for appointment as auditors shall be appointed as Auditors of the Company.

*164. Audit of Branch Offices:*

The Company shall comply with the provisions of the Act in relation to the audit of the accounts of Branch Offices of the Company.

*165. Remuneration of Auditors:*

The remuneration of the Auditors shall be fixed by the Board as authorized in General Meeting from time to time.

*166. Service of document on the Company:*

A document may be served on the Company or an officer by sending it to the Company or officer at Registered Office of the Company by post under a certificate of posting or by Registered Post, or by leaving it at the Registered Office.

## **SERVICE OF DOCUMENTS AND NOTICE**

*167. How -Document is to be served on members :*

- (a) A document (which expression for this purpose shall be deemed to have included and include any summons, notice requisition, process order, judgment or any other document in relation to or in winding up of the Company) may be served or sent to the Company on or to any member either personally or by sending it by post to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the service of notice to him.
- (b) All notices shall, with respect to any registered share to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and the notice so given shall be sufficient notice to all the holders of such share.
- (c) *Where a document is sent by post:*
  - (i) Service thereof shall be deemed to be effected by properly addressing, paying and posting a letter containing the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the Company a sum sufficient to defray expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member, and
  - (ii) Unless the contrary is provided, such service shall be deemed to have been effected
    - a. In the case of a notice of a meeting, at the expiration of forty-eight hours the letter

containing the notice is posted; and

b. In any other case, at the time at which the letter would be delivered in ordinary course of post.

*168. Members to notify address in India:*

Each registered holder of shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place or residence.

*169. Service on members having no registered address:*

If a member has no registered address in India, and has not supplied to the Company and address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served to him on the day of which the advertisement appears.

*170. Service on persons acquiring shares on death or insolvency of members:*

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

*171. Persons entitled to notice of General Meetings:*

Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given:

- (i) To the members of the Company as provided by these presents
- (ii) To the persons entitled to a share in consequence of the death or insolvency of a member.
- (iii) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any member or members of the Company.

*172. Notice by advertisement:*

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Registered Office is situated.

*173. Members bound by document given to previous holders:*

Every person, who by the operation of law, transfer or other means whatsoever, shall become entitled to any shares shall be bound by every document in respect of such share which, previously to his name and address being entered in the register, shall have been duly served on or sent to the person from whom he derived his title to such share.

*174. Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.*

## **AUTHENTICATION OF DOCUMENTS**

*175. Authentication of documents and proceedings:*

Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, the Managing Director, the Manager, the Secretary or an authorized officer of the Company and need not be under its seal.

## **WINDING UP**

### *176. Application of assets:*

Subject to the provisions of the Act as to preferential payment the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application shall be distributed among the members according to their rights and interests in the Company.

### *177. Division of assets of the Company in specie among members:*

If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with sanction of a special resolution divide among the contributories in specie or kind any part of the assets of the Company and any with like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories of any of them, as the liquidators with the like sanction shall think fit, in case any share to be divided as aforesaid involve as liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing, direct the liquidators to sell his proportion and pay them the net proceeds, and the liquidators shall, if practicable, act accordingly.

## **INDEMNITY AND RESPONSIBILITY**

### *178. Director's and others' right to indemnity:*

- (a) Subject to the provisions of the Act, the Managing Director and every Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability and it shall be the duty of Directors, out of the funds of the Company to pay, all costs and losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.
- (b) Subject as aforesaid the Managing Director and every Director, Manager, Secretary or other Officer or Employee of the Company shall be indemnified against any liability incurred by them or in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Sec. 633 of the Act in which relief is given to him by the Court.

### *179. Not responsible for acts of others:*

- (a) Subject to the provisions of Sec. 201 of the Act no Director or other Officer of the Company shall be liable for the acts, receipt, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person, Company or Corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight in his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own willful act or default.
- (b) Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with Register of Companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said

office, shall be paid and borne by the Company.

## **SECRECY CLAUSE**

### *180. Secrecy:*

No member shall be entitled to inspect the Company's works without the permission of the Managing Director or to require discovery of any information respectively any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the Managing Director it will be inexpedient in the interest of the members of the Company to communicate to the public.

### *181. Duties of Officers to observe secrecy:*

Every Director, Managing Directors, Manager, Secretary, Auditor, Trustee, Members of Committee, Officer, Servant, Agent, Accountant or other persons employed in the business of the Company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the Company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provision of these Articles or law.

## **ARTICLE 182 TO ARTICLE 198 TO HAVE OVERRIDING EFFECT IN RESPECT OF CLAYMORE INVESTMENT**

182. The provisions of Articles 182 to 198 hereof shall apply and prevail over the provisions of Articles 1 to 181 of Part II and any of the provisions in Part I of these Articles to the extent to which such provisions are inconsistent or conflict with the provisions of Articles 182 to 198.

### **183. DEFINITIONS**

- 183.1 In the interpretation of the provisions of Articles 182 to 198 hereof, the following words and expressions shall have the following meanings respectively, unless excluded by subject or context.

“**Act**” means (a) the Companies Act, 1956, as amended from time to time, for the time being in force; or (b) the Companies Act, 2013, including any statutory modification or any re-enactment thereof for the time being in force;

“**Affiliate**” shall mean and include, in respect of a Person, any Person:

- (a) who, either directly or indirectly, through one or more intermediate Persons, is Controlling, Controlled by, or is under the common Control of or with, the first Person; or
- (b) whose 26% (Twenty Six Per Cent) or more of the voting securities are directly or indirectly, legally or beneficially, owned by the first Person or who owns, directly or indirectly, 26% (Twenty Six Per Cent) or more of the voting securities of the first Person; or
- (c) who is a Relative of such Person;

**“AGREED FORM” MEANS A DOCUMENT IN A FORM AGREED IN WRITING BETWEEN THE INVESTOR AND GIL AND INITIALED FOR THE PURPOSES OF IDENTIFICATION BY OR ON BEHALF OF EACH OF THEM (IN EACH CASE WITH SUCH AMENDMENTS AS MAY BE AGREED BY OR ON BEHALF OF SUCH PARTIES);**

**“AGREEMENT” MEANS THE AMENDED AND RESTATED SHARE SUBSCRIPTION AND SHAREHOLDERS AGREEMENT TOGETHER WITH ITS RECITALS, ANNEXURES AND**

SCHEDULES, AS MAY BE AMENDED FROM TIME TO TIME IN ACCORDANCE WITH THE PROVISIONS CONTAINED THEREIN ENTERED INTO BETWEEN GIL, THE INTERMEDIATE COMPANIES, THE COMPANY AND THE INVESTOR DATED FEBRUARY 21, 2014;

“BOARD” MEANS THE BOARD OF DIRECTORS OF THE COMPANY;

“BUSINESS DAY” MEANS A DAY (EXCLUDING SATURDAYS AND SUNDAYS) ON WHICH BANKS GENERALLY ARE OPEN IN MAURITIUS, MUMBAI (INDIA), BANGALORE (INDIA) AND SINGAPORE FOR THE TRANSACTION OF NORMAL BANKING BUSINESS;

“CHARTER DOCUMENTS” MEAN THE MEMORANDUM OF ASSOCIATION AND THE ARTICLES OF ASSOCIATION OF THE COMPANY AS AMENDED FROM TIME TO TIME;

“Closing Date” means June 4, 2010;

“Competitor” means any of the following:

- (A) *A PERSON WHICH CARRIES ON THE COMPETING BUSINESS, WHETHER IN INDIA OR OVERSEAS; PROVIDED HOWEVER, A PERSON SHALL NOT BE DEEMED TO BE ENGAGED IN A COMPETING BUSINESS MERELY ON ACCOUNT OF SUCH PERSON OWNING OR OPERATING CAPTIVE POWER PLANTS;*
- (B) *THE PROMOTERS OF ANY ENTITIES REFERRED TO IN (A) ABOVE, WHERE THE TERM “PROMOTERS” FOR THE PURPOSES OF THIS SUB-CLAUSE (B) SHALL (I) IN CASE OF ENTITIES LISTED ON A STOCK EXCHANGE IN INDIA, BE PERSONS DISCLOSED AS PROMOTERS OF SUCH ENTITIES IN THEIR FILINGS MADE WITH SUCH STOCK EXCHANGES; OR (II) IN ANY OTHER CASE, SHALL MEAN A PERSON OR A GROUP OF PERSONS IN CONTROL OVER SUCH ENTITY;*
- (C) *ANY PERSON WHO IS DIRECTLY OR INDIRECTLY, THROUGH ONE OR MORE INTERMEDIATE PERSONS, CONTROLLING, CONTROLLED BY, OR IS UNDER THE COMMON CONTROL OF OR WITH THE PERSON REFERRED TO IN (A) AND (B) ABOVE;*
- (D) *ANY RELATIVE OF PERSONS REFERRED TO IN CLAUSES (A), (B) OR (C) ABOVE;*

*Provided that:*

- (i) a Competitor shall not include a financial investor unless such financial investor is:
  - (I) primarily carrying on the business of power generation, transmission, and distribution of electricity whether in India or overseas; or
  - (II) directly or indirectly, through one or more intermediate persons, Controlled by or under common Control of a person referred to in (a) or (b) or (c) or (d) above.
- (ii) without limiting the scope and the generality of the definition of the term “Competitor”, the entities referred to in the relevant **Annexure** of the Agreement are Competitors. The list of Competitors set out in the relevant **Annexure** of the Agreement may be updated by the Company annually within the month of April every year starting from 2011 so long as the Persons included therein satisfy the definition of Competitor set out herein;

“Competing Business” shall mean the business of power generation, transmission, distribution and trading of electricity;

**“CONTROL” TOGETHER WITH ITS GRAMMATICAL VARIATIONS WHEN USED WITH RESPECT TO ANY PERSON, MEANS AND INCLUDES THE POWER TO DIRECT THE MANAGEMENT AND POLICIES OF SUCH PERSON, DIRECTLY OR INDIRECTLY, WHETHER THROUGH THE OWNERSHIP OF THE VOTE CARRYING SECURITIES, BY CONTRACT OR OTHERWISE HOWSOEVER;**

**“Converted Shares”** means the number of Equity Shares issued to the Investor upon conversion of the Portion B Securities in accordance with the terms of these Articles;

**“DEED OF ADHERENCE” MEANS THE DEED OF ADHERENCE IN THE AGREED FORM AS SET OUT IN THE RELEVANT ANNEXURE OF THE AGREEMENT;**

**“DIRECTOR(S)” MEANS A DIRECTOR OF THE COMPANY;**

**“Disclosure Letter”** means the disclosure letter delivered by the Company and/or GIL to Investor on the date of the Shareholders Agreement and on the Closing Date, containing exceptions, qualifications and disclosures set out in the relevant **Annexure** of the Agreement;

**“DRHP”** means draft red herring prospectus;

**“Effective Date”** means the date on which the completion of transactions under the Promoter SSA and the Promoter SPA takes place as set out thereunder;

**“ENCUMBRANCE” MEANS ANY (I) ENCUMBRANCE INCLUDING WITHOUT LIMITATION ANY SECURITY INTEREST, CLAIM, MORTGAGE, PLEDGE, CHARGE, HYPOTHECATION, LIEN, LEASE, ASSIGNMENT, DEED OF TRUST, TITLE RETENTION, DEPOSIT BY WAY OF SECURITY, BENEFICIAL OWNERSHIP (INCLUDING USUFRUCT AND SIMILAR ENTITLEMENTS), OR ANY OTHER SIMILAR INTEREST HELD BY A THIRD PERSON, (II) SECURITY INTEREST OR OTHER ENCUMBRANCE OF ANY KIND SECURING, OR CONFERRING ANY PRIORITY OF PAYMENT IN RESPECT OF, ANY OBLIGATION OF ANY PERSON, INCLUDING WITHOUT LIMITATION ANY RIGHT GRANTED BY A TRANSACTION WHICH, IN LEGAL TERMS, IS NOT THE GRANTING OF SECURITY BUT WHICH HAS AN ECONOMIC OR FINANCIAL EFFECT SIMILAR TO THE GRANTING OF SECURITY UNDER APPLICABLE LAW, (III) RIGHT OF PRE-EMPTION, RIGHT OF FIRST OFFER, OR REFUSAL OR TRANSFER RESTRICTION IN FAVOUR OF ANY PERSON, AND/OR (IV) ANY ADVERSE CLAIM AS TO TITLE, POSSESSION OR USE;**

**“Excluded Business”** means the airport and road business of the Company, the details of which are set out in the relevant **Annexure** of the Agreement;

**“EPC CONTRACTS” MEANS ANY CONTRACT IN RELATION TO CONSTRUCTION, DESIGN, ENGINEERING, PROCUREMENT OR SUPPLY IN RELATION TO THE BUSINESS OF THE COMPANY OR ITS SUBSIDIARIES;**

**“EQUITY SHARES” MEANS THE ISSUED AND FULLY PAID-UP EQUITY SHARES OF THE COMPANY, HAVING A FACE VALUE OF RS. 10/- (RUPEES TEN) EACH;**

**“Financial Investor”** means any investor who is predominantly engaged in the business of making investments in a company in order to gain a financial return;

**“FINANCIAL YEAR” MEANS THE 12 (TWELVE) MONTH PERIOD COMMENCING ON APRIL 1 OF A CALENDAR YEAR AND ENDING ON MARCH 31 OF THE NEXT CALENDAR YEAR;**



**“Fully-Diluted Basis”** means the total of all classes and series of shares outstanding on a particular date, combined with all stock options (whether exercised or not), warrants (whether exercised or not), convertible securities of all kinds, all on an “as if converted” basis;

For the purpose of these Articles, “as if converted” basis shall mean as if such instrument, option or security had been converted into Equity Shares in accordance with the Price Per Share;

**“GHPL”** means GMR Holdings Private Limited a company incorporated in India under the provisions of the Companies Act, 1956, having its registered office at Naman Centre, 7th Floor, Opp. Dena Bank, Plot No.C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, India;

**“GIL”** means GMR Infrastructure Limited, a company incorporated in India under the provisions of the Companies Act, 1956, having its registered office at Skip House, 25/1, Museum Road, Bangalore – 560 025, India;

**“GMR Group”** means the Affiliates and the subsidiaries of the current promoter or promoter group of GIL;

**“GOVERNMENTAL AUTHORITY” INCLUDES THE PRESIDENT OF INDIA, THE GOVERNMENT OF INDIA, THE GOVERNOR AND THE GOVERNMENT OF ANY STATE IN INDIA, ANY MINISTRY OR DEPARTMENT OF THE SAME OR ANY GOVERNMENTAL OR POLITICAL SUBDIVISION THEREOF, ANY LEGISLATIVE, EXECUTIVE OR ADMINISTRATIVE BODY, MUNICIPALITY OR ANY LOCAL OR OTHER AUTHORITY, TRADE AGENCY, REGULATORY AUTHORITY, COURT, TRIBUNAL OR ARBITRAL TRIBUNAL, EXERCISING POWERS CONFERRED BY LAW IN INDIA AND SHALL INCLUDE, WITHOUT LIMITATION, THE DEPARTMENT OF COMPANY AFFAIRS, SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”), THE RESERVE BANK OF INDIA (“RBI”) AND THE FOREIGN INVESTMENT PROMOTION BOARD (“FIPB”), COMPETITION COMMISSION OF INDIA (“CCI”), ANY FOREIGN OR OTHER GOVERNMENTAL, SEMI-GOVERNMENTAL, ADMINISTRATIVE, FISCAL OR JUDICIAL BODY, DEPARTMENT, COMMISSION, AUTHORITY, TRIBUNAL, AGENCY OR ENTITY ABROAD WITH JURISDICTION OVER THE PARTIES;**

**“GOVERNMENTAL APPROVALS” MEANS ANY CONSENT, APPROVAL, AUTHORIZATION, WAIVER, PERMIT, GRANT, FRANCHISE, CONCESSION, AGREEMENT, LICENSE, CERTIFICATE, EXEMPTION, ORDER, REGISTRATION, DECLARATION, FILING, REPORT OR NOTICE, OF, WITH OR TO ANY GOVERNMENTAL AUTHORITY;**

**“Indebtedness”** as applied to any Person, means, without duplication, (a) all indebtedness for borrowed money, (b) all obligations evidenced by a note, bond, debenture, letter of credit, draft or similar instrument, (c) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with Indian GAAP (and when required under applicable Law, the International Financing Reporting Standards) of the applicable jurisdiction, (d) notes payable and drafts accepted representing extensions of credit, (e) any obligation owed for all or any part of the deferred purchase price of property or services, (f) all guarantees of any nature extended by such Person with respect to Indebtedness of any other Person and (g) all indebtedness and obligations of the types described in the foregoing clauses (a) through (f) to the extent secured by any Encumbrance on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person;

**“INDIAN GAAP” SHALL MEAN GENERALLY ACCEPTED ACCOUNTING STANDARDS AND PRINCIPLES IN INDIA;**

**“Investor”** shall mean Claymore Investments (Mauritius) Pte. Ltd., a company incorporated under the laws of Mauritius and having its registered office at Les Cascades, Edith Cavell Street, Port Louis, Mauritius;

**“INVESTOR CONSENT” MEANS THE PRIOR WRITTEN CONSENT OF THE INVESTOR OR CONSENT PROVIDED BY THE INVESTOR DIRECTOR AT A MEETING OF THE BOARD OR COMMITTEE THEREOF OR CONSENT PROVIDED BY THE INVESTOR AT A MEETING OF THE SHAREHOLDERS OF THE COMPANY, AS THE CASE MAYBE;**

**“INVESTOR DIRECTOR” MEANS THE DIRECTOR NOMINATED BY THE INVESTOR, PURSUANT TO ARTICLE 189;**

**“INVESTOR SECURITIES” MEANS COLLECTIVELY, THE PORTION A SECURITIES AND PORTION B SECURITIES;**

**“Investor Shares”** means such Equity Shares that the Investor may hold or acquire in accordance with the terms of these Articles including the Converted Shares;

**“IPO”** means an offering to the public of equity shares, ordinary shares or common shares of the Company;

**“IPO Merchant Bankers”** shall mean at least two (2) of the merchant bankers (being reputable merchant banking firms of a recognized high standing) appointed by the Company for managing the QIPO;

**“LAST RETURN DATE” MEANS NOVEMBER 29, 2013;**

**“LAW” MEANS ALL APPLICABLE:**

**(B) STATUTES, ENACTMENTS, ACTS OF LEGISLATURE OR PARLIAMENT, LAWS, ORDINANCES, RULES, BYE-LAWS, REGULATIONS, LISTING AGREEMENTS, NOTIFICATIONS, GUIDELINES OR POLICIES ISSUED BY ANY GOVERNMENTAL AUTHORITY; AND**

**(B) ADMINISTRATIVE INTERPRETATION, WRIT, INJUNCTION, DIRECTIONS, DIRECTIVES, JUDGEMENT, ARBITRAL AWARD, DECREE, ORDERS OR GOVERNMENTAL APPROVALS OF, OR AGREEMENTS WITH, ANY GOVERNMENTAL AUTHORITY OR RECOGNIZED STOCK EXCHANGE,**

**IN ANY JURISDICTION, AS MAY BE IN FORCE FROM TIME TO TIME;**

**“MATERIAL ADVERSE EFFECT” MEANS ANY:**

**(B) EVENT, OCCURRENCE, FACT, CONDITION, CHANGE, DEVELOPMENT OR EFFECT THAT IS OR MAY BE MATERIALLY ADVERSE TO THE BUSINESS, OR THE OPERATIONS, CONDITION (FINANCIAL OR OTHERWISE), PROPERTIES, PROSPECTS OR ASSETS (WHETHER TANGIBLE OR INTANGIBLE) OR LIABILITIES OF THE COMPANY; OR**

**(b) material impairment of the ability of the Company and/or the Promoter Group, as the case may be, to perform their respective obligations hereunder;**

**“Ordinary Course of Business”** shall mean the ordinary course of business of the Company consistent with past custom and practice, to the extent consistent with applicable Law;

**“Other Investors”** means the investors other than the Investor, who have invested in the Company;

**“PAYMENT DEFAULT” MEANS THE RECEIPT OF A NOTICE OF DEFAULT FROM A LENDER IN TERMS OF THE RELEVANT LENDING AGREEMENT;**

**“PERSON(S)” MEANS ANY INDIVIDUAL, SOLE PROPRIETORSHIP, UNINCORPORATED ASSOCIATION, UNINCORPORATED ORGANIZATION, BODY CORPORATE, CORPORATION, COMPANY, PARTNERSHIP, LIMITED LIABILITY COMPANY, JOINT VENTURE, GOVERNMENT AUTHORITY OR TRUST OR ANY OTHER ENTITY OR ORGANIZATION;**

**“Portion B Return”** means the return as set out in the Agreement;

**“Portion A Securities”** means 4,650,000 compulsorily convertible preference shares of the Company of face value of Rs. 1,000 each at par;

**“Portion B Securities”** means 4,650,000 compulsorily convertible preference shares of the Company of face value of Rs. 1,000 each at par;

**“Pre-QIPO Period”** means the period commencing on the Closing Date until the completion of a QIPO;

**“Price Per Share”** means the price as set out in the Agreement, which is the price calculated on the assumption of the Conversion Valuation being the amount as set out in the Agreement (as computed in accordance with the relevant **Annexure** of the Agreement), which price would change in the event the Conversion Valuation changes on account of adjustments, if any, as contemplated under Article 184.2 (as illustrated in the relevant **Annexure** of the Agreement). It is clarified that the Price Per Share will be further adjusted in the event of any splits, bonuses or adjustments to share capital of the Company;

**“Project Chhattisgarh”** means the project undertaken by GMR Chhattisgarh Energy Limited;

**“Project Emco”** means the project undertaken by Emco Energy Limited;

**“Project Kakinada”** means the natural gas-based combined cycle power plant with a gross capacity of 235 MW undertaken by the Company in Kakinada;

**“Project Kamalanga”** means the project undertaken by GMR Kamalanga Energy Limited;

**“Project Subsidiaries”** mean the Subsidiaries of the Company which are engaged in projects relating to the Business at the relevant time;

**“Promoter Director”** means a director nominated to the Board of Directors of the Company and/or the Subsidiary by the Promoter Group, not being an independent director;

**“Promoter Group”** means such entities of the GMR Group, excluding GHPL and its shareholders, which directly and/or indirectly hold Shares;

**“PROMOTER SHARES” MEANS ANY SHARES HELD (OR WHICH MAY BE HELD AT A LATER DATE) BY THE PROMOTER GROUP AND/OR THE AFFILIATES OF THE PROMOTER GROUP;**

**“Promoter SPA”** means the share purchase agreement of even date entered into between the Investor, ICo2 and the Company;

**“Promoter SSA”** means the share subscription and shareholders agreement of even date entered into between Dunearn Investments (Mauritius) Pte. Ltd. (an Affiliate of the Investor) and GIL;

**“QIPO”** means an IPO of the Company fulfilling the following conditions:

- (i) the equity shares of the Company are listed or quoted on any of Bombay Stock Exchange Limited or the National Stock Exchange of India Limited, or an internationally recognized stock exchange or quotation system agreed to by the Investor in writing, which consent will not be unreasonably withheld if similar rights which are available to the Investor in a domestic IPO, including but not limited to offer for sale, are given to the Investor in an international IPO;
- (ii) all decisions in respect of the offering including the timing and pricing, are to be made either, (a) by the IPO Committee (if formed) on which the Investor Director is a member or (b) by the Company in consultation with the Investor;
- (iii) The issue size is in accordance with Article 191.1;
- (iv) the offering is managed by at least two (2) reputable merchant banking firms of recognized high standing in the market in which the Equity Shares are to be offered, who are appointed with the consent of the Investor; and
- (v) the offering complies with all applicable legal, regulatory and listing requirements;

**“Related Party”** shall mean in relation to a Person, such Persons who are “related parties” of the first Person within the meaning of the said term under Accounting Standard 18 prescribed by the Institute of Chartered Accountants of India as on the date of these Articles and in case of the Company, shall include the Persons identified in the relevant **Annexure** of the Agreement. The list set out in the relevant **Annexure** of the Agreement may be updated by the Investor for the Related Party of the Company or the Promoter Group, as the case may be, annually within one month from the audited accounts of the Company being published every year so long as the Persons included therein satisfy the definition of Related Party set out herein;

**“RELATIVE” SHALL MEAN THE SPOUSE, CHILDREN OR PARENTS OF THE CONCERNED PERSON;**

**“RHP”** means the updated red herring prospectus filed with SEBI;

**“RUPEES” OR “RS.” OR “INR” MEANS THE LAWFUL CURRENCY OF THE REPUBLIC OF INDIA;**

**“SEBI”** means Securities and Exchange Board of India;

**“SEBI ICDR Regulations”** means SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any statutory modification, amendments or re-enactments thereof for the time being in force.

**“SHARES” MEAN EQUITY SHARES, PORTION B SECURITIES, INVESTOR SHARES, CONVERTED SHARES, PROMOTER NON-CONVERTIBLE SECURITIES, OR SUCH OTHER CLASS OR SERIES OF SHARES OR STOCK THAT MAY BE ISSUED BY THE COMPANY FROM TIME TO TIME;**

**“Strategic Investor”** means any investor who is not a Financial Investor;

**“Subscription Amount”** means the aggregate Subscription Amount for Portion A and Subscription Amount for Portion B;

**“Subscription Amount for Portion A”** shall have the meaning assigned to it in the Agreement;

**“Subscription Amount for Portion B”** shall have the meaning assigned to it in the Agreement;

**“SUBSIDIARIES”** MEAN THE SUBSIDIARIES (AS DEFINED UNDER THE ACT) OF THE COMPANY WHOSE PRIMARY BUSINESS IS THE BUSINESS;

**“TAX” OR “TAXATION”** MEANS ALL FORMS OF TAXATION, DUTIES, LEVIES, IMPOSTS, INCLUDING WITHOUT LIMITATION CORPORATE INCOME TAX, WAGE WITHHOLDING TAX, FRINGE BENEFIT TAX, PROVIDENT FUND, EMPLOYEE STATE INSURANCE AND GRATUITY CONTRIBUTIONS, VALUE ADDED TAX, CUSTOMS AND EXCISE DUTIES, AND OTHER LEGAL TRANSACTION TAXES, DIVIDEND OR WITHHOLDING TAX, REAL ESTATE TAXES, OTHER MUNICIPAL TAXES AND DUTIES, ENVIRONMENTAL TAXES AND DUTIES AND ANY OTHER TYPE OF TAXES OR DUTIES IN ANY RELEVANT JURISDICTION, TOGETHER WITH ANY INTEREST, PENALTIES, SURCHARGES OR FINES RELATING THERETO, DUE, PAYABLE, LEVIED, IMPOSED UPON OR CLAIMED TO BE OWED IN ANY RELEVANT JURISDICTION OR COUNTRY;

**“Transfer”** means (in either the noun or the verb form and including all conjugations thereof with their correlative meanings) with respect to any ownership interests, the direct or indirect sale, assignment, Encumbrance, transfer or other disposition (whether for or without consideration, whether directly or indirectly, whether voluntary or involuntary or by operation of law) of any such ownership interests or of any direct or indirect beneficial interest therein or the creation of any third party interest in or over such ownership interests;

**“Transaction Documents”** means (i) the Promoter SSA; (ii) the Promoter SPA; (iii) the Agreement and (iv) the Escrow Agreement (as defined under the Promoter SSA).

**“TREASURY POLICY”** MEANS THE POLICY AS ENCLOSED IN THE RELEVANT ANNEXURE OF THE AGREEMENT;

183.2 The following terms shall have the meanings as set forth in the provisions provided below:

Acceptance Period	<u>Article 188.2</u>
Actual IPO Valuation	<u>Article 185.2 (ii) (D)</u>
Average Conversion Price	<u>Article 191.10(a)</u>
Business Plan	<u>Article 189.18</u>
Consultant Recommendations	<u>Article 190.2(xvii)(b)</u>
Conversion Date	<u>Article 185.4(a)</u>
Conversion Valuation	<u>Article 184.2</u>
EMCO Sale	<u>Article 190.2 (vi)</u>
ESOP	<u>Article 190.2 (xiv)</u>
Excess Shares	<u>Article 191.10 (a)</u>
Excess Shares Purchase Period	<u>Article 191.10 (a)</u>
Expected QIPO Valuation	<u>Article 185.1</u>
Fundamental Issues	<u>Article 190.2</u>
Further Acceptance Notice	<u>Article 188.2</u>
Further Notice	<u>Article 188.2</u>
Further Shares	<u>Article 188.1</u>
Further Shares Notice	<u>Article 188.2</u>
GIL Market Price	<u>Article 191.10(a)</u>
GMR Shareholding Floor	<u>Article 191.3 (c)</u>
Identified Project Subsidiaries Buyer	<u>Article 191.3(b)(iii) and 191.9 (c) (ii) (C)</u>
Identified Project Subsidiaries Investor Shares	<u>Article 191.3 (b) (iii) and 191.9 (c) (ii) (C)</u>
Identified Project Subsidiaries	<u>Article 191.3 (b) (i) and 191.9 (c) (ii) (A)</u>
Investor Acceptance Notice	<u>Article 187.13</u>

Investor Exit Amount	<u>Article 191.3 (a)</u>
Investor Offer Shares	<u>Article 187.6</u>
IPO Committee	<u>Article 191.1 (b)</u>
Minimum Promoter Shareholding	<u>Article 187.2 (a)</u>
Offer Notice	<u>Article 187.4</u>
Offered Shares	<u>Article 187.4</u>
Offer Price	<u>Article 187.4</u>
Offer Period	<u>Articles 187.5 and 187.6</u>
Permitted Purpose	<u>Article 187.2 (b)</u>
Project Subsidiaries Identification Notice	<u>Article 191.3 (b) (i) and 191.9 (c) (ii) (A)</u>
Project Subsidiaries Purchase Notice	<u>Article 191.3 (b) (iii) and 191.9 (c) (ii) (C)</u>
Project Subsidiaries Purchase Price	<u>Article 191.3 (b) (iv) and 191.9 (c) (ii) (C)</u>
Promoter Funding	<u>Article 194.3</u>
Promoter Non-Convertible Securities	<u>Article 184.4</u>
Proposed Transferee	<u>Article 187.4</u>
Response Notice	<u>Articles 187.5 and 187.6</u>
RHP Lower Band	<u>Article 185.2 (ii) (D)</u>
ROFO Refusal Notice	<u>Article 187.13</u>
ROFO Shares	<u>Article 187.13</u>
ROFO Notice	<u>Article 187.13</u>
ROFO Period	<u>Article 187.13</u>
ROFO Acceptance Notice	<u>Article 187.13</u>
ROFO Price	<u>Article 187.13</u>
Sale Approvals	<u>Article 191.3 (b) (iv) and 191.9 (c) (ii) (D)</u>
Sale Shares	<u>Articles 187.5</u>
Shareholding Limit	<u>Article 191.3 (c)</u>

183.3 The Annexures to the Agreement are deemed to have been incorporated in these Articles.

#### 184. **PORTION B SECURITIES**

184.1 The terms governing the Portion B Securities held by the Investor are set out in these Articles. Portion B Securities shall be converted into 347,274,085 (Three Hundred Forty Seven Million Two Hundred Seventy Four Thousand Eight Five) Equity Shares calculated in accordance with the Price Per Share, subject to the adjustments (if any) to the Conversion Valuation in accordance with Article 184.2 these Articles.

184.2 Conversion Valuation: The Portion B Securities shall be converted to Equity Shares at a valuation of the amount as set out in the Agreement (“**Conversion Valuation**”), subject to any adjustments in connection with the following:

- a. EMCO Sale: At any time after the Effective Date, if the Company is desirous of effecting the EMCO Sale, the Company shall send a written notice to the Investor 10 (ten) days prior to the expected date of the EMCO Sale specifying the expected aggregate proceeds to be recovered from the EMCO Sale. The Parties will adjust the Conversion Valuation for any difference between the aggregate proceeds received from the EMCO Sale and the proportionate equity value of Rs. 1800 crores as reduced by any amount of the equity infusion of Rs. 130 crores assumed for the calculation of the equity value of Project EMCO in the Conversion Valuation which has not been made. An illustration explaining the mechanism for such adjustment is set out in the relevant **Annexure** of the Agreement;
- b. QIPO valuation: Valuation of the QIPO in accordance with Article 185.2;
- c. Exit mechanism: Any of the exit mechanisms as provided under Article 191.1;
- d. Tag-Along Right: Upon the Investor exercising its tag-along right in accordance with Articles 187.5, 187.6 and 187.9. An illustration explaining the adjustment in various scenarios is set out in the relevant **Annexure** of the Agreement;
- e. Promoter Funding: The Promoter Group failing to bring in the Promoter Funding in accordance

with Article 194.3. An illustration explaining the adjustment is set out in the relevant **Annexure** of the Agreement; or

- f. Sale of Excluded Business: Upon the sale of any of the assets of the Excluded Business below its respective book value, as set out in the relevant **Annexure** of the Agreement. An illustration explaining the adjustment is set out in the relevant **Annexure** of the Agreement.

184.3 Notwithstanding anything contained in these Articles, if in the event of winding up or liquidation of the Company, the amount received by the Investor is less than the Investor Exit Amount due to the Investor under the terms of these Articles, such difference shall be made good by the Promoter Group, whether from the receipts of liquidation received by the Promoter Group or otherwise.

184.4 As on the Effective Date, the GMR Group does not hold any convertible instrument in the Company apart from the Portion A Securities purchased under the Promoter SPA, securities purchased under share purchase agreements of even date entered into with the Other Investors and certain loans taken by the Company from the GMR Group which are set out in the relevant **Annexure** of the Agreement (“**Promoter Non-Convertible Securities**”) and set out in the relevant **Annexure** of the Agreement, which are not being converted into Equity Shares.

## 185. **CONVERSION OF THE PORTION B SECURITIES INTO EQUITY SHARES**

185.1 Expected QIPO Valuation. The IPO Merchant Bankers shall, within fifteen (15) Business Days prior to filing of the DRHP, indicate in writing to the Company and the Investor, the expected QIPO valuation, which shall be the lower end of the band as determined by the IPO Merchant Bankers (“**Expected QIPO Valuation**”). In the event the Expected QIPO Valuation is less than the amount as set out in the Agreement or such other limit below which the Investors will need to be allotted Equity Shares at a discount to the face value of the Equity Shares, then the Company will make relevant adjustments at that time in a tax efficient manner to ensure that the Investor is always provided the Investor Exit Amount.

185.2 Conversion. The Portion B Securities shall be compulsorily converted into a fixed number of Equity Shares at the price determined under this Article 185.2, not more than seven (7) Business Days prior to the expected date of filing of the DRHP by the Company for a QIPO if it is proposed that the Investor will participate in the QIPO by way of an offer for sale (such conversion being only to the extent required to enable the Investors to participate in an offer for sale) and/or not more than seven (7) Business Days prior to the expected date of filing of the RHP by the Company. Provided that the Investor may, at any time after the Effective Date, convert such Portion B Securities at the Price Per Share as are required to be converted into Equity Shares to enable it to exercise the following rights:

- (a) Tag-along rights under Articles 187.3 to 187.10;
- (b) Sale of the ROFO Shares in accordance with Article 187.13; and
- (c) Exit rights under Article 191.3 and Article 191.9.

### (i) **QIPO prior to 12 months from the Last Return Date**

A. Conversion at the DRHP stage: In the event the Portion B Securities are converted at the DRHP stage on account of the Investor participating in an offer for sale in the QIPO, the Portion B Securities would be converted at the valuation which is the lower of (i) ten per cent (10%) below the Expected QIPO Valuation, which amount shall not be less than the amount as set out in the Agreement or (ii) the Price Per Share. It is clarified that only such number of Portion B Securities shall be converted at the DRHP Stage as are required to enable the Investor to participate in the QIPO by way of an offer for sale of such number of Equity Shares in the QIPO as specified in Article 191.1(a) or as required by SEBI or the Stock Exchanges. An illustrative example for such conversion is set out in the relevant **Annexure** of the Agreement.

B. Conversion at the RHP stage: In the event the Portion B Securities are converted at the RHP stage (including such Portion B Securities which are not converted at the DRHP stage), the Portion B Securities would be converted at such price as illustrated in the

relevant **Annexure** of the Agreement. Upon such conversion, the Investor would hold such number of Equity Shares as if the entire Portion B Securities has been converted at the lower end of the price band indicated by the Merchant Bankers in writing to the Company and the Investor, 7 Business Days prior to the filing of the RHP.

- C. In the event that the Investor does not receive the Investor Exit Amount calculated as the aggregate of:
- i. the gross amount received by the Investor for the Converted Shares sold by the Investor as part of any offer for sale component in the QIPO, using the actual price at which Equity Shares are issued to subscribers to the QIPO, and
  - ii. the value of the balance Converted Shares held by the Investor, using the actual price at which Equity Shares are issued to subscribers to the QIPO,

then the Investor shall be indemnified by the Promoter Group for such shortfall in the Investor Exit Amount in a tax efficient manner and towards this purpose the Investor shall, subject to applicable Law, be entitled to require the Promoter Group to transfer, or cause the transfer, to the Investor without the Investor being required to pay any further amounts, as soon as permissible under applicable Law, the required number of Equity Shares which will provide the Investor with the quantum of shortfall in the Investor Exit Amount at the actual price at which Equity Shares are issued to subscribers to the QIPO. Provided that if applicable Law stipulates a minimum price for such transfer, then the amount paid by the Investor to the Promoter Group and/or the Company for such transfer shall be returned to the Investor in a tax efficient manner.

All Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group.

- D. The Investor shall transfer, and the Promoter Group and/or the Company shall, subject to applicable Law, be entitled to require the Investor to transfer to the Promoter Group and/or the Company and/or their nominee(s) who is a part of the GMR Group, as soon as permissible under applicable Law, without the Promoter Group and/or the Company being required to make any payments for such transfer, such number of Converted Shares as are over and above the number of Converted Shares that provide the Investor the Investor Exit Amount, calculated as the aggregate of:
- i. the gross amount received by the Investor for the Converted Shares sold by the Investor as part of any offer for sale component in the QIPO, using the actual price at which Equity Shares are issued to subscribers to the QIPO; and
  - ii. the value of the balance Converted Shares, using the actual price at which Equity Shares are issued to subscribers to the QIPO.

Provided that if applicable Law stipulates a minimum price for such transfer, then the amount paid by the Promoter Group and/or the Company to the Investor for such transfer shall be returned by the Investor to the Promoter Group and/or the Company in a tax efficient manner. However, all Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group and/or the Company. An illustrative example for such transfer is set out in the relevant **Annexure** of the Agreement.

(ii) **QIPO post 12 months from the Last Return Date**

- A. Conversion at the DRHP stage: In the event the Portion B Securities are converted at the DRHP stage on account of the Investor participating in an offer for sale in the QIPO, the Portion B Securities would be converted at the lower of (i) valuation which is ten per cent (10%) below the Expected QIPO Valuation, which amount shall not be less than the amount as set out in the Agreement or (ii) the Price Per Share. It is clarified that only such number of Portion B Securities shall be converted at the DRHP stage as are required to



enable the Investor to participate in the QIPO by way of an offer for sale of such number of Equity Shares in the QIPO as specified in Article 191.1(a) or as required by SEBI or the Stock Exchanges. An illustrative example for such conversion is set out in the relevant **Annexure** of the Agreement.

- B. **Conversion at the RHP stage:** In the event the Portion B Securities are converted at the RHP stage (including such Portion B Securities which are not converted at the DRHP stage), the Portion B Securities would be converted at the price which is the minimum of (i) such price as illustrated in the relevant **Annexure** of the Agreement, upon conversion of which the Investor would hold such number of Equity Shares that have been allotted at the valuation at the lower end of the price band indicated by the Merchant Bankers in writing to the Company and the Investor, 7 Business Days prior to the filing of the RHP; and (ii) the Price Per Share. An illustrative example for such conversion is set out in the relevant **Annexure** of the Agreement.
- C. In the event that the Investor does not receive the Investor Exit Amount calculated as the aggregate of:
- i. the value of the Converted Shares sold by the Investor as part of any offer for sale component in the QIPO, using the actual price at which Equity Shares are issued to subscribers to the QIPO, and
  - ii. the value of the balance Converted Shares held by the Investor, using the actual QIPO price at which Equity Shares are issued to subscribers to the QIPO;

then the Investor shall be indemnified by the Promoter Group for such shortfall in the Investor Exit Amount in a tax efficient manner and towards this purpose the Investor shall, subject to applicable Law, be entitled to require the Promoter Group to transfer, or cause the transfer, to the Investor without the Investor being required to pay any further amounts, as soon as permissible under applicable Law, required number of Equity Shares which will provide the Investor with the quantum of shortfall in the Investor Exit Amount at the actual price at which Equity Shares are issued to subscribers to the QIPO. Provided that if applicable Law stipulates a minimum price for such transfer, then the amount paid by the Investor to the Promoter Group and/or the Company for such transfer shall be returned to the Investor in a tax efficient manner.

All Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group.

- D. Where the lower band of the valuation at which the Portion B Securities are converted at the RHP stage ("**RHP Lower Band**") is less than the Conversion Valuation, and the valuation at which the IPO is subscribed ("**Actual IPO Valuation**") is higher than the RHP Lower Band, then the Investor shall transfer, and the Promoter Group and/or the Company shall be entitled to require the Investor to transfer to the Promoter Group and/or the Company and/or their nominee/s who is a part of the GMR Group, as soon as permissible under applicable Law, without the Promoter Group and/or the Company being required to make any payments for such transfer, such number of Converted Shares as are equal to:
- i. the difference in the number of Converted Shares received upon conversion at the RHP Lower Band and the number of Converted Shares which would have been received if the Portion B Securities were converted at the Conversion Valuation, if the Actual IPO Valuation is higher than the Conversion Valuation; or
  - ii. the difference in the number of Converted Shares received upon conversion at the RHP Lower Band and the number of Converted Shares which would have been received if the Portion B Securities were converted at the Actual IPO Valuation, if the Actual IPO Valuation is higher than the RHP Lower Band but lower than the Conversion Valuation.

Provided that if applicable Law stipulates a minimum price for such transfer, then the

amount paid by the Promoter Group and/or the Company to the Investor for such transfer shall be returned by the Investor to the Promoter Group and/or the Company in a tax efficient manner. However, all Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group and/or the Company. An illustrative example for such transfer is set out in the relevant **Annexure** of the Agreement.

- (a) The transfers contemplated under Article 185.2 (i) (C) & (D) or 185.2(ii) (C) & (D) shall be completed within 60 (sixty) days of the date of the actual QIPO. In the event that applicable Law at the relevant time does not permit the Parties to undertake the transfer of the Equity Shares in the manner set out in Article 185.2 (i) (C) & (D) or 185.2(ii) (C) & (D) above within the said period of 60 (sixty) days above, then the Parties shall explore alternate mutually acceptable mechanisms to fulfil their respective undertakings as soon as permissible under applicable Law. The Parties further agree that for the purposes of giving effect to the provisions set out in Article 185.2 (i) (C) & (D) or 185.2 (ii) (C) & D above, the Party holding any shares that are required to be transferred under Article 185.2 (i) (C) & (D) or 185.2 (ii) (C) & D shall not Transfer any such shares to any third party and that the Parties shall, agree upon mutually acceptable terms to ensure that all rights in relation to such shares are held for the benefit of the other Party.

185.3 Conversion formula in Illustrative Example. An illustrative example for the transfer envisaged under Article 185.2 (i) (C) & (D) and 185.2 (ii) (C) & (D) are set out in the relevant **Annexures** of the Agreement.

185.4 Procedure for Conversion of Portion B Securities into Equity Shares on the Occurrence of the Conversion Event set out in Article 185.2.

- a. Conversion shall take place on such date as specified in Article 185.2 or such other later date determined by the Investor as may be permitted in applicable Law, as the case may be (“**Conversion Date**”) in the manner set out in these Articles.
- b. The Investor shall send a notice to the Company 2 (two) days prior to the Conversion Date stating its intention to convert the Portion B Securities in accordance with this Article 185.
- c. Upon the conversion of the Portion B Securities in accordance with Article 185.2 the Company shall notify the Investor in writing of the number of Equity Shares issued to the Investor.
- d. On the Conversion Date, the following events shall occur simultaneously:

A meeting of the Board shall be convened at which the following shall be resolved in Agreed Form:

- i. The Investor shall deliver to the Company for cancellation the share certificates issued in respect of the Portion B Securities, or instructions shall be issued by the Company to the depository to cancel the Portion B Securities, as applicable;
  - ii. The Board shall pass a resolution in Agreed Form allotting and issuing to the Investor the Equity Shares upon conversion of the Portion B Securities;
  - iii. The Company shall issue share certificates to the Investor evidencing the aforesaid Equity Shares issued upon conversion of the Portion B Securities or where the Company has dematerialized its Shares, issue instructions to its depository to credit the Equity Shares issued upon conversion of the Portion B Securities to the demat account of the Investor; and
  - iv. The name of the Investor shall be entered into the register of members as the legal and beneficial owner of the aforesaid Equity Shares issued upon conversion of the Portion B Securities if the Equity Shares are issued in physical form.
- e. All costs and expenses of the said exercise of conversion shall be to the account of the

Company. It is clarified that any and all Taxes (excluding stamp duty charges which shall be borne by the Company) that arise on account of the conversion of the Investor Securities and the subsequent disposal of the Converted Shares, shall be borne solely by the Investor.

- f. The Company hereby irrevocably covenants to, and the Promoter Group shall cause the Company to, take all steps and actions as may be required by the Investor at its sole discretion to achieve the objective of this Article 185.4.
- g. The Company shall (and the Promoter Group shall cause the Company to) at all times after the Effective Date, maintain sufficient authorized share capital for issue of Equity Shares for the above purpose and for the purpose of conversion of the Portion B Securities and in the event that the authorized share capital is not sufficient for issue of Equity Shares, the Company shall, and the Promoter Group shall cause the Company to, undertake all corporate approvals (including shareholders' approvals) for increase of the authorized share capital sufficient for issue of Equity Shares pursuant to the conversion.

185.5 Post-Conversion Obligations.

The Company shall:

- i. within prescribed time period, file with the RoC Form No. 2 in connection with the issuance and allotment of the Equity Shares issued upon conversion of the Portion B Securities;
- ii. within prescribed time period provide the Investor with receipts received from the RoC in respect of the filings made under Article 185.5 (i); and
- iii. make other necessary filings for the issuance and allotment of the Equity Shares upon conversion of the Portion B Securities in accordance with applicable Law.

186. **RIGHTS OF THE INVESTOR CONSEQUENT TO CONVERSION OF THE PORTION B SECURITIES**

In the event that the Investor has converted the Portion B Securities into Equity Shares but the QIPO has not been consummated by the expiry of twenty four (24) months from the Last Return Date, then the procedure detailed in Article 191.3 shall be applicable with respect to the rights available to the Investor.

187. **TRANSFER PROVISIONS**

187.1 The Promoter Group agrees that it shall not, directly or indirectly, Transfer the Promoter Shares to any Person except as provided for in these Articles and any such Transfer shall be null and void *ab initio*, and subject to applicable Law, the Company shall not register such Transfer and shall reject any such Transfer made or attempted, *suo moto* without necessity of a Board decision or order of any Governmental Authority.

187.2 Lock-in of the Promoter Shares.

- a. Subject to the provisions of Article 187.3 below, during the term of these Articles, the Promoter Group agrees that it shall at all times hold at least 51% of the equity share capital of the Company on a Fully Diluted Basis ("**Minimum Promoter Shareholding**") free from any Encumbrance.
- b. Further, the Promoter Group shall, subject to Article 187.2(c) below, be entitled to pledge, hypothecate or otherwise cause any Encumbrance on any Promoter Shares, for the purpose of raising funds for the Business of the Company and/or the business of the Subsidiaries of

the Company (“**Permitted Purpose**”). Provided however, that the Promoter Group shall not Encumber the Promoter Shares for purposes other than a Permitted Purpose without Investor Consent.

- c. Even for a Permitted Purpose, the Promoter Group shall not pledge, hypothecate or otherwise cause any Encumbrance on more than 49% of the equity share capital of the Company without Investor Consent, which consent shall not be unreasonably withheld.
- d. The Investor shall have the right to require the Promoter Group and the Company to furnish to the Investor such necessary documents evidencing compliance by the Promoter Group of the provisions of this Article 187.2.
- e. Subject to the Investor’s right under these Articles, the Promoter Group may sell any of the Promoter Shares at a price less than the Price Per Share so long as the Investor receives the Investor Exit Amount.

187.3 Tag Along Rights of the Investor. If the Promoter Group proposes to sell to a third party, all or any of the Promoter Shares, and subsequent to the proposed sale, the shareholding of the Promoter Group in the Company shall continue to exceed the Minimum Promoter Shareholding, then the provisions of Articles 187.4, 187.5 and 187.7 to 187.12 shall apply and which shall always be subject to Article 187.9. If the Promoter Group proposes to sell to a third party any of the Promoter Shares and subsequent to the proposed sale, the shareholding of the Promoter Group in the Company shall be less than the Minimum Promoter Shareholding, then the provisions of Articles 187.4 and 187.6 to 187.12 shall apply. The Investor shall have the said tag along rights during the Pre-QIPO Period only.

187.4 The Promoter Group shall first give a written notice (“**Offer Notice**”) to the Investor. The Offer Notice shall state (i) the number of Promoter Shares proposed to be sold (“**Offered Shares**”) and the number of Equity Shares the Promoter Group owns at that time on an undiluted basis, (ii) the name and address of the proposed transferee (“**Proposed Transferee**”), (iii) the proposed price per share, including the proposed amount and form of consideration and terms and conditions offered by such Proposed Transferee, (iv) the proposed date of consummation of the proposed sale, (v) a representation that the Proposed Transferee has been informed of the “tag-along” rights provided for in these Articles and has agreed to purchase all or a part of the Equity Shares as required to be purchased in accordance with the terms of this Article, and (vi) a representation that no consideration, tangible or intangible, is being provided, directly or indirectly, to the Promoter Group (including without limitation, by way of non-compete consideration) that will not be reflected in the price paid to the Investor on exercise of its tag-along rights hereunder. In the event that the proposed consideration for the sale includes consideration other than cash, the Offer Notice shall include a calculation of the fair market value of such consideration and an explanation of the basis for such calculation. The total value of the consideration for the proposed sale is referred to herein as the “**Offer Price**”. In the event the Promoter Group and the Proposed Transferee have entered into any agreement for the sale of the Offered Shares or any other document which could be construed as an agreement regarding the proposed sale under Article 187.3, the notice shall be accompanied by a true and complete copy of such documents.

187.5 Pro-Rata Tag Right of the Investor. The Investor shall be entitled to respond to the Offer Notice by serving a written notice (“**Response Notice**”) on the Promoter Group prior to the expiry of fifteen (15) Business Days from the date of receipt of the Offer Notice (“**Offer Period**”). The Portion B Securities or Investor Shares which the Investor is entitled to sell under this Article 187.5 or Article 187.6 are hereinafter referred to as the “**Sale Shares**”. On receipt of the Response Notice, the Promoter Group shall ensure that the Proposed Transferee purchases such number of the Sale Shares at such price as illustrated in the relevant **Annexure** of the Agreement.

In each of the aforementioned cases (i) the Investor shall not be required to provide any representations or warranties to the Proposed Transferee save and except in respect of clear title to the Sale Shares being sold, (ii) the consideration payable for the Sale Shares shall be paid entirely in cash only notwithstanding any non-cash consideration received by the Promoter Group unless the Investor agrees otherwise in writing, and (iii) the price paid for the Sale Shares includes the pro rata portion of any payment towards non-compete fee or other consideration (including consideration which accrues at a later point in time in the form of earn out, etc) payable to the Promoter Group.

- 187.6 Unlimited Tag Right of the Investor. The Investor shall be entitled to respond to the Offer Notice by serving a written notice (“**Response Notice**”) on the Promoter Group prior to the expiry of fifteen (15) Business Days from the date of receipt of the Offer Notice (“**Offer Period**”) requiring the Promoter Group to ensure that the Proposed Transferee also purchases such number of the Sale Shares as mentioned in the Response Notice (which may at the option of the Investor be all or part of the Portion B Securities or Investor Shares held by the Investor in the Company) (“**Investor Offer Shares**”) at such price as is illustrated in the relevant **Annexure** of the Agreement.

In each of the aforementioned cases (i) the Investor shall not be required to provide any representations or warranties to the Proposed Transferee save and except in respect of clear title to the Investor Offer Shares being sold, (ii) the consideration payable for the Investor Offer Shares shall be paid entirely in cash only notwithstanding any non-cash consideration received by the Promoter Group unless the Investor agrees otherwise in writing, and (iii) the price paid for the Sale Shares includes the pro rata portion of any payment towards non-compete fee or other consideration (including consideration which accrues at a later point in time in the form of earn out, etc) payable to the Promoter Group.

- 187.7 The Promoter Group shall not be entitled to sell or transfer, any of the Offered Shares to any Proposed Transferee unless the Proposed Transferee simultaneously purchases and pays for the required number of Sale Shares in accordance with the provisions of Articles 187.4, 187.5 or 187.6 (as the case may be) and Articles 187.8, 187.10 and 187.11.
- 187.8 Such sale of the Sale Shares to the Proposed Transferee shall be completed within 60 (sixty) Business Days of the expiry of the Offer Period.
- 187.9 The Promoter Group shall be entitled, within 14 days from the receipt of the Response Notice, to notify to the Investor that the Promoter Group desires to purchase such Sale Shares from the Investor which are Converted Shares (instead of offering the same to the Proposed Transferee) at such price as illustrated in the relevant **Annexure** of the Agreement if the Response Notice is issued under Article 187.5 or in the relevant **Annexure** of the Agreement if the Response Notice is issued under Article 187.6. Such sale shall be completed within 30 (thirty) Business Days of the Promoter Group notifying the Investor of its aforesaid intention and the price for such Sale Shares shall be paid by the Promoter Group to the Investor in cash only.
- 187.10 In the event the Investor does not deliver a Response Notice to the Promoter Group prior to the expiry of the Offer Period as per Article 187.5 or Article 187.6, as the case maybe, then upon the expiry of the Offer Period, the Promoter Group shall be entitled to sell and transfer the Offered Shares to the Proposed Transferee mentioned in the Offer Notice on the same terms and conditions and for the same consideration as is specified in the Offer Notice. Any transferee purchasing the Offered Shares shall deliver to the Promoter Group on or before the date of consummation of the proposed sale specified in the Offer Notice payment in full of the Offer Price in accordance with the terms set forth in the Offer Notice. If completion of the sale and transfer to the Proposed Transferee does not take place within the period of ninety (90) Business Days following the expiry of the Offer Period, the Promoter Group’s right to sell the Offered Shares to such third party shall lapse and the provisions of Articles 187.3 to 187.9 shall once again apply to any sale of Shares by the Promoter Group.
- 187.11 Where the Investor requires prior legal or regulatory approvals, Government Approvals or shareholder consent for disposal of shares pursuant to these Articles 187.4 to 187.10 then notwithstanding any other provision of these Articles, the Investor shall only be obliged to dispose of shares once such consent or approval is obtained, and the Parties shall use their reasonable endeavours to obtain any such required approvals. Any period within which a sale of securities or shares by the Investor has to be completed shall be extended by such further period as is necessary for the purpose of obtaining the above approvals.
- 187.12 The Promoter Group agrees that the restrictions on sale of the Equity Shares held by the Promoter Group in these Articles and/or in the Charter Documents of the Company shall not be capable of being avoided by the holding of Equity Shares indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Equity Shares free of such restrictions. Any sale of shares resulting in any change in the control, directly or indirectly, of the Promoter Group, or of any Affiliate of the Promoter Group which holds, directly or indirectly, any Equity Shares, shall be treated as being a sale of the Equity Shares held by the Promoter Group, and the provisions of these Articles that apply in respect of the sale of Equity Shares shall thereupon apply in respect of the Equity Shares so held. Any

dilution in the shareholding of the Promoter Group in the Company on account of non-participation in a rights issue by the Company shall not be construed as sale of shareholding by the Promoter Group so long as the Promoter Group has not renounced its rights under such rights issue to any Person.

- 187.13 **Right of First Offer of Promoter Group.** If prior to an IPO, the Investor is desirous of selling any of the Portion B Securities or Investor Shares (“**ROFO Shares**”) to a third party, the Investor shall first offer the same to the Promoter Group by way of a notice in writing (“**ROFO Notice**”). The Investor shall, as far as reasonably practicable, notify the Promoter Group of its intention to issue a ROFO Notice at least fourteen (14) calendar days prior to the proposed date of the ROFO Notice during which period the Investor and the Promoter Group shall discuss the price to be paid for the ROFO Shares (“**ROFO Price**”). The Promoter Group may either agree to purchase the ROFO Shares within a period of fourteen (14) calendar days from the date of the ROFO Notice (“**ROFO Period**”), either by itself or through any of the entities forming part of the GMR Group, or decline. In the event the Promoter Group is desirous of purchasing the ROFO Shares, then the Promoter Group shall send a notice (“**ROFO Acceptance Notice**”) in writing to the Investor stating the ROFO Price that the Promoter Group is willing to pay for the ROFO Shares. The Investor may accept the ROFO Price or decline to sell the ROFO Shares at the ROFO Price. In the event the Investor accepts the ROFO Price, the Investor shall notify the Promoter Group of the same in writing (“**Investor Acceptance Notice**”) within ten (10) calendar days, then the sale of ROFO Shares shall be completed within thirty (30) calendar days of the Investor Acceptance Notice. In the event the Investor declines to sell the ROFO Shares at the ROFO Price to the Promoter Group, the Investor shall immediately issue a notice to the Promoter Group (“**ROFO Refusal Notice**”) notifying the refusal and the Investor shall be entitled to sell the ROFO Shares to any third party (along with the attendant rights, as may be applicable) provided that (i) the price paid by such third party is higher than the ROFO Price; and (ii) such third party executes a Deed of Adherence. In the event the Promoter Group does not issue the ROFO Acceptance Notice to the Investor within 14 days of the date of receipt of the ROFO Notice, then the Investor is entitled to sell the ROFO Shares to any third party (along with the attendant rights, as may be applicable) at any price and terms as may be decided by the Investor provided that such third party executes a Deed of Adherence. Provided that if the Investor is unable to complete the sale of the ROFO Shares to a third party in the manner set out above within ninety (90) Business Days following the date of the ROFO Refusal Notice or the expiry of the ROFO Period, as applicable, the Investor’s right to sell the ROFO Shares to a third party shall lapse and the provisions of this Article 187.13 shall once again apply to the ROFO Shares.
- 187.14 Notwithstanding anything contained in these Articles, until the consummation of the IPO (including a QIPO) the Investor shall not sell any shareholding in the Company to a Competitor without the prior written consent of the Promoter Group. Provided, however, nothing contained herein shall apply if the Investor has not been granted exit from the Company in accordance with Article 191.3 and 191.9.
- 187.15 All transferees (including Affiliates) to whom the Promoter Group or Investor may Transfer their respective Shares shall sign a Deed of Adherence to these Articles with the remaining shareholders of the Company. Notwithstanding any other provision of these Articles, a transferee (not being an Affiliate of the Investor) shall not be entitled to the rights of the Investor under Articles 190.2 (iv), (v), (vi) (vii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvii), (xix), (xxi), (xxii) and (xxiii) (Fundamental Issues) unless such transferee, together with its Affiliates, holds at least 5% of the issued and paid-up equity share capital of the Company on a Fully Diluted Basis.
- 187.16 Pursuant to filing of the RHP, the Investor and the Promoter Group shall not undertake any Transfer of Shares which may disturb, frustrate or affect the QIPO process, if any, being undertaken by the Company.
- 187.17 It is clarified that upon the completion of an IPO (including QIPO), the Investor shall be entitled to freely Transfer any securities held by it in the Company, without (i) being subject to any of the restrictions imposed on the Investor under Articles 187.13 to 187.16 or (ii) the requirement of any consent from the Company or the Promoter Group. Prior to the IPO, in the event the Promoter Group defaults in fulfilling any of its obligations relating to the Investor’s exit rights as set out in Articles 191.3 and 191.9, then the Investor shall be entitled to freely Transfer any securities held by it in the Company, without (i) being subject to any of the restrictions imposed on the Investor under Articles 187.13 to 187.17, or (ii) the requirement of any consent from the Company or the Promoter Group.

## 188. OTHER RIGHTS OF THE INVESTOR

- 188.1 Anti-Dilution Rights. To the extent possible, if the Company has to issue any further securities of the Company, other than pursuant to a QIPO or other than pursuant to the Promoter Funding under Article 194.3, it shall issue only Equity Shares and not any other instrument which is convertible into Equity Shares (“**Further Shares**”). Such Further Shares have to be issued at a price which is not lower than the Price Per Share. Upon issuance of such Further Shares, the Investor shall, whether or not it has converted the Portion B Securities, have an option to subscribe, pro-rata with all the Other Investors, to such number of Further Shares to maintain its shareholding on a Fully Diluted Basis.

The Investor shall subscribe to the aforementioned Further Shares at the price and on the terms and conditions upon which such Further Shares are offered by the Company. The Investors shall also have the right to subscribe to the Further Shares that are not subscribed to by the Other Investors pursuant to the aforesaid offer.

- 188.2 Procedure for issue of Further Shares. The Company shall issue a notice to the Investor and Other Investors in respect of the proposed issue of Further Shares (“**Further Shares Notice**”). The said notice shall set out inter alia the following:

- (a) the details of the Further Shares proposed to be issued, including the characteristics and number; and
- (b) the price at which the Further Shares are proposed to be issued.

The Other Investors and the Investor shall have the right to notify the Company within fifteen (15) days from the receipt of the Further Shares Notice (“**Acceptance Period**”), whether or not they desire to subscribe to the Further Shares that they are entitled to in terms of Article 188.1 above. In the event that some of the Other Investors (i) have declined to participate in the issue of Further Shares; or (ii) have indicated they will only exercise their rights to subscribe to Further Shares partially, then the Company shall within three (3) Business Days of the expiry of the Acceptance Period, notify to the Investor in writing (“**Further Notice**”) the further available Further Shares which the Investor is entitled to subscribe to in terms of Article 188.1. The Investor will have the right to notify the Company within seven (7) Business Days from the receipt of the Further Notice, whether or not it desires to subscribe to the further available Further Shares and the number of such Further Shares that it desires to subscribe to (“**Further Acceptance Notice**”).

- 188.3 In the event that the Investor chooses to not acquire all or a portion of any such Further Shares, as it is entitled to acquire under this Article 188 and Other Investors have also declined to purchase the same, the Company may issue such Further Shares to a third party on terms and conditions no more favourable than those offered to the Investor and the Other Investors. The issue of Further Shares, including to the Investor and the Other Investors shall be completed within sixty (60) Business Days (to be extended only and to the extent agreed between the Company, the Promoter Group and the Investor and the Other Investors as applicable, for obtaining Government Approvals) of the receipt by the Company of the Further Acceptance Notice, failing which the provisions of Articles 188.1 to 188.2 shall become applicable again to any issuance of Further Shares thereafter. All consents and approvals required in issuing the Further Shares shall be obtained by the Company.

- 188.4 At the time of happening of any event contemplated in Articles 188.1 above, the Company shall be bound to forthwith take, and the Promoter Group shall be bound to co-operate with the Investor and the Company such that the Company forthwith takes, all necessary steps to issue such Further Shares to the Investor in accordance with the terms and conditions contained in Articles 188.1 to 188.3.

- 188.5 The Company agrees and undertakes that it shall not issue any new securities in contravention of the provisions of Articles 188.1 to 188.4.

- 188.6 Right to Dividend.

The dividend payable on the Portion B Securities (including upon conversion of Portion B Securities) by the Company to the Investor, would be the same amount as declared in respect of the equity share

capital of the Company to the equity shareholders from time to time. It is clarified that the Investor would receive the same amount of dividend on the Portion B Securities at all times as would be payable to an equity shareholder of the Company.

- 188.7 Registration Rights. In the event of an overseas listing of Equity Shares by the Company, the Parties may mutually agree on all actions that the Company may reasonably be required to take to enable the Investor to obtain standard or customary registration rights available to private equity investors, allowing it to offer its shares for sale as part of such listing.
- 188.8 No-Objection. The Company and the Promoter Group acknowledge that the investment by the Investor in the Company is purely a financial investment and the Company and the Promoter Group hereby unconditionally and irrevocably consent to the Investor and/or any of its Affiliates at any time and from time to time investing in the equity of any Person engaged in the power business or entering into collaborations or other agreements or arrangements with any Persons in India or elsewhere engaged in the power business. The Company and the Promoter Group shall from time to time at the request of the Investor, certify that they do not object to such investment, agreement or arrangement with such Persons and in such form as may be requested by the Investor.
- 188.9 Right to Seek Replacement of the Chief Executive Officer and/or Chief Financial Officer of the Company. The Parties agree that the Investor has the right to request the Board to find a suitable replacement for the Chief Executive Officer and/or Chief Financial Officer of the Company in the event of a material shortfall in the performance of the Company as compared to the agreed Business Plan and stipulated milestones.
- 188.10 Right to Approve the Valuer. The independent valuer for the purpose of valuation of the Company computed as per statutory guidelines, if required under applicable Law, shall be a chartered accountant, being one of the following:
- a. PriceWaterhouse Coopers;
  - b. Deloitte Touche Tohmatsu;
  - c. Ernst & Young;
  - d. KPMG; or
  - e. Any other merchant banker jointly appointed by the Company and the Investor.

The Investor shall have the aforesaid right in respect of any valuation required to be done of the Project Subsidiaries for the purpose of Articles 191.3 (d) (i) and 191.9 (c) (iv) (A).

188.11 Information Rights.

- a. The Company shall deliver to the Investor and the Board the following relating to the Company and its Subsidiaries:
  - i. audited consolidated annual financial statements and management report within 90 (Ninety) days after the end of each fiscal year;
  - ii. unaudited consolidated quarterly financial statements and management report within 60 (Sixty) days after the end of each fiscal quarter;
  - iii. management report within 20 (Twenty) days after the end of each month;
  - iv. semi-annual undertaking of compliance with debt covenants at the Company level;
  - v. copies of all documents or other information sent to any shareholder;
  - vi. an annual budget within 30 (Thirty) days prior to the commencement of each fiscal



year.

**PROVIDED THAT ALL FINANCIAL STATEMENTS TO BE PROVIDED TO THE INVESTOR UNDER THESE ARTICLES SHALL BE PREPARED IN ACCORDANCE WITH APPLICABLE LAW, AND ALL MANAGEMENT REPORTS TO BE PROVIDED TO THE INVESTOR SHALL INCLUDE A COMPARISON OF FINANCIAL RESULTS WITH THE CORRESPONDING QUARTERLY AND ANNUAL BUDGETS;**

- b. The Company shall deliver to the Investor on a regular basis any material updates on the business of the Company and its Subsidiaries, and discussions with any Governmental Authority as may be reasonably requested by the Investor from time to time;
- c. The Company shall deliver to the Investor copies of any reports filed by the Company and its Subsidiaries with any relevant securities exchange or Governmental Authority, as may be reasonably requested from time-to-time by the Investor;
- d. The Company shall grant the Investor Director or its representatives permission to visit the facilities of the Company and its Subsidiaries and examine the books and records of the Company and its Subsidiaries after providing reasonable notice, and to discuss the business, operations and conditions of the Company and its Subsidiaries with their officials;
- e. The Investor and all directors of the Company shall also be provided with all such information as they may be entitled to under applicable Law; and
- f. The Investor shall be entitled to receive and maintain all such information as it may reasonably consider necessary to enable the Investor to keep abreast of all the activities and performance of the Company and its Subsidiaries. Such information may include reports on financial performance, risk exposure, liquidity management, internal controls, management policies, operations, and controls prepared by the Company in its Ordinary Course of Business. In addition, the Company shall maintain all such information as may be requested by the Investor in relation to any transactions with Related Parties.

188.12 The Company and/or Promoter Group undertake that:

- a. All licenses or approvals obtained in the name of the Company shall be transferred to the concerned Subsidiaries as applicable and as and when required under the respective agreements or under the applicable Laws.
- b. The Promoter Group shall Transfer to the Company and/or Subsidiary any shares that Promoter Group hold directly or indirectly (other than directly or indirectly through the Company) in any company engaged in the Business as soon as the Promoter Group are permitted to undertake such Transfer under the terms of any contract and applicable Law.
- c. The Company, GIL and GHPL shall comply with all obligations contained in the agreement entered into with ICICI Bank Limited dated November 27, 2009.
- d. The Company shall, and shall cause the relevant Subsidiaries to, acquire (whether by way of lease or freehold acquisition) all land and property as is required for the implementation and commissioning in a timely manner of the projects set out below, without any material delays and without any material cost escalation and shall ensure that such land and property shall be available for use by the Company and the relevant Subsidiaries for the duration of the projects. Further such acquisition shall be effected pursuant to validly executed documentation which shall have been registered in accordance with applicable Law and in respect of which stamp duty as is stipulated under applicable Law shall have been paid:
  - (i) Project Chhattisgarh;
  - (ii) Project Kamalanga;

- (iii) Project Emco; and
    - (iv) Project Kakinada.
  - e. The Promoter Group shall provide back-to-back guarantees to the Company in the event the Company is required to extend any support in respect of the Excluded Business whether by way of guarantee or otherwise for the requirement of qualification or eligibility.
- 188.13 The Promoter Group undertake not to enter into or engage in any restructuring, reorganization or substantial disposal of assets of the Promoter Group relating to the Business which materially impacts their ability to honour their respective obligations under Article 191 whether by way of material impact on the net worth or otherwise. However, nothing in this undertaking would apply to any transfer of the assets of the Promoter Group and/or their respective Subsidiaries into wholly owned subsidiaries of the Promoter Group, respectively.
- 189. MANAGEMENT OF THE COMPANY**
- 189.1 Board Composition. The Investor shall have the right to nominate one (1) Director to the Board of the Company during the Pre-QIPO Period and thereafter so long as the Investor holds at least 5% of the issued and paid-up equity share capital of the Company. If the Investor has exercised its rights in accordance with Articles 191.3 or 191.9, then the Investor shall have the right to nominate one (1) Director to the Board of each of the Identified Project Subsidiaries.
- 189.2 Investor Director. The Investor Director shall be a non-executive Director and shall not participate in the day-to-day management of the Company. The Investor Director shall not be required to hold any qualification shares. The Company shall nominate Directors or persons other than the Investor Director as “persons in charge” as contemplated under Law and to the extent possible under applicable Law, shall ensure that the Investor Director is not included within the scope of “officer who is in default” under Law.
- 189.3 Committees of the Board. The Investor is entitled to nominate the Investor Director as a member on key committees of the Board, including the audit committee, the compensation committee by whatever name called, and the IPO Committee.
- 189.4 Alternate Directors. The Investor shall be entitled to nominate a person to be appointed as an Alternate Director to the Investor Director and the Company and the Promoter Group shall ensure that, subject to applicable Law, such person is appointed as the Investor Director’s Alternate Director.
- 189.5 Removal or Resignation of Directors. The Investor may remove or require the removal of the Investor Director and nominate another individual as Investor Director in his place, and the Promoter Group shall cause its nominee Directors on the Board to cast their votes to give effect thereto. In the event of the resignation, retirement or vacation of office of the Investor Director, the Investor shall be entitled to appoint another Director in place of such resigning Director, and the Promoter Group shall cause its nominee Directors on the Board to cast their votes to give effect thereto.
- 189.6 Not to retire by rotation. It is clarified for the avoidance of doubt that the Investor Director shall not be liable to retire by rotation.
- 189.7 Meetings of the Board. The Board of the Company shall meet at least once every 3 (Three) calendar months at such locations as may be decided by the Board. A meeting of the Board shall be convened pursuant to a written notice of at least 7 (seven) days to the Investor Director. Notice may be waived or a Board meeting may be called by giving shorter notice with the consent of the majority of the Directors, and where the agenda for such meeting includes a Fundamental Issue, the consenting directors must include the Investor Director. The notice of each Board meeting shall include an agenda setting out the business proposed to be transacted at such meeting, and copies of all relevant papers connected therewith and/or proposed to be placed before or tabled before the Board. All Fundamental Issues shall be resolved in the manner set out in Article 190, and all other matters shall be passed or decided at a Board meeting if such resolutions are approved by a simple majority of the Directors present and voting at a validly constituted meeting in compliance with Article 189.8 below.

- 189.8 Quorum. The quorum for a meeting of the Board and its committees shall be 1/3<sup>rd</sup> of the total strength of the Board of Directors of which, at least 1 director shall be the Promoter Director. Provided that where the agenda of the meeting includes any matter pertaining to Fundamental Issues as set out in Article 190, presence of the Investor Director (present in person or through an Alternate Director) shall be a necessary part of the quorum for holding any discussions or passing any resolution on Fundamental Issues at such meeting of the Board and every committee of the Company. If the quorum, as stated above, is not present within 30 (Thirty) minutes from the time when the meeting should have begun or if during the meeting there is no longer a quorum the meeting shall be adjourned and reconvened at the same place and time 10 (Ten) days later, or such shorter period as the majority of the Directors may consent to, and where the agenda for such meeting includes a Fundamental Issue, the consenting directors must include the Investor Director, with the same agenda. At the reconvened meeting, the quorum required will be same as was required for the first meeting. However, where a meeting of the Board or a committee is adjourned on two (2) consecutive occasions, on account of absence of the Investor Director, the Directors present at the third meeting, subject to satisfying the requirement of quorum under Law and at least 1 Promoter Director being present, shall constitute a valid quorum irrespective of whether the Investor Director is present or not and shall be able to take any decision, including a decision in relation to any Fundamental Issue. It is clarified that if in any meeting, the consent or disapproval of the Investor Director has been obtained for a Fundamental Issue, then such consent or disapproval shall be deemed to be the consent or disapproval of the Investor under Article 190.1 and 190.2 hereof. If the Investor Consent has been received in writing for any Fundamental Issue, then the presence of the Investor Director shall not be required for constituting quorum to pass a resolution in relation to such Fundamental Issue. Similarly if the Investor Consent has been rejected in writing for any Fundamental Issue, then no resolution in relation to such Fundamental Issue shall be passed or taken up for discussion.
- 189.9 Appointment of an Observer. The Investor is entitled to appoint an observer, who shall be entitled to attend all the meetings of the Board and its key committees.
- 189.10 Circular Resolutions. Subject to Article 190 and as permissible under Law, a resolution by circulation shall be as valid and effectual as a resolution duly passed at a Board meeting called and held, provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors and has been approved by a majority of the Directors entitled to vote thereon; provided that if it relates to a Fundamental Issue, Investor Consent should have been obtained. No circular resolution shall be valid unless the same has been circulated to all the Directors whether in India or abroad and has been signed by a majority of Directors, provided, in case the circular resolution contains any Fundamental Issue, it must be also be signed by the Investor Director in favour of the resolution within 3 (three) Business Days of the same having been circulated by the Company to the Directors, failing which the Investor Director shall be deemed to have disapproved of the resolution.
- 189.11 No Casting Vote. The chairperson of the Board or of any committee thereof, or of any meeting of the shareholders of the Company shall not have a casting vote.
- 189.12 Sitting Fees of the Investor Director. The Investor Director shall be entitled to all the rights and privileges of other non-executive Directors and to the sitting fees and expenses; provided that if any such Investor Director is an officer of the Investor, if the Investor so advises the Company, the sitting fees in relation to such Investor Director shall accrue to the Investor and the same shall accordingly be paid by the Company directly to the Investor and the Investor shall obtain the Investor Director's consent for the same.
- 189.13 Expenses. All Directors of the Company shall be paid all out-of-pocket-expenses (including travel, boarding and lodging expenses) by the Company for attending any shareholders' meeting and Board meeting of the Company and any other reasonable expenses incurred by the Directors in the course of fulfilling their duties and obligations as directors of the Company.
- 189.14 D&O Insurance and Key Person Insurance. The Company shall obtain Directors and Officers Insurance for all Directors on the Board of the Company and on appointment of an Investor Director on the board of directors of Identified Project Subsidiaries in accordance with Article 189.1, for directors on the board of such Identified Project Subsidiaries, on such terms that are reasonably satisfactory to the Investor and shall bear all costs in relation to the same. The Company shall indemnify all Directors on the Board of

the Company and on appointment of an Investor Director on the board of directors of Identified Project Subsidiaries in accordance with Article 189.1, the directors on the board of such Identified Project Subsidiaries for any acts or omissions of such persons as directors of the Company or the Identified Project Subsidiaries, as the case may be.

189.15 Exercise of Rights. The Promoter Group agrees to use all its rights, including its voting rights in relation to any Equity Shares held by them, to effectuate the appointment and election of the Investor Director as contemplated herein and to ensure that the Company abides by the terms and conditions imposed in this Article 189.

189.16 Quorum and Voting at Shareholder Meeting.

Subject to applicable Law, voting on all matters to be considered at a general meeting of the shareholders of the Company shall be by way of a poll unless otherwise agreed upon in writing between the Parties. If the Investor holds Equity Shares at the time of a general meeting, the quorum for a general meeting shall be a minimum of five (5) shareholders, provided that at least 1 (One) of these is a representative of the Investor and the other a representative of the Promoter Group, unless specifically waived by the Investor and/or the Promoter Group, as the case may be. If the quorum is not present within 30 (Thirty) minutes from the time when the meeting should have begun or if during the meeting there is no longer a quorum the meeting shall be adjourned and reconvened at the same place and time 7 (seven) days later, at which meeting, the members present, subject to forming quorum required under law, shall constitute quorum for the meeting. The Parties agree that no Fundamental Issues shall be considered or voted at any such first or adjourned shareholder meeting (including adjourned meetings) of the Company if at least 1 (One) representative of the Investor is not present at the commencement of and throughout the shareholder meeting (including adjourned meetings) and Investor Consent is not obtained. However, where a shareholder meeting of the Company is adjourned on two (2) consecutive occasions, on account of absence of the Investor representatives, then shareholders present at the third meeting, subject to fulfilling the minimum quorum required under Law, shall constitute a valid quorum irrespective of whether the Investor representative is present or not and shall be able to take any decision, including a decision in relation to a Fundamental Issue. It is clarified that if in any meeting, the Investor representative has voted in favour of or against a Fundamental Issue, then such consent or disapproval shall be deemed to be the consent or disapproval of the Investor under Article 190.1 and 190.2 hereof. If the Investor Consent has been received for any Fundamental Issue, then the presence of the Investor representative shall not be required for constituting quorum to pass a resolution in relation to such Fundamental Issue. Similarly if the Investor Consent has been rejected in writing for any Fundamental Issue, then no resolution in relation to such Fundamental Issue shall be passed or taken up for discussion.

189.17 Notice for Shareholder Meeting. Subject to the provisions of applicable Law, at least 21 (Twenty One) days written notice of every shareholder meeting of the Company shall be given to all shareholders. The notice of each shareholder meeting shall include an agenda setting out the business proposed to be transacted at the meeting, together with copies of all relevant papers connected therewith and/or proposed to be placed before or tabled at the shareholder meeting. Subject to applicable Law, the shareholder meeting can be called at shorter notice, provided that in respect of any of the Fundamental Issues Investor Consent is obtained for such shorter notice.

189.18 Business Plan. The Parties acknowledge that the principal business of the Company will be conducted in accordance with the Business Plan. The Company shall present a detailed Business Plan to the Board for approval within 30 (Thirty) days prior to the commencement of every new Financial Year (such approved business plan, the “**Business Plan**”) which Business Plan shall include financial projections for (i) the Financial Year to which such Business Plan pertains, on a quarterly basis, and (ii) for the immediate two succeeding Financial Years, on an annual basis.

## 190. FUNDAMENTAL ISSUES

190.1 Voting on Fundamental Issues. Notwithstanding anything to the contrary contained in these Articles, but at all times subject to Article 189.8 and Article 189.16, if the Company, or the shareholders of the Company, as the case may be, wish to take any action with respect to the Fundamental Issues mentioned herein below at any general meeting of shareholders (if such issue requires the approval of the shareholders in general meeting) or by way of postal ballot as may be permitted under the Act, or at any

meeting of the Board or committee (if such matters are delegated by the Board to such committee) or by way of a circular resolution, as the case may be, the Company shall obtain Investor Consent, without which the Company shall not be able to take any such action. For the purpose of this Article 190, the term “Company” would be deemed to include the Company and its Subsidiaries. The Company and the Promoter Group shall ensure that none of the Subsidiaries take any action with respect to the Fundamental Issues mentioned herein below unless the same has been first approved by a resolution passed by the Board or shareholders of the Company in accordance with these Articles.

190.2 Fundamental Issues. The following issues shall be “**Fundamental Issues**” for the purpose of these Articles:

- i. Alteration of capital structure, recapitalisation, reclassification or change in the rights, preferences or privileges of any class of shares or creation of (by reclassification, bonus issue, rights issue or otherwise) any new class or series of shares in the Company, where such alteration, recapitalisation, reclassification, change or creation adversely affects the rights and interests of the Investor;
- ii. Any split-off or spin-off of the Company;
- iii. Any amendment of the Charter Documents;
- iv. Any removal or change in the Company’s statutory auditor;
- v. Any merger, acquisition, joint venture or consolidation of, or by, the Company (or the amendment of any terms of any such existing arrangements) including formation of, or further subscription or acquisition in, any wholly or partly owned Subsidiary of the Company, save and except any of the above in relation to:
  - a. a wholly owned Subsidiary that is, or will be engaged in the Business or related business;
  - b. A company engaged in the Business and/or any related business, in which the Company holds the maximum shareholding permitted under applicable Law and in which the Government or any entity owned or Controlled by the Government is the only other shareholder.
  - c. SJK Power.
- vi. The disposition, sale, lease, license or transfer in any manner whatsoever (including by way of a demerger), of any asset (tangible and intangible) of the Company or any Subsidiaries, which has a value in excess of Rs. 20 crores (on an individual basis), save and except the transfer, in any manner, of the Excluded Business and utilization of any proceeds thereof; provided that such transfer of any asset of the Excluded Business shall be at the book value of each respective asset of the Excluded Business whose aggregate book value is approximately of Rs. 138.22 crores, the details whereof are set out in the relevant **Annexure** of the Agreement hereto, without having an adverse impact on the balance sheet of the Company and without the Company having incurred or paid any Taxes or costs; provided further that the aforesaid aggregate amount of Rs. 138.22 crores shall be duly adjusted to include any additional investments made by the Company in the Excluded Business, provided such investments are funded entirely by the Promoter Group for this purpose, on terms that are pre-approved in writing by the Investor, and the Company is merely required to support any qualification or eligibility requirements for the Excluded Business, without utilising the Company’s funds; provided further that subject to the conditions as given hereinbelow, the sale of a part or the whole of the shares or assets of Project Emco (“**EMCO Sale**”) shall not be a Fundamental Issue. The proceeds of the EMCO Sale shall be used solely for investments in either Project Kamalanga and/or Project Chhattisgarh, or for the repayment of debt incurred by the Company which shall be intimated to the Investors in writing.
- vii. Any transfer of rights or obligations under material contracts, save and except in the Ordinary Course of Business and save and except to its wholly owned Subsidiary;
- viii. Any liquidation, dissolution or winding-up;

- ix. The declaration or payment of any dividend, excluding dividend payable to Other Investors and ICICI Bank Limited in respect of the existing 200,000,000 Non-Cumulative Redeemable Preference Shares of Rs. 10 each;
- x. Incurrence of any new indebtedness other than as permitted under Article 190.2(xi), save and except if the same is for project financing in relation to new projects and the debt: equity ratio is as per the credit appraisal by banks;
- xi. Incurrence of indebtedness which causes the consolidated debt : equity ratio of the Company computed as per the methodology provided in the relevant **Annexure** of the Agreement to exceed the consolidated debt : equity ratio approved in the Annual Operating Plan for the Financial Year ended March 31, 2015 in the first instance or which causes the standalone debt : equity ratio of the Company computed as per the methodology provided in the relevant **Annexure** of the Agreement to exceed the standalone debt : equity ratio approved in the Annual Operating Plan for the Financial Year ended March 31, 2015 in the first instance, and which consolidated and standalone debt : equity ratio shall be reviewed every year during the Annual Operating Plan presentation to the Board and fixed based on the Business Plans discussed at such board meeting and approved by the Investor in writing;
- xii. Material amendment to the approved Business Plan as agreed prior to execution of these Articles other than amendments relating to matters which have been specifically excluded from the list of Fundamental Issues;
- xiii. Discontinuing any business currently undertaken by the Company and engaging in any new business other than:  
the Business and any related business; and  
any business then undertaken by the Company;
- xiv. Approval, amendment or administration of any employee stock option plan (“**ESOP**”), not including administration of existing ESOP or the distribution of shares to or purchase of shares by the employees of the Company from the existing welfare trust for GMR Employees, such distribution being in accordance with the trust deed settling the trust;
- xv. Any change in the accounting methods of the Company other than as required under applicable Law or applicable accounting standards;
- xvi. Issue or raising of any equity or other capital convertible into equity, including preference shares (whether or not convertible into equity) by the Company or any of its Subsidiaries or any equity dilution by the Company or any of its Subsidiaries, save and except (a) by way of a rights issue at a valuation which is equal to or higher than the Conversion Valuation or (b) pursuant to any existing ESOP or (b) pursuant to or in furtherance of the QIPO or (c) pursuant to the Promoter Funding;
- xvii. Any transaction between a Related Party (of the Company or the Promoter Group or any promoter of the Promoter Group including GHPL) and the Company in excess of Rs. 5 Crores in the aggregate in any Financial Year other than:
  - (a) those disclosed in the Disclosure Letter,
  - (b) EPC Contracts to be entered into by the Company or the Subsidiaries with the Related Party (of the Company, or the Promoter Group or any promoter of the Promoter Group including GHPL) awarded either through an international competitive bidding or on nomination basis provided that where the value of any individual EPC Contract exceeds Rs. 20 crores if awarded on a nomination basis or Rs. 40 crores if awarded on an international competitive bidding basis or where the aggregate value of all the EPC Contracts entered into in a Financial Year exceeds Rs. 150 crores, then such EPC Contracts shall be, brought before the Board or provided to the Investor Director. If the Investor raises an objection within five (5) days of the Board members or the Investor Director being informed of the proposal then, the Company and the Investor shall appoint an independent consultant to determine whether the terms of the EPC Contracts are on an arms length basis and in accordance with prevailing market practices and such consultant shall provide its recommendations within twenty one

- (21) days from the date such objection was raised (“**Consultant Recommendations**”). The Investor shall have the right to require implementation of the Consultant Recommendations, failing which the Investor shall have an affirmative right over such proposal,
- (c) allocation of project management and support services costs to, and recovery of support services fees for successful bidding and acquisition of new projects from the Company and/or its Subsidiaries on the basis of principles and procedures set out in the relevant **Annexure** of the Agreement. At the time of budgeting in the beginning of every Financial Year, actual payment and at the time of final reconciliation, details pertaining to the aforesaid shall be provided to the Investor Director or placed before the Board and if the Investor raises an objection within five (5) days of the Investor Director or the Board members being informed of the said matter then the Company and the Investor shall appoint an independent consultant to determine whether or not such allocation is as per principles and procedures set out in the relevant **Annexure** of the Agreement. The consultant shall provide its Consultant Recommendations within twenty one (21) days from the date such objection was raised. The Investor shall have the right to require implementation of the Consultant Recommendations, failing which the Investor shall have an affirmative right over such matter,
  - (d) all contracts entered into for security services with RAXA Securities Services Limited and any other Related Party (of the Company or Promoter Group or any promoter of the Promoter Group including GMR Holdings Private Limited) for renting, leasing or licensing of office spaces on an arms length basis and all invoices raised by GMR Aviation Private Limited for aviation services on a fair cost recovery basis. At the time of amending or renewing or entering into, the aforesaid contracts and at the time of raising invoices in relation to GMR Aviation Private Limited, such proposed contracts and invoices, shall be provided to the Investor Director or placed before the Board and if the Investor raises an objection within five (5) days of the Investor Director or the Board members being informed of the said matter then the Company and the Investor shall appoint an independent consultant to determine whether or not such contracts are proposed on arms length basis or in relation to aviation services, such invoices are on a fair cost recovery basis. The consultant shall provide its Consultant Recommendations within twenty one (21) days from the date such objection was raised. The Investor shall have the right to require implementation of the Consultant Recommendations, failing which the Investor shall have an affirmative right over such matter. Provided in the event that the aggregate costs in relation to aviation services (on a fair cost recovery basis) in each Financial Year beginning April 1, 2010 exceed Rs. 25 Crores or the amount charged to the profit and loss account of the Company for such Financial Year from the said amount of Rs. 25 Crores exceeds 2.5% of the consolidated profit after tax of the Company for the relevant Financial Year, the same shall be subject to Investor Consent,
  - (e) any contract with any wholly owned Subsidiary of the Company,
  - (f) transaction for further investments into the Excluded Business, such investments being funded through capital infusion by the Promoter Group, on terms which are pre-approved by the Investor in writing and demerger of the Excluded Business at a subsequent date at par value of such investments,
  - (g) any transaction for utilization of the proceeds from the income received from Fraport,
  - (h) any transfer of the property, bearing Unit No. 701, admeasuring 14,150.07 square feet of super-built up area, located at Naman Centre, Bandra Kurla Complex, Mumbai – 400021 at book value and utilisation of the proceeds thereof for repayment of loan of Rs. 51.29 crores from United Bank of India.
- xviii. Any listing of the Company’s shares other than by way of a QIPO,
- xix. Any debtor covenant agreed to by the Company provided such covenant has not been made by the Company in any previous transaction to any lender and such covenant would have a

Material Adverse Effect on the rights granted to the Investor pursuant to the transactions contemplated herein,

- xx. Any IPO or otherwise listing of the shares of a Subsidiary of the Company,
- xxi. Any amendment or modification of the Treasury Policy,
- xxii. Settling and/or compromising any legal proceedings for an amount exceeding Rs. 100 Crores with any Person other than a Governmental Authority or Government companies as defined under applicable Law;
- xxiii. Undertaking any QIPO where the Expected QIPO Valuation is less than the amount as set out in the Agreement;
- xxiv. Undertaking any IPO or QIPO anytime post the expiry of 12 months from the Last Return Date if the lower end of the equity valuation band for the IPO indicated to the Company in writing by the IPO Merchant Bankers at least 15 (fifteen) Business Days prior to the filing of the RHP is lower than the Price Per Share; and
- xxv. Any act or commitment to do any of the foregoing.

190.3 Further the Company shall not, without Investor Consent, purchase any securities, either private or publicly traded, for speculative or non-strategic investment purposes, other than any treasury investments made pursuant to the Treasury Policy.

#### 191. EXIT OPTION

191.1 QIPO. Subject to the general market conditions being suitable for a successful IPO, the Company shall, and the Promoter Group shall procure the Company to provide an exit to the Investor through a QIPO occurring within 30 months of the Last Return Date, subject to such parameters as laid down below:

- a. The minimum issue size of the QIPO shall be Rs. 1,000 crore. If the issue size of the QIPO is Rs. 1,500 crore or more, the Investor shall have a right (but not the obligation) to participate in the QIPO by way of an offer for sale of such number of shares in the QIPO that would provide the Investor an amount equivalent to 30% of the Investor Exit Amount, provided that the IPO Committee shall consider permitting an offer for sale of a larger number of shares by the Investor if the Investor so requests. If the issue size of the QIPO is less than Rs. 1,500 crore, then the Investor shall have the right (but not an obligation) to participate in the QIPO by way of an offer for sale of such number of shares in the QIPO that would provide the Investor along with Other Investors up to an amount of Rs. 250 crores.
- b. The Board of the Company shall constitute an IPO sub-committee (“**IPO Committee**”) of which the Investor Director is a member, and the IPO Committee shall decide on the timing, size, pricing and other such matters related to the QIPO on the basis of inputs received from the merchant banker appointed for the management of the QIPO. In the event the Company undertakes an IPO any time after the expiry of 12 months from the Last Return Date, then such QIPO shall also be subject to the approval of the Investor as set out in Article 190.2 (xxiv).
- c. The IPO Merchant Bankers shall be appointed with the approval of the Investor, which approval shall not be unreasonably withheld. It is clarified that the merchant bankers appointed for the determination of the Conversion Valuation shall not be appointed as the IPO Merchant Bankers.
- d. In the event the Company undertakes a QIPO within 12 months from the Last Return Date, the procedure as detailed in Article 185.2 (i) will be applicable.
- e. In the event the Company undertakes a QIPO anytime after the expiry of 12 months from the Last Return Date, the procedure as detailed in Article 185.2(ii) will be applicable.

191.2 Subject to the parameters and thresholds in respect of the QIPO being met as set out in Article 191.1 above, and the approval of the IPO Committee of the Company at the relevant time, the Investor shall have an option of subscribing in the QIPO of the Company to the extent of USD 25 million or 10 percent of the issue size of the QIPO, whichever is lower.



191.3 If on the expiry of twenty four (24) months from the Last Return Date, the QIPO has not been consummated and the Equity Shares have not commenced listing and trading pursuant to a QIPO, the Investor shall have the exit options, as given below, available to it:

- a. The Promoter Group shall notify the Investor within thirty (30) days after the expiry of the above 24-month period whether the Promoter Group or any entity forming part of the GMR Group is able and willing to purchase within thirty (30) months of the Last Return Date, the Portion B Securities or the Converted Shares, as the case may be, such that the Investor receives a consideration in cash of the outstanding Subscription Amount for Portion B Securities together with the proportionate Portion B Return (“**Investor Exit Amount**”). Provided that if the QIPO has been consummated and the Equity Shares have commenced listing and trading within thirty (30) months of the Last Return Date, the Investor shall receive an exit only through the QIPO as contemplated under Article 185 and Article 191.1 and its right under this Article 191.3(a) shall lapse.
- b. In the event the Promoter Group fail to notify the Investor of their intention to purchase the Portion B Securities or the Converted Shares, as the case may be, in accordance with Article 191.3(a) above, then the Company shall provide an exit to the Investor at the Investor Exit Amount, by selling one or more Project Subsidiaries, and subject to applicable Law, utilize the proceeds of such sale to purchase the Portion B Securities or the Converted Shares, as the case may be, for consideration in cash equal to the Investor Exit Amount, in the following manner. Provided that if the QIPO has been consummated and the Equity Shares have commenced listing and trading within thirty (30) months of the Last Return Date, the Investor shall receive an exit only through the QIPO as contemplated under Article 185 and Article 191.1 and its right under this Article 191.3(b) shall lapse.
  - (i) The Company and the Promoter Group shall together identify one or more Project Subsidiaries (collectively the “**Identified Project Subsidiaries**” and individually, the “**Identified Project Subsidiary**”) and shall issue a written notice to the Investor, (“**Project Subsidiaries Identification Notice**”) providing the name(s) of the Identified Project Subsidiaries.
  - (ii) Upon issue of the Project Subsidiaries Identification Notice:
    - (a) the Investor shall be entitled to appoint one (1) director on the board of director of each of the Identified Project Subsidiaries,
    - (b) the Company shall execute a non-disposal undertaking in favour of the Investor for non-disposal of its shareholding in the Identified Project Subsidiaries,
    - (c) the articles of association of the Identified Project Subsidiaries shall be amended to incorporate the relevant provisions of the non-disposal undertaking executed by the Company pursuant to sub-clause (b) above.
  - (iii) The Company shall notify the Investor in writing (“**Project Subsidiaries Purchase Notice**”) of its intention to transfer shares held by it in the Identified Project Subsidiaries to a third party purchaser identified jointly by the Company and the Promoter Group (“**Identified Project Subsidiaries Buyer**”). The Project Subsidiaries Purchase Notice shall state the name of the Identified Project Subsidiaries, name and address of the Identified Project Subsidiaries Buyer along with the terms and conditions including the price offered by the Identified Project Subsidiaries Buyer (“**Project Subsidiaries Purchase Price**”), which shall provide the Investor with the Investor Exit Amount and the number of shares of the Identified Project Subsidiaries to be acquired by the Identified Project Subsidiaries Buyer which are held by the Company (collectively “**Identified Project Subsidiaries Shares**”).
  - (iv) On issue of Project Subsidiaries Purchase Notice, the Company shall, within sixty (60) days from the date of the Project Subsidiaries Purchase Notice, obtain all approvals (including corporate, regulatory and third party approvals) necessary for transfer of the

Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer (“**Sale Approvals**”)

- (v) Upon obtaining Sale Approvals, the Company shall transfer the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer. Such transfer of the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer shall be on terms and conditions no less favourable than those set out in the Project Subsidiaries Purchase Notice. The Company shall undertake to take all steps that may be required by the Identified Project Subsidiaries Buyer to complete the purchase of the Identified Project Subsidiaries Shares, including without limitation giving customary representations, warranties and covenants and providing requisite information and assistance to the Identified Project Subsidiaries Buyer for conducting any due diligence exercise.
  - (vi) Subject to any conditions in the arrangement entered into by the Company with its lenders, the net sale proceeds to the extent required to provide the Investor with the outstanding Investor Exit Amount shall be paid by the Company to the Investor. Such payment to the Investor may, at the option of the Investor, be by way of buy-back of the Portion B Securities or Converted Shares (as the case may be) held by the Investor in the Company or transfer by the Investor of the Portion B Securities or Converted Shares to the Promoter Group or in any other manner acceptable to the Investor. Subject to any conditions in the arrangement entered into by the Company with its lenders, immediately upon receipt of the cash proceeds received from the Identified Project Subsidiaries Buyer for the sale of the Identified Project Subsidiaries Shares, the net sale proceeds shall be deposited into an escrow account set up with an escrow agent mutually appointed by the Investor and the Company and in accordance with an escrow agreement in Agreed Form to be executed between the Company, the Investor and such escrow agent.
- c. If the sale referred to in Article 191.3 (a) and 191.3 (b) above is not concluded within 30 (Thirty) months of the Last Return Date, or if the proceeds of such sale are insufficient to meet the obligations of the Company and/or the Promoter Group to provide the Investor with the Investor Exit Amount in cash, then the Investor or its nominee shall, subject to applicable Law, have the right, at its sole discretion, to be issued such number of the equity shares of GIL, for a value amounting to the remainder of the Investor Exit Amount on the date of the shareholder resolution approving such allotment, at the minimum price as may be determined in accordance with the applicable SEBI regulations, subject to the aggregate gross shareholding of the Investor, any of its nominees and the investor under the Promoter SSA in GIL (including any disposal of the equity shares of GIL by the Investor, any of its nominees or the investor under the Promoter SSA through a secondary share sale) not exceeding 13.88% on a fully diluted basis (the “**Shareholding Limit**”) and provided that the GMR Group’s shareholding in GIL shall not fall below 51% on a fully diluted basis (“**GMR Shareholding Floor**”) pursuant to such issuance of equity shares of GIL to the Investor or its nominee. It is clarified that the GMR Shareholding Floor shall not apply in case GIL inducts a Strategic Investor whether domestic or foreign. It is further clarified that in the event the members of the GMR Group sell any of the 2,784,643,677 equity shares in GIL held by the GMR Group as on December 31, 2013 through a secondary share sale, such sale shall not be taken into account while determining whether the GMR Shareholding Floor is being breached. GIL shall complete the allotment of such securities as specified hereinabove within a period of 70 (Seventy) days from the date when GIL receives a notice from the Investor for the exercise of the Investor’s right under this Article 191.3(c).
- d. If the equity shares of GIL allotted to the Investor are insufficient such that the Investor does not receive the Investor Exit Amount, then the Investor shall have the right, until it receives the remainder of the outstanding Investor Exit Amount, to recover the balance amounts through the following means, subject to applicable Law and other required regulatory, corporate or third party consents and approvals:
- (i) sale of whole or part of the Portion B Securities held by it to the Promoter Group or their respective nominees (which are entities forming part of the GMR Group) for a sale consideration equal to the balance Investor Exit Amount, followed by an allotment or transfer

to the Investor of the shares of a Subsidiary at the same consideration, subject to such price being determined in accordance with applicable Law within a period of 60 (Sixty) days.

- (ii) a sale of any assets of the Company; or
- (iii) sale of whole or part of the Portion B Securities held by it to the Promoter Group or its respective nominees for a sale consideration equal to the balance Investor Exit Amount, followed by an allotment or transfer to the Investor of the securities of any other listed company of the GMR Group (other than GIL), for the same consideration, subject to such price being the minimum permissible price determined in accordance with applicable Law. The Promoter Group shall complete the allotment of such securities as specified hereinabove within a period of 70 (Seventy) days from the date when the Investor sends a notice to the Promoter Group for exercising its right in this Article 191.3(d) (iii).

The valuation for the procedure as listed in this Article 191.3(d) (i) would be conducted by the independent valuer appointed in accordance with Article 188.10.

- e. It is clarified that the rights in Article 191.3(d) (i), (ii) and (iii) are listed above in no order of priority and that any one or more of the rights may be exercised by the Investor simultaneously, at its sole discretion, but always subject to applicable Law and other required regulatory, corporate or third party consents and approvals. It is further clarified that the Shareholding Limit shall not be applicable to such rights.
- f. GIL agrees and undertakes to, and agrees and undertakes to cause the relevant listed entity of the GMR Group (including GIL) to, make all reasonable efforts to facilitate the grant of all approvals required in connection with the exercise by the Investor of the right specified at Article 191.3 (c) and Article 191.3 (d)(iii) above. Further, GIL irrevocably undertakes to the Investor that it shall vote all its shares in favour of any resolutions tabled at the board and/or shareholder meetings of the relevant listed entity of the GMR Group for obtaining the said approvals.

- 191.4 In the event the Investor sells the Shares held by it through the QIPO, the Investor shall not be obliged to provide any representations and warranties to the prospective buyer(s), except for any representations and warranties on the title and ownership of such Shares and on the authority to sell such Shares.
- 191.5 The Company shall bear and pay all expenses incurred in connection with a QIPO or IPO, including without limitation all registration, filing and qualification fees, and printers, legal and accounting fees and disbursements.
- 191.6 The Promoter Group shall contribute such number of Shares as may be required to fulfil statutory requirements of minimum offer to public shareholders.
- 191.7 Subject to applicable Law, the Company and the Promoter Group shall ensure that the Investor shall not be considered to be a “promoter” of the Company for any reason whatsoever. The Shares held by the Investor will only be subject to any statutory lock-in applicable to all non-promoter shareholders of the Company.
- 191.8 Subject to applicable Law, the Investor’s rights under these Articles after the completion of the QIPO in relation to (i) representation on the Board shall survive so long as the Investor holds at least 5% of the issued and paid-up equity share capital of the Company and the rights incidental thereto under Articles 189.2 to 189.7 and 189.12; and (ii) indemnity rights under Article 197 shall continue to the extent of claims accrued in the Pre-QIPO Period. It is expressly agreed between the Parties that notwithstanding anything to the contrary contained in these Articles or any other agreement, all other rights of the Investor and/or its Affiliates, nominees and transferees (if any) under this Agreement or any other agreement other than those provided in Article 192 hereto, shall lapse on the occurrence of a QIPO, save and except for rights which have already accrued, in accordance with, and subject to, the terms of these Articles, prior to the date of the QIPO as a result of a breach or default under these Articles or the Agreement.

191.9 Accelerated Exit. Notwithstanding anything contained herein, at any time after the Effective Date, the Investor has the option to exercise its exit rights as set out in Article 191.9 (c), in any of the following circumstances and the Company and the Promoter Group shall give effect to these exit rights in the manner as provided in Article 191.9 (c):

a. Change in Control of GIL

For the purpose of this article “change in control of GIL” shall mean the shareholding of the promoter and promoter group of GIL, as per the current (as on the date of these Articles) shareholding details filed by GIL with the stock exchanges where the shares of GIL are listed and as set out in the relevant **Annexure** of the Agreement, falling below 51% of the total share capital of GIL otherwise than due to the conversion of the securities allotted to the investor under the Promoter SSA. Provided that the exception in relation to the conversion of securities allotted to the investor under the Promoter SSA shall not apply (i) if GIL has inducted a Strategic Investor, whether domestic or foreign, and (ii) to the extent that any of the 2,784,643,677 equity shares in GIL held by the GMR Group as on December 31, 2013 have been sold through a secondary share sale.

b. Debt Repayment Default

Occurrence of a Payment Default by the Company in respect of any Indebtedness of an amount exceeding USD 50,000,000 (United States Dollars Fifty Million) or its equivalent in any currency, which default is not cured within a period of six (6) months from the date of such default.

c. Accelerated Exit Rights: The Investor has the following rights available to it upon occurrence of any of the events as mentioned in Article 191.9 (a) and (b):

- (i) The Investor may, at its option, immediately notify in writing the Promoter Group (“**Investor Exit Notice**”) to purchase the Portion B Securities such that the Investor receives the Investor Exit Amount. The Promoter Group shall notify the Investor within 15 Business Days after the receipt of the Investor Exit Notice as to whether the Promoter Group or their nominee is able and willing to purchase the Portion B Securities or the Converted Shares, as the case may be, such that the Investor receives the Investor Exit Amount.
- (ii) In the event the Promoter Group fails to notify the Investor of their intention to purchase the Portion B Securities or the Converted Shares, as the case may be, within the time period as mentioned in (i) above, then the Company shall provide an exit to the Investor at the Investor Exit Amount, by selling one or more Project Subsidiaries, and subject to applicable Law, utilize the proceeds of such sale to purchase the Portion B Securities or the Converted Shares, as the case may be, for consideration in cash equal to the Investor Exit Amount in the following manner:
  - A. The Company and the Promoter Group shall together identify one or more Project Subsidiaries (collectively the “**Identified Project Subsidiaries**” and individually, the “**Identified Project Subsidiary**”) and shall issue a written notice to the Investor, (“**Project Subsidiaries Identification Notice**”) providing the name(s) of the Identified Project Subsidiaries.
  - B. Upon issue of the Project Subsidiaries Identification Notice:
    - I. the Investor shall be entitled to appoint one (1) director on the board of director of each of the Identified Project Subsidiaries,
    - II. the Company shall execute a non-disposal undertaking in favour of the Investor for non-disposal of its shareholding in the Identified Project Subsidiaries,
    - III. the articles of association of the Identified Project Subsidiaries shall be amended to incorporate the relevant provisions of the non-disposal undertaking executed by the Company pursuant to sub-clause (II) above.

- C. The Company shall notify the Investor in writing (“**Project Subsidiaries Purchase Notice**”) of its intention to transfer shares held by it in the Identified Project Subsidiaries to a third party purchaser identified jointly by the Company and the Promoter Group (“**Identified Project Subsidiaries Buyer**”). The Project Subsidiaries Purchase Notice shall state the name of the Identified Project Subsidiaries, name and address of the Identified Project Subsidiaries Buyer along with the terms and conditions including the price offered by the Identified Project Subsidiaries Buyer (“**Project Subsidiaries Purchase Price**”), which shall provide the Investor with the Investor Exit Amount, and the number of shares of the Identified Project Subsidiaries to be acquired by the Identified Project Subsidiaries Buyer which are held by the Company, being shares which are subject to the non-disposal undertaking and such other shares as may be held by the Company in the Identified Project Subsidiary(ies) (collectively “**Identified Project Subsidiaries Shares**”).
- D. On issue of Project Subsidiaries Purchase Notice, the Company shall, within sixty (60) days from the date of the Project Subsidiaries Purchase Notice, obtain all approvals (including corporate, regulatory and third party approvals) necessary for transfer of the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer (“**Sale Approvals**”).
- E. Upon obtaining Sale Approvals, the Company shall transfer the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer. Such transfer of the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer shall be on terms and conditions no less favourable than those set out in the Project Subsidiaries Purchase Notice. The Company shall undertake to take all steps that may be required by the Identified Project Subsidiaries Buyer to complete the purchase of the Identified Project Subsidiaries Shares, including without limitation giving customary representations, warranties and covenants and providing requisite information and assistance to the Identified Project Subsidiaries Buyer for conducting any due diligence exercise.
- F. Subject to any conditions in the arrangement entered into by the Company with its lenders, the net sale proceeds to the extent required to provide the Investor with the outstanding Investor Exit Amount shall be paid by the Company to the Investor. Such payment to the Investor may, at the option of the Investor, be by way of buy-back of the Portion B Securities or Converted Shares (as the case may be) held by the Investor or transfer by the Investor of the Portion B Securities or Converted Shares to the Promoter Group or in any other manner acceptable to the Investor. Subject to any conditions in the arrangement entered into by the Company with its lenders, immediately upon receipt of the cash proceeds received from the Identified Project Subsidiaries Buyer for the sale of the Identified Project Subsidiaries Shares, the net sale proceeds shall be deposited into an escrow account set up with an escrow agent mutually appointed by the Investor and the Company and in accordance with an escrow agreement in Agreed Form to be executed between the Company, the Investor and such escrow agent.
- (iii) If the sale referred to in (i) and (ii) above is not concluded within 6 (six) months from the Investor Exit Notice or such other period as may be mutually agreed by the Parties, or if the proceeds of such sale are insufficient to meet the obligations of the Company and/or the Promoter Group to provide the Investor with the Investor Exit Amount in cash, then the Investor or its nominee shall, subject to applicable Law, have the right, at its sole discretion, to be issued such number of the equity shares of GIL, for a value amounting to the remainder of the Investor Exit Amount on the date of the shareholder resolution approving such allotment, at the minimum price as may be determined in accordance with the applicable SEBI regulations, subject to the aggregate gross shareholding of the Investor, any of its nominees and the investor under the Promoter SSA in GIL not exceeding the Shareholding Limit (including any disposal of the equity shares of GIL by the Investor, any of its nominees or the investor under the Promoter SSA through a secondary share sale), and provided that the GMR Group’s shareholding in GIL shall not fall below the GMR Shareholding Floor pursuant to such

issuance of equity shares of GIL to the Investor or its nominee. It is clarified that the GMR Shareholding Floor shall not apply in case GIL inducts a Strategic Investor, whether domestic or foreign. It is further clarified that in the event the members of the GMR Group sell any of the 2,784,643,677 equity shares in GIL held by the GMR Group as on December 31, 2013 through a secondary share sale, such sale shall not be taken into account while determining whether the GMR Shareholding Floor is being breached. GIL shall complete the allotment of such securities as specified hereinabove within a period of 70 (Seventy) days from the date when GIL receives a notice from the Investor for the exercise of the Investor's right under this Article 191.9 (c) (iii).

- (iv) If the equity shares of GIL allotted to the Investor are insufficient such that the Investor does not receive the Investor Exit Amount, then the Investor shall have the right, until it receives the remainder of the outstanding Investor Exit Amount, to recover the balance amounts through the following means, subject to applicable Law and other required regulatory, corporate or third party consents and approvals:
  - A. sale of whole or part of the Portion B Securities held by it to the Promoter Group or its respective nominees for a sale consideration equal to the balance Investor Exit Amount, followed by an allotment or transfer to the Investor of the shares of a Subsidiary at the higher of the fair market value or the Investor Exit Amount, subject to such price being determined in accordance with applicable Law within a period of 60 (Sixty) days.
  - B. a sale of any assets of the Company; or
  - C. sale of whole or part of the Portion B Securities held by it to the Promoter Group or their respective nominees for a sale consideration equal to the balance Investor Exit Amount and followed by an allotment or transfer to the Investor of the securities of any other listed company of the GMR Group (other than GIL), for the same consideration, subject to such price being the minimum permissible price determined in accordance with applicable Law. The Promoter Group shall complete the allotment of such securities as specified hereinabove within a period of 70 (Seventy) days from the date when the Investor sends a notice to the Promoter Group for exercising its right in this Article 191.9 (c) (iv) (C).

The valuation for the procedure as listed in this Article 191.9 (c) (iv) (A) would be conducted by the independent valuer appointed in accordance with Article 188.10.

- (v) It is clarified that the rights at Article 191.9 (d) (iv) (A), (B) and (C) are listed above in no order of priority and that any one or more of the rights may be exercised by the Investor simultaneously, at its sole discretion, but always subject to applicable Law and other required regulatory, corporate or third party consents and approvals. It is further clarified that the Shareholding Limit shall not be applicable to such rights.
- (vi) GIL agrees and undertakes to, and agrees and undertakes to cause the relevant listed entity of the GMR Group (including GIL) to, make all reasonable efforts to facilitate the grant of all approvals required in connection with the exercise by the Investor of the right specified at Article 191.9 (c) (iii) and Article 191.9 (c) (iv) (C) above. Further, GIL irrevocably undertakes to the Investor that it shall vote all its shares in favour of any resolutions tabled at the board and/or shareholder meetings of the relevant listed entity of the GMR Group for obtaining the said approvals.

#### 191.10 Issue of GIL shares.

- a. Any time post the Effective Date, if the QIPO of the Company has not been completed and the volume weighted average price of the equity shares of GIL for the immediately preceding period of 1 month on the stock exchange on which higher trading volume in equity shares of GIL is recorded over the same period, exceeds Rs. 40/- (Rupees Forty) per equity share of GIL, subject to adjustments for bonus or share split, the Investor shall have a right, exercisable at its option,

- (i) to sell all the Portion B Securities held by it to GIL or its nominees for a sale consideration that is equal to the Investor Exit Amount; and
- (ii) to be allotted equity shares of GIL at the same consideration as (i) above, subject to it being in accordance with Regulation 76 read with Regulation 71 of the SEBI ICDR Regulations, at the minimum price as determined in accordance with the SEBI ICDR Regulations and further subject to the aggregate shareholding of the Investor, any of its nominees and the investor under the Promoter SSA in GIL not exceeding the Shareholding Limit and the GMR Group's shareholding in GIL not falling below the GMR Shareholding Floor.

Provided that in the event the sale of the entire Portion B Securities and the subsequent allotment of equity shares of GIL, envisaged in Article 191.10 (a) (i) and (ii) above, leads to either the Shareholding Limit being exceeded or the shareholding of the GMR Group in GIL falling below the GMR Shareholding Floor, the Investor shall be entitled to sell only such part of the Portion B Securities to GIL or its nominee (as against all) which will not result in the Shareholding Limit or the GMR Shareholding Floor being breached, for a sale consideration equal to the proportionate Investor Exit Amount.

Further, in the event the Investor or its nominee was issued equity shares of GIL pursuant to Article 191.3, Article 191.9 and/or Article 191.10 prior to the conversion of the securities allotted to the investor under the Promoter SSA, and if upon such conversion of the securities allotted to the investor under the Promoter SSA, the total shareholding of the Investor, any of its nominees and the investor under the Promoter SSA in GIL were to exceed the Shareholding Limit or cause the GMR Group's shareholding in GIL to fall below the GMR Shareholding Floor, any member of the GMR Group shall have the right to require the investor under the Promoter SSA to transfer to it up to such number of the shares held by the investor in GIL ("Excess Shares") which will be the higher of (i) the number of shares which cause the aggregate shareholding of the Investor, any of its nominees and the investor under the Promoter SSA in GIL to exceed the Shareholding Limit, or (ii) the number of shares which cause the GMR Group's shareholding in GIL to breach the GMR Shareholding Floor, within a period of 60 (sixty) days after the allotment of equity shares of GIL to the investor pursuant to the conversion of the securities allotted to the investor under the Promoter SSA ("Excess Shares Purchase Period"), at the market price of the equity shares prevailing on the date of the transfer of the Excess Shares ("GIL Market Price"). The transfer of the Excess Shares will take place on the stock exchange. Subject to applicable Law, if the GIL Market Price exceeds the average price at which the securities allotted to the investor under the Promoter SSA were converted to equity shares ("**Average Conversion Price**"), then the investor under the Promoter SSA shall ensure that GMR Group is compensated for this difference between the GIL Market Price and the Average Conversion Price in a tax efficient manner mutually agreed between the parties. Subject to applicable Law, if the Average Conversion Price exceeds the GIL Market Price, then the GMR Group shall ensure that the investor under the Promoter SSA is compensated for this difference between the Average Conversion Price and the GIL Market Price in a tax efficient manner mutually agreed between the parties. The investor under the Promoter SSA shall not to sell the Excess Shares to any third party during the Excess Shares Purchase Period. It is clarified that the GMR Group may exercise its right under this Article 191.10 (a) any number of times during the Excess Shares Purchase Period.

- b. GIL shall complete such allotment of the equity shares of GIL pursuant to (ii) above within a period of 70 (Seventy) days from the date on which such volume weighted average price of Rs. 40/- per equity share of GIL is reached and is notified in writing to GIL by the Investor.
- c. The equity shares of GIL issued by GIL pursuant to the aforesaid, shall be locked-in until the later of either:

(i) the applicable lock-in requirement under the SEBI ICDR Regulations; or

(ii) twenty four (24) months from the date of execution of the Transaction Documents.

191.11 Corporate Debt Restructuring of the Company. The Promoter Group and the Company shall obtain the written approval of the Investor prior to entering into any corporate debt restructuring of the Company. Upon the Investor providing its approval on the corporate debt restructuring, the Promoter Group and the Company shall use its best endeavours to provide the Investor with an exit from the Company as soon as practicable in a manner practicable at such time.

## 192.SUNSET CLAUSE

192.1 The Agreement shall expire on the Investor ceasing to hold any Shares.

192.2 The provisions of Article 197 (Indemnification) shall survive expiry of this Agreement.

192.3 In addition to the rights surviving in Article 192.2 above which shall survive expiry of the Pre-QIPO Period, the rights of the Investor pertaining to the Board representation as contained in Articles 189.1 to 189.7, indemnification rights as contained in Article 197, to the extent of any claims accrued in the Pre-QIPO Period shall survive expiry of the Pre-QIPO Period.

192.4 Notwithstanding anything to the contrary contained in this Agreement or any other agreement, all rights, other than those referred to in Articles 192.2 and 192.3 above, of the Investor and/or its Affiliates, nominees and transferees (if any) under this Agreement or any other agreement shall lapse on the occurrence of a QIPO.

192.5 The provision of this Article 192 shall survive QIPO and termination of the Agreement.

## 193. INTENT AND EFFECT OF THE AGREEMENT

193.1 The Promoter Group undertakes to ensure that it, its representatives, proxies and agents representing it at general meetings of the shareholders of the Company shall at all time exercise their votes and, through their respective nominated Directors (or Alternate Directors) at Board meetings and otherwise to the extent permitted by Law, act in such manner so as to comply with, and to fully and effectually implement, the spirit, intent and specific provisions of these Articles. In respect of all Fundamental Issues, the Promoter Group and the Company agree and shall ensure no action shall be taken by the Board (at a meeting or by circular resolutions) or by the shareholders (at a meeting or by postal ballot) without prior Investor Consent.

193.2 Each of the Parties hereto undertakes with the other to fully and promptly observe and comply with the provisions of these Articles and the Articles of Association to the intent and effect that each and every provision thereof shall be enforceable by the Parties hereto inter se and in whatever capacity. In the event that there is any conflict between the Articles of Association and these Articles, the Parties shall to the extent necessary, cause the change, amendment or modification of the Articles of Association to eliminate any such inconsistency.

## 194. PROMOTER GROUP COVENANTS

194.1 During the term of these Articles, each Promoter Group entity undertakes to not Transfer its economic interest in the Company to a subsidiary of any of the Promoter Group entities.

194.2 Further, during the term of these Articles, each Promoter Group entity undertakes to not cause any of its subsidiaries or Affiliates that hold any Shares, to initiate an initial public offering of the shares of such subsidiary or Affiliate.

194.3 The Promoter Group undertakes to infuse Rs. 425.50 crores in the Company (“**Promoter Funding**”) pursuant to which it shall receive 75,188,155 Equity Shares, of which Rs. 248.69 crores has already been infused into the Company by the Promoter Group as on the date of these Articles. The Promoter Group



further undertakes to cause the Promoter Funding to occur, (i) within a period of 6 (six) months from the date of these Articles; or (ii) prior to filing of the DRHP, whichever is earlier.

**195. COMPANY'S COVENANTS**

- 195.1 The Company undertakes that the sale of Excluded Business will be consummated at the book value of amount invested in the Excluded Business and the sale proceeds from the sale of the Excluded Business shall at all times remain within the Company to the extent of the book value of the Excluded Business and no money shall be remitted back to GIL at any point.
- 195.2 The Company undertakes that it shall not declare or pay any dividend on the preference shares held by Promoter Group prior to declaring or paying, as the case may be, dividend to the Investor in terms of these Articles or redeem any preference shares held by the Promoter Group prior to converting all the Portion B Securities in accordance with the terms of these Articles.
- 195.3 The Company undertakes that it shall not enter into any debt transaction for the benefit of any of its Subsidiaries that requires, and shall cause its Subsidiaries to not enter into any debt transaction that requires, the Company or its Subsidiaries to give covenants that have not been made by the Company and/or the Subsidiary in any previous transaction to any lender and which covenant would have a material adverse effect on any of the rights granted to the Investor under these Articles.

**196. MORE FAVOURABLE RIGHTS**

The Company and the Promoter Group shall not, without the Investor Consent, (i) grant rights to any Person other than rights which are subordinate to those granted to the Investor and do not adversely affect the rights of the Investor herein, or (ii) provide any rights to any of the Other Investors which are more favourable than the rights provided to the Investor under these Articles, save and except for the exit rights provided to IDFC Investment Advisors Limited under the agreement of even date entered into between IDFC Investment Advisors Limited, IDFC Private Equity Fund III, the Company, GIL and the Intermediate Companies. Provided that in the event IDFC Investment Advisors Limited does exit in accordance with Article 225.3 below, then notwithstanding anything contained hereunder, the Investor will be provided an exit of such number of Portion B Securities in a tax efficient manner as shall provide the Investor a cash amount of Rs 25 crore, which amount would be adjusted with the outstanding Investor Exit Amount due to the Investor under these Articles. In the event the Promoter Group have any rights, privileges or protections or terms more favourable than those offered to the Investor, then the Investor will enjoy similar rights and privileges or protections.

**197. INDEMNIFICATION**

The Parties and the Intermediate Companies acknowledge that the Company, the Intermediate Companies and the Promoter have jointly and severally, under the provisions of the Agreement, undertaken certain indemnification obligations which provisions are deemed to be incorporated herein by way of reference.

**198. NON-COMPETE**

The Parties acknowledge that for the purpose of protection of the interests of the Company, the Promoter has under the provisions of the Agreement, undertaken certain non-compete obligations which provisions are deemed to be incorporated herein by way of reference.

**ARTICLE 199 TO ARTICLE 215 TO HAVE OVERRIDING EFFECT IN RESPECT OF IDFC INVESTMENT**

199. The provisions of Articles 199 to 215 hereof shall apply and prevail over the provisions of Articles 1 to 181 of Part II and any of the provisions in Part I of these Articles to the extent to which such provisions are inconsistent or conflict with the provisions of Articles 199 to 215 in relation to IDFC Investment.

**200. DEFINITIONS**

200.1 In the interpretation of the provisions of Articles 199 to 215 hereof, the following words and expressions shall have the following meanings respectively, unless excluded by subject or context.

“**Act**” means (a) the Companies Act, 1956, as amended from time to time, for the time being in force; or (b) the Companies Act, 2013, including any statutory modification or any re-enactment thereof for the time being in force;

“**Affiliate**” shall mean and include, in respect of a Person, any Person:

- (a) who, either directly or indirectly, through one or more intermediate Persons, is Controlling, Controlled by, or is under the common Control of or with, the first Person; or
- (b) whose 26% (Twenty Six Per Cent) or more of the voting securities are directly or indirectly, legally or beneficially, owned by the first Person or who owns, directly or indirectly, 26% (Twenty Six Per Cent) or more of the voting securities of the first Person; or
- (c) who is a Relative of such Person;

“**Agreed Form**” means a document in a form agreed in writing between the Investor and GIL and initialled for the purposes of identification by or on behalf of each of them (in each case with such amendments as may be agreed by or on behalf of such parties);

“**Agreement**” means the Amended and Restated Share Subscription and Shareholders Agreement together with its recitals, annexures and schedules, as may be amended from time to time in accordance with the provisions contained therein entered into between the Investors, GIL, the Company and the Intermediate Companies;

“**GC Return**” means the amount as provided in the Agreement;

“**GC Securities**” means 325,000 compulsorily convertible cumulative preference shares of the Company of a face value of Rs. 1000 held by GC;

“**GC SSA**” means the share subscription agreement of even date entered into between GC, the Company, GIL, ICo2 and New MCo;

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day (excluding Saturdays and Sundays) on which banks generally are open in Mauritius, Mumbai (India), Bangalore (India) and Singapore for the transaction of normal banking business;

“**Charter Documents**” mean the Memorandum of Association and the Articles of Association of the Company as amended from time to time;

“**Closing Date**” means July 7, 2010;

“**Competitor**” means any of the following:

- (a) a Person which carries on the Competing Business, whether in India or overseas; provided however, a Person shall not be deemed to be engaged in a Competing Business merely on account of such Person owning or operating captive power plants;
- (b) the promoters of any entities referred to in (a) above, where the term “promoters” for the purposes of this sub-Clause (b) shall (i) in case of entities listed on a stock exchange in India, be persons disclosed as promoters of such entities in their filings made with such stock exchanges; or (ii) in any other case, shall mean a person or a group of Persons in Control over such entity;
- (c) any Person who is directly or indirectly, through one or more intermediate persons, Controlling, Controlled by, or is under the common Control of or with the Person referred to in (a) and (b)

above;

(d) Any Relative of Persons referred to in clauses (a), (b) or (c) above;

*Provided that:*

- (i) a Competitor shall not include a financial investor unless such financial investor is:
  - (I) primarily carrying on the business of power generation, transmission, and distribution of electricity whether in India or overseas; or
  - (II) directly or indirectly, through one or more intermediate persons, Controlled by or under common Control of a person referred to in (a) or (b) or (c) or (d) above.
- (ii) without limiting the scope and the generality of the definition of the term “Competitor”, the entities referred to in the relevant **Annexure** of the Agreement are Competitors. The list of Competitors set out in the relevant **Annexure** of the Agreement may be updated by the Company annually within the month of April every year starting from 2011 so long as the Persons included therein satisfy the definition of Competitor set out herein;

“**Competing Business**” shall mean the business of power generation, transmission, distribution and trading of electricity;

“**Control**” together with its grammatical variations when used with respect to any Person, means and includes the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of the vote carrying securities, by contract or otherwise howsoever;

“**Converted Shares**” means the number of Equity Shares issued to the Investors upon conversion of the Portion B Securities and the GC Securities in accordance with the terms of these Articles;

“**Deed of Adherence**” means the deed of adherence in the Agreed Form as set out in the relevant **Annexure** of the Agreement;

“**Director(s)**” means a director of the Company;

“**Disclosure Letter**” means the disclosure letter delivered by the Company and/or GIL to Investor on the date of the Shareholders Agreement and on the Closing Date, containing exceptions, qualifications and disclosures set out in the relevant **Annexure** of the Agreement;

“**DRHP**” means draft red herring prospectus;

“**Effective Date**” means the date on which the completion of transactions under the Promoter SSA and the Promoter SPA takes place as set out thereunder;

“**Encumbrance**” means any (i) encumbrance including without limitation any security interest, claim, mortgage, pledge, charge, hypothecation, lien, lease, assignment, deed of trust, title retention, deposit by way of security, beneficial ownership (including usufruct and similar entitlements), or any other similar interest held by a third Person, (ii) security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, (iii) right of pre-emption, right of first offer, or refusal or transfer restriction in favour of any Person, and/or (iv) any adverse claim as to title, possession or use;

“**Excluded Business**” means the airport and road business of the Company, the details of which are set out in the relevant **Annexure** of the Agreement;

“**EPC Contracts**” means any contract in relation to construction, design, engineering, procurement or supply in relation to the business of the Company or its Subsidiaries;

**“Equity Shares”** means the issued and fully paid-up equity shares of the Company, having a face value of Rs. 10/- (Rupees Ten) each;

**“Financial Investor”** means any investor who is predominantly engaged in the business of making investments in a company in order to gain a financial return;

**“Financial Year”** means the 12 (Twelve) month period commencing on April 1 of a calendar year and ending on March 31 of the next calendar year;

**“Fully-Diluted Basis”** means the total of all classes and series of shares outstanding on a particular date, combined with all stock options (whether exercised or not), warrants (whether exercised or not), convertible securities of all kinds, all on an “as if converted” basis;

For the purpose of these Articles, “as if converted” basis shall mean as if such instrument, option or security had been converted into Equity Shares in accordance with the Price Per Share;

**“GHPL”** means GMR Holdings Private Limited a company incorporated in India under the provisions of the Companies Act, 1956, having its registered office at Naman Centre, 7th Floor, Opp. Dena Bank, Plot No.C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, India;

**“GIL”** means GMR Infrastructure Limited, a company incorporated in India under the provisions of the Companies Act, 1956, having its registered office at Skip House, 25/1, Museum Road, Bangalore – 560 025, India;

**“GV Securities”** means 6,50,000 compulsorily convertible preference shares of the Company of a face value of Rs. 1000/- (Rupees One Thousand Only) each held by GV in the Company;

**“GV SPA”** means the share purchase agreement of even date entered into between GV and New MCo;

**“GMR Group”** means the Affiliates and the subsidiaries of the current promoter or promoter group of GIL;

**“Governmental Authority”** includes the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same or any governmental or political subdivision thereof, any legislative, executive or administrative body, municipality or any local or other authority, trade agency, regulatory authority, court, tribunal or arbitral tribunal, exercising powers conferred by Law in India and shall include, without limitation, the Department of Company Affairs, Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”) and the Foreign Investment Promotion Board (“FIPB”), Competition Commission of India (“CCI”), any foreign or other governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity abroad with jurisdiction over the Parties;

**“Governmental Approvals”** means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, certificate, exemption, order, registration, declaration, filing, report or notice, of, with or to any Governmental Authority;

**“GV”** means GKFF Ventures.

**“IAL Restated Shareholders Agreement”** means the amended and restated shareholders agreement of even date entered into between IAL, the Lead Investor, the Company, GIL and the Intermediate Companies;

**“IAL Securities”** means 5,00,000 compulsorily convertible preference shares having face value of Rs. 1000/- each held by IAL in the Company;

**“IDFC Consortium”** means collectively the IDFC Investors, GC, Skyron Eco-Ventures Private Limited, Premier Ed-Infra Solutions Private Limited and GV;

**“IDFC Investors”** means IDFC Limited, IDFC Private Equity Fund III, IAL, GV and Ascent Capital Advisors India Private Limited.

**“IDFC Securities”** means collectively the Portion B Securities and the GC Securities;

**“Indebtedness”** as applied to any Person, means, without duplication, (a) all indebtedness for borrowed money, (b) all obligations evidenced by a note, bond, debenture, letter of credit, draft or similar instrument, (c) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with Indian GAAP (and when required under applicable Law, the International Financing Reporting Standards) of the applicable jurisdiction, (d) notes payable and drafts accepted representing extensions of credit, (e) any obligation owed for all or any part of the deferred purchase price of property or services, (f) all guarantees of any nature extended by such Person with respect to Indebtedness of any other Person and (g) all indebtedness and obligations of the types described in the foregoing clauses (a) through (f) to the extent secured by any Encumbrance on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person;

**“Indian GAAP”** shall mean generally accepted accounting standards and principles in India;

**“Investors”** shall collectively mean (i) IDFC Private Equity Fund III; (ii) IDFC Limited; (iv) GKFF Capital; and (v) Ascent Capital;

**“Investor Consent”** means the prior written consent of the Lead Investor or consent provided by the Investor Director at a meeting of the Board or committee thereof or consent provided by the Lead Investor at a meeting of the shareholders of the Company, as the case maybe;

**“Investor Director”** means the Director nominated by the Lead Investor, pursuant to Article 206.2;

**“Investor Securities”** means collectively, the Portion A Securities and Portion B Securities;

**“Investor Shares”** means such Equity Shares that the Investors may hold or acquire in accordance with the terms of these Articles including the Converted Shares;

**“IAL”** means IDFC Investment Advisors Limited.

**“IPO”** means an offering to the public of equity shares, ordinary shares or common shares of the Company;

**“IPO Merchant Bankers”** shall mean at least two (2) of the merchant bankers (being reputable merchant banking firms of a recognized high standing) appointed by the Company for managing the QIPO;

**“Last Return Date”** means November 29, 2013;

**“Law”** means all applicable:

- (a) statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies issued by any Governmental Authority; and
- (b) administrative interpretation, writ, injunction, directions, directives, judgement, arbitral award, decree, orders or Governmental Approvals of, or agreements with, any Governmental Authority or recognized stock exchange,

in any jurisdiction, as may be in force from time to time;

**“Lead Investor”** means IDFC Private Equity Fund III;

**“Losses”** means all direct losses, claims, costs, and damages (whether or not resulting from third party claims), including interests and penalties with respect thereto, out-of-pocket expenses, reasonable attorneys’ and accountants’ fees and disbursements, but excluding indirect, consequential or exemplary damages;

**“Material Adverse Effect”** means any:

- (c) event, occurrence, fact, condition, change, development or effect that is or may be materially adverse to the Business, or the operations, condition (financial or otherwise), properties, prospects or assets (whether tangible or intangible) or liabilities of the Company; or
- (b) material impairment of the ability of the Company and/or the Promoter Group, as the case may be, to perform their respective obligations hereunder;

**“Ordinary Course of Business”** shall mean the ordinary course of business of the Company consistent with past custom and practice, to the extent consistent with applicable Law;

**“Other Investors”** means the investors other than the Investors, who have invested in the Company;

**“Payment Default”** means the receipt of a notice of default from a lender in terms of the relevant lending agreement;

**“Person(s)”** means any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, Government Authority or trust or any other entity or organization;

**“Portion A Return”** means the return as set out in the relevant **Annexure** of the Agreement;

**“Portion B Return”** means the return as set out in the relevant **Annexure** of the Agreement;

**“Portion A Securities”** means the compulsorily convertible preference shares of the Company of face value of Rs. 1,000 each at par as set out in the relevant **Annexure** of the Agreement;

**“Portion B Securities”** means the compulsorily convertible preference shares of the Company of face value of Rs. 1,000 each at par as set out in the relevant **Annexure** of the Agreement;

**“Post-QIPO Period”** means the period commencing on the date of completion of a QIPO until the Investor ceases to hold any Shares;

**“Pre-QIPO Period”** means the period commencing on the Closing Date until the completion of a QIPO;

**“Price Per Share”** means the amount as set out in the Agreement, which is the price calculated on the assumption of the Conversion Valuation being the amount as set out in the Agreement (as computed in accordance with the relevant **Annexure** of the Agreement), which price would change in the event the Conversion Valuation changes on account of adjustments, if any, as contemplated under Article 201.2 (as illustrated in the relevant **Annexure** of the Agreement). It is clarified that the Price Per Share will be further adjusted in the event of any splits, bonuses or adjustments to share capital of the Company;

**“Project Chhattisgarh”** means the project undertaken by GMR Chhattisgarh Energy Limited;

**“Project Emco”** means the project undertaken by Emco Energy Limited;

**“Project Kakinada”** means the natural gas-based combined cycle power plant with a gross capacity of 235 MW undertaken by the Company in Kakinada;

**“Project Kamalanga”** means the project undertaken by GMR Kamalanga Energy Limited;

**“Project Subsidiaries”** mean the Subsidiaries of the Company which are engaged in projects relating to the Business at the relevant time;

**“Promoter Director”** means a director nominated to the Board of Directors of the Company and/or the Subsidiary by the Promoter Group, not being an independent director;

**“Promoter Group”** means such entities of the GMR Group, excluding GHPL and its shareholders, which directly and/or indirectly hold Shares;

**“Promoter Shares”** means any Shares held (or which may be held at a later date) by the Promoter Group and/or the Affiliates of the Promoter Group;

**“Promoter SPA”** means the share purchase agreement of even date entered into between the Lead Investor, IDFC and Premier Edu-Infra Solutions Private Limited (a nominee of Ascent Capital), ICo2 and the Company;

**“Promoter SSA”** means the share subscription and shareholders agreement of even date entered into between Skyron Eco-Ventures Private Limited, IDFC, Premier Edu-Infra Solutions Private Limited, GV and GIL;

**“QIPO”** means an IPO of the Company fulfilling the following conditions:

- (i) the equity shares of the Company are listed or quoted on any of Bombay Stock Exchange Limited or the National Stock Exchange of India Limited, or an internationally recognized stock exchange or quotation system agreed to by the Lead Investor in writing, which consent will not be unreasonably withheld if similar rights which are available to the Investors in a domestic IPO, including but not limited to offer for sale, are given to the Investors in an international IPO;
- (ii) all decisions in respect of the offering including the timing and pricing, are to be made either, (a) by the IPO Committee (if formed) on which the Investor Director is a member or (b) by the Company in consultation with the Lead Investor;
- (iii) The issue size is in accordance with Article 208.1;
- (iv) the offering is managed by at least two (2) reputable merchant banking firms of recognized high standing in the market in which the Equity Shares are to be offered, who are appointed with the consent of the Lead Investor; and
- (v) the offering complies with all applicable legal, regulatory and listing requirements;

**“Related Party”** shall mean in relation to a Person, such Persons who are “related parties” of the first Person within the meaning of the said term under Accounting Standard 18 prescribed by the Institute of Chartered Accountants of India as on the date of these Articles and in case of the Company, shall include the Persons identified in the relevant **Annexure** of the Agreement. The list set out in the relevant **Annexure** of the Agreement may be updated by the Lead Investor for the Related Party of the Company or the Promoter Group, as the case may be, annually within one month from the audited accounts of the Company being published every year so long as the Persons included therein satisfy the definition of Related Party set out herein;

**“Relative”** shall mean the spouse, children or parents of the concerned Person;

**“RHP”** means the updated red herring prospectus filed with SEBI;

**“Rupees” or “Rs.” or “INR”** means the lawful currency of the Republic of India;

**“SEBI”** means Securities and Exchange Board of India;

**“SEBI ICDR Regulations”** means SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any statutory modification, amendments or re-enactments thereof for the time being in force.

**“Shares”** mean Equity Shares, Portion B Securities, GC Securities, Investor Shares, Converted Shares, Promoter Non-Convertible Securities, or such other class or series of shares or stock that may be issued by the Company from time to time;

**“Statutory Auditor”** means the current statutory auditor of the Company appointed in accordance with

the provisions of the Act;

“**Strategic Investor**” means any investor who is not a Financial Investor;

“**Subscription Amount for GC**” means the amount as set out in the Agreement;

“**Subscription Amount for Portion A**” means the amount as set out in the relevant **Annexure** of the Agreement;

“**Subscription Amount for Portion B**” means the amount as set out in the relevant **Annexure** of the Agreement;

“**Subsidiaries**” mean the Subsidiaries (as defined under the Act) of the Company whose primary business is the Business;

“**Tax**” or “**Taxation**” means all forms of taxation, duties, levies, imposts, including without limitation corporate income tax, wage withholding tax, fringe benefit tax, provident fund, employee state insurance and gratuity contributions, value added tax, customs and excise duties, and other legal transaction taxes, dividend or withholding tax, real estate taxes, other municipal taxes and duties, environmental taxes and duties and any other type of taxes or duties in any relevant jurisdiction, together with any interest, penalties, surcharges or fines relating thereto, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction or country;

“**Transfer**” means (in either the noun or the verb form and including all conjugations thereof with their correlative meanings) with respect to any ownership interests, the direct or indirect sale, assignment, Encumbrance, transfer or other disposition (whether for or without consideration, whether directly or indirectly, whether voluntary or involuntary or by operation of law) of any such ownership interests or of any direct or indirect beneficial interest therein or the creation of any third party interest in or over such ownership interests;

“**Transaction Documents**” means (i) the Promoter SSA; (ii) the Promoter SPA; (iii) these Articles and (iv) the Escrow Agreements (as defined under the Promoter SSA and the Promoter SPA respectively).

“**Treasury Policy**” means the policy as enclosed in the relevant **Annexure** of the Agreement;

200.2 The following terms shall have the meanings as set forth in the provisions provided below:

Acceptance Period	<u>Article 205.2</u>
Actual IPO Valuation	<u>Article 202.2 (ii) (D)</u>
Average Conversion Price	<u>Article 208.10(a)</u>
Business Plan	<u>Article 206.18</u>
Claymore	<u>Article 213</u>
Consultant Recommendations	<u>Article 207.2(xvii)(b)</u>
Conversion Date	<u>Article 202.4(a)</u>
Conversion Valuation	<u>Article 201.2</u>
EMCO Sale	<u>Article 207.2 (vi)</u>
ESOP	<u>Article 207.2 (xiv)</u>
Excess Shares	<u>Article 208.10 (a)</u>
Excess Shares Purchase Period	<u>Article 208.10 (a)</u>
Expected QIPO Valuation	<u>Article 202.1</u>
Fundamental Issues	<u>Article 207.2</u>
Further Acceptance Notice	<u>Article 205.2</u>
Further Notice	<u>Article 205.2</u>
Further Shares	<u>Article 205.1</u>
Further Shares Notice	<u>Article 205.2</u>
GIL Market Price	<u>Article 208.10(a)</u>
GMR Shareholding Floor	<u>Article 208.3 (c)</u>
Identified Project Subsidiaries Buyer	<u>Article 208.3(b)(iii) and 208.9 (c) (ii) (C)</u>
Identified Project Subsidiaries Shares	<u>Article 208.3 (b) (iii) and 208.9 (c) (ii) (C)</u>
Identified Project Subsidiaries	<u>Article 208.3 (b) (i) and 208.9 (c) (ii) (A)</u>



Investor Acceptance Notice	<u>Article 201.13</u>
Investor Exit Amount	<u>Article 208.3 (a)</u>
Investor Offer Shares	<u>Articles 204.6</u>
IPO Committee	<u>Article 208.1 (b)</u>
Minimum Promoter Shareholding	<u>Article 204.2 (a)</u>
Offer Notice	<u>Article 204.4</u>
Offered Shares	<u>Article 204.4</u>
Offer Price	<u>Article 204.4</u>
Offer Period	<u>Articles 204.5 and 204.6</u>
Permitted Purpose	<u>Article 204.2 (b)</u>
Project Subsidiaries Identification Notice	<u>Article 208.3 (b) (i) and 208.9 (c) (ii) (C)</u>
Project Subsidiaries Purchase Notice	<u>Article 208.3 (b) (iii) and 208.9 (c) (ii) (C)</u>
Project Subsidiaries Purchase Price	<u>Article 208.3 (b) (iv) and 208.9 (c) (ii) (C)</u>
Promoter Funding	<u>Article 211.3</u>
Promoter Non-Convertible Securities	<u>Article 201.4</u>
Proposed Transferee	<u>Article 204.4</u>
Response Notice	<u>Articles 204.5 and 204.6</u>
RHP Lower Band	<u>Article 202.2 (ii) (D)</u>
ROFO Refusal Notice	<u>Article 204.13</u>
ROFO Shares	<u>Article 204.13</u>
ROFO Notice	<u>Article 204.13</u>
ROFO Period	<u>Article 204.13</u>
ROFO Acceptance Notice	<u>Article 204.13</u>
ROFO Price	<u>Article 204.13</u>
Sale Approvals	<u>Article 208.3 (b) (iv) and 208.9 (c) (ii) (D)</u>
Sale Shares	<u>Articles 204.5</u>
Shareholding Limit	<u>Article 208.3 (c)</u>

200.3 The Annexures to the Agreement would deem to have been incorporated in these Articles.

## 201. IDFC SECURITIES

201.1 The terms governing the IDFC Securities held by the Investors are set out in these Articles. The IDFC Securities shall be converted into such number of Equity Shares as provided in the relevant **Annexure** of the Agreement calculated in accordance with the Price Per Share, subject to the adjustments (if any) to the Conversion Valuation in accordance with Article 201.2 of these Articles.

201.2 Conversion Valuation: The IDFC Securities shall be converted to Equity Shares at a valuation of the amount as set out in the Agreement (“**Conversion Valuation**”), subject to any adjustments in connection with the following:

a. EMCO Sale: At any time after the Effective Date, if the Company is desirous of effecting the EMCO Sale, the Company shall send a written notice to the Lead Investor 10 (ten) days prior to the expected date of the EMCO Sale specifying the expected aggregate proceeds to be recovered from the EMCO Sale. The Parties will adjust the Conversion Valuation for any difference between the aggregate proceeds received from the EMCO Sale and the proportionate equity value of Rs. 1800 crores as reduced by any amount of the equity infusion of Rs. 130 crores assumed for the calculation of the equity value of Project EMCO in the Conversion Valuation which has not been made. An illustration explaining the mechanism for such adjustment is set out in the relevant **Annexure** of the Agreement;

b. QIPO valuation: Valuation of the QIPO in accordance with Article 202.2;

c. Exit mechanism: Any of the exit mechanisms as provided under Article 208.1;

d. Tag-Along Right: Upon the Investors exercising their tag-along right in accordance with Articles 204.5, 204.6 and 204.9. An illustration explaining the adjustment in various scenarios is set out in the relevant **Annexure** of the Agreement;

e. Promoter Funding: The Promoter Group failing to bring in the Promoter Funding in accordance

with Article 211.3. An illustration explaining the adjustment is set out in the relevant **Annexure** of the Agreement; or

- f. Sale of Excluded Business: Upon the sale of any of the assets of the Excluded Business below its respective book value, as set out in the relevant **Annexure** of the Agreement. An illustration explaining the adjustment is set out in the relevant **Annexure** of the Agreement.

201.3 Notwithstanding anything contained in these Articles, if in the event of winding up or liquidation of the Company, the amount received by the Investors is less than the Investor Exit Amount due to the Investors under the terms of these Articles, such difference shall be made good by the Promoter Group, whether from the receipts of liquidation received by the Promoter Group or otherwise.

201.4 As on the Effective Date, the GMR Group does not hold any convertible instrument in the Company apart from the Portion A Securities purchased under the Promoter SPA, the GV Securities purchased under the GV SPA, securities purchased under share purchase agreements of even date entered into with the Other Investors and certain loans taken by the Company from the GMR Group which are set out in the relevant **Annexure** of the Agreement (“**Promoter Non-Convertible Securities**”) and set out in the relevant **Annexure** of the Agreement, which are not being converted into Equity Shares.

## 202. **CONVERSION OF THE IDFC SECURITIES INTO EQUITY SHARES**

202.1 Expected QIPO Valuation. The IPO Merchant Bankers shall, within fifteen (15) Business Days prior to filing of the DRHP, indicate in writing to the Company and the Lead Investor, the expected QIPO valuation, which shall be the lower end of the band as determined by the IPO Merchant Bankers (“**Expected QIPO Valuation**”). In the event the Expected QIPO Valuation is less than the amount as provided in the Agreement or such other limit below which the Investors will need to be allotted Equity Shares at a discount to the face value of the Equity Shares, then the Company will make relevant adjustments at that time in a tax efficient manner to ensure that the Investors are always provided the Investor Exit Amount.

202.2 Conversion. The IDFC Securities shall be compulsorily converted into a fixed number of Equity Shares at the price determined under this Article 202.2 not more than seven (7) Business Days prior to the expected date of filing of the DRHP by the Company for a QIPO if it is proposed that the Investors will participate in the QIPO by way of an offer for sale (such conversion being only to the extent required to enable the Investors to participate in an offer for sale) and/or not more than seven (7) Business Days prior to the expected date of filing of the RHP by the Company. Provided that the Investors may, at any time after the Effective Date, convert such IDFC Securities at the Price Per Share as are required to be converted into Equity Shares to enable it to exercise the following rights:

- a. Tag-along rights under Articles 204.3 to 204.10;
- b. Sale of the ROFO Shares in accordance with Article 204.13; and
- c. Exit rights under Article 208.3 and Article 208.9.

### (i) **QIPO prior to 12 months from the Last Return Date**

A. Conversion at the DRHP stage: In the event the IDFC Securities are converted at the DRHP stage on account of the Investors participating in an offer for sale in the QIPO, the IDFC Securities would be converted at the valuation which is the lower of (i) ten per cent (10%) below the Expected QIPO Valuation, which amount shall not be less than the amount as provided in the Agreement or (ii) the Price Per Share. It is clarified that only such number of IDFC Securities shall be converted at the DRHP Stage as are required to enable the Investors to participate in the QIPO by way of an offer for sale of such number of Equity Shares in the QIPO as specified in Article 208.1(a) or as required by SEBI or the Stock Exchanges. An illustrative example for such conversion is set out in the relevant **Annexure** of the Agreement.

B. Conversion at the RHP stage: In the event the IDFC Securities are converted at the RHP stage (including such IDFC Securities which are not converted at the DRHP stage), the

IDFC Securities would be converted at such price as illustrated in the relevant **Annexure** of the Agreement. Upon such conversion, the Investors would hold such number of Equity Shares as if the entire IDFC Securities have been converted at the lower end of the price band indicated by the Merchant Bankers in writing to the Company and the Lead Investor, 7 Business Days prior to the filing of the RHP.

- C. In the event that the Investors do not receive the Investor Exit Amount calculated as the aggregate of:
- i. the gross amount received by the Investors for the Converted Shares sold by the Investors as part of any offer for sale component in the QIPO, using the actual price at which Equity Shares are issued to subscribers to the QIPO, and
  - ii. the value of the balance Converted Shares held by the Investors, using the actual price at which Equity Shares are issued to subscribers to the QIPO,

then the Investors shall be indemnified by the Promoter Group for such shortfall in the Investor Exit Amount in a tax efficient manner and towards this purpose the Investors shall, subject to applicable Law, be entitled to require the Promoter Group to transfer, or cause the transfer, to the Investors without the Investor being required to pay any further amounts, as soon as permissible under applicable Law, the required number of Equity Shares which will provide the Investors with the quantum of shortfall in the Investor Exit Amount at the actual price at which Equity Shares are issued to subscribers to the QIPO. Provided that if applicable Law stipulates a minimum price for such transfer, then the amount paid by the Investors to the Promoter Group and/or the Company for such transfer shall be returned to the Investors in a tax efficient manner.

All Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group.

- D. The Investors shall transfer, and the Promoter Group and/or the Company shall, subject to applicable Law, be entitled to require the Investors to transfer to the Promoter Group and/or the Company and/or their nominee(s) who is a part of the GMR Group, as soon as permissible under applicable Law, without the Promoter Group and/or the Company being required to make any payments for such transfer, such number of Converted Shares as are over and above the number of Converted Shares that provide the Investors the Investor Exit Amount, calculated as the aggregate of:
- i. the gross amount received by the Investors for the Converted Shares sold by the Investors as part of any offer for sale component in the QIPO, using the actual price at which Equity Shares are issued to subscribers to the QIPO; and
  - ii. the value of the balance Converted Shares, using the actual price at which Equity Shares are issued to subscribers to the QIPO.

Provided that if applicable Law stipulates a minimum price for such transfer, then the amount paid by the Promoter Group and/or the Company to the Investors for such transfer shall be returned by the Investors to the Promoter Group and/or the Company in a tax efficient manner. However, all Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group and/or the Company. An illustrative example for such transfer is set out in the relevant **Annexure** of the Agreement.

(ii) **QIPO post 12 months from the Last Return Date**

- A. Conversion at the DRHP stage: In the event the IDFC Securities are converted at the DRHP stage on account of the Investors participating in an offer for sale in the QIPO, the IDFC Securities would be converted at the lower of (i) valuation which is ten per cent (10%) below the Expected QIPO Valuation, which amount shall not be less than the amount as provided in the Agreement or (ii) the Price Per Share. It is clarified that only such number of

IDFC Securities shall be converted at the DRHP stage as are required to enable the Investor to participate in the QIPO by way of an offer for sale of such number of Equity Shares in the QIPO as specified in Article 208.1(a) or as required by SEBI or the Stock Exchanges. An illustrative example for such conversion is set out in the relevant **Annexure** of the Agreement.

- B. **Conversion at the RHP stage:** In the event the IDFC Securities are converted at the RHP stage (including such IDFC Securities which are not converted at the DRHP stage), the IDFC Securities would be converted at the price which is the minimum of (i) such price as illustrated in set out in the relevant **Annexure** of the Agreement, upon conversion of which the Investors would hold such number of Equity Shares that have been allotted at the valuation at the lower end of the price band indicated by the Merchant Bankers in writing to the Company and the Lead Investor, 7 Business Days prior to the filing of the RHP; and (ii) the Price Per Share. An illustrative example for such conversion is set out in the relevant **Annexure** of the Agreement.
- C. In the event that the Investors do not receive the Investor Exit Amount calculated as the aggregate of:
- i. the value of the Converted Shares sold by the Investors as part of any offer for sale component in the QIPO, using the actual price at which Equity Shares are issued to subscribers to the QIPO, and
  - ii. the value of the balance Converted Shares held by the Investors, using the actual QIPO price at which Equity Shares are issued to subscribers to the QIPO;

then the Investors shall be indemnified by the Promoter Group for such shortfall in the Investor Exit Amount in a tax efficient manner and towards this purpose the Investors shall, subject to applicable Law, be entitled to require the Promoter Group to transfer, or cause the transfer, to the Investors without the Investors being required to pay any further amounts, as soon as permissible under applicable Law, required number of Equity Shares which will provide the Investors with the quantum of shortfall in the Investor Exit Amount at the actual price at which Equity Shares are issued to subscribers to the QIPO. Provided that if applicable Law stipulates a minimum price for such transfer, then the amount paid by the Investors to the Promoter Group and/or the Company for such transfer shall be returned to the Investors in a tax efficient manner.

All Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group.

- D. Where the lower band of the valuation at which the Portion B Securities are converted at the RHP stage ("**RHP Lower Band**") is less than the Conversion Valuation, and the valuation at which the IPO is subscribed ("**Actual IPO Valuation**") is higher than the RHP Lower Band, then the Investors shall transfer, and the Promoter Group and/or the Company shall be entitled to require the Investors to transfer to the Promoter Group and/or the Company and/or their nominee/s who is a part of the GMR Group, as soon as permissible under applicable Law, without the Promoter Group and/or the Company being required to make any payments for such transfer, such number of Converted Shares as are equal to:
- i. the difference in the number of Converted Shares received upon conversion at the RHP Lower Band and the number of Converted Shares which would have been received if the IDFC Securities were converted at the Conversion Valuation, if the Actual IPO Valuation is higher than the Conversion Valuation; or
  - ii. the difference in the number of Converted Shares received upon conversion at the RHP Lower Band and the number of Converted Shares which would have been received if the IDFC Securities were converted at the Actual IPO Valuation, if the Actual IPO Valuation is higher than the RHP Lower Band but lower than the Conversion Valuation.

Provided that if applicable Law stipulates a minimum price for such transfer, then the amount paid by the Promoter Group and/or the Company to the Investors for such transfer shall be returned by the Investors to the Promoter Group and/or the Company in a tax efficient manner. However, all Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group and/or the Company. An illustrative example for such transfer is set out in the relevant **Annexure** of the Agreement.

- (b) The transfers contemplated under Article 202.2 (i) (C) & (D) or 202.2(ii) (C) & (D) shall be completed within 60 (sixty) days of the date of the actual QIPO. In the event that applicable Law at the relevant time does not permit the Parties to undertake the transfer of the Equity Shares in the manner set out in Article 202.2 (i) (C) & (D) or 202.2(ii) (C) & (D) above within the said period of 60 (sixty) days above, then the Parties shall explore alternate mutually acceptable mechanisms to fulfil their respective undertakings as soon as permissible under applicable Law. The Parties further agree that for the purposes of giving effect to the provisions set out in Article 202.2 (i) (C) & (D) or 202.2 (ii) (C) & D above, the Party holding any shares that are required to be transferred under Article 202.2 (i) (C) & (D) or 202.2 (ii) (C) & D shall not Transfer any such shares to any third party and that the Parties shall, agree upon mutually acceptable terms to ensure that all rights in relation to such shares are held for the benefit of the other Party.

202.3 Conversion formula in Illustrative Example. An illustrative example for the transfer envisaged under Article 202.2 (i) (C) & (D) and 202.2 (ii) (C) & (D) are set out in the relevant **Annexures** of the Agreement.

202.4 Procedure for Conversion of IDFC Securities into Equity Shares on the Occurrence of the Conversion Event set out in Article 202.2.

- a. Conversion shall take place on such date as specified in Article 202.2 or such other later date determined by the Investors as may be permitted in applicable Law, as the case may be (“**Conversion Date**”) in the manner set out in these Articles.
- b. The Lead Investor shall send a notice to the Company 2 (two) days prior to the Conversion Date stating the Investors’ intention to convert the IDFC Securities in accordance with this Article 202.
- c. Upon the conversion of the IDFC Securities in accordance with Article 202.2 the Company shall notify the Investors in writing of the number of Equity Shares issued to the Investors.
- d. On the Conversion Date, the following events shall occur simultaneously:

A meeting of the Board shall be convened at which the following shall be resolved in Agreed Form:

- i. The Investors shall deliver to the Company for cancellation the share certificates issued in respect of the IDFC Securities, or instructions shall be issued by the Company to the depository to cancel the IDFC Securities;
- ii. The Board shall pass a resolution in Agreed Form allotting and issuing to the Investors the Equity Shares upon conversion of the IDFC Securities;
- iii. The Company shall issue share certificates to the Investors evidencing the aforesaid Equity Shares issued upon conversion of the IDFC Securities or where the Company has dematerialized its Shares, issue instructions to its depository to credit the Equity Shares issued upon conversion of the IDFC Securities to the demat account of the Investors; and
- iv. The name of the Investors shall be entered into the register of members as the legal and beneficial owner of the aforesaid Equity Shares issued upon conversion of the IDFC Securities if the Equity Shares are issued in physical form.

- e. All costs and expenses of the said exercise of conversion shall be to the account of the Company. It is clarified that any and all Taxes (excluding stamp duty charges which shall be borne by the Company) that arise on account of the conversion of the IDFC Securities and the subsequent disposal of the Converted Shares, shall be borne solely by the Investor.
- f. The Company hereby irrevocably covenants to, and the Promoter Group shall cause the Company to, take all steps and actions as may be required by the Investors at its sole discretion to achieve the objective of this Article 202.4.
- g. The Company shall (and the Promoter Group shall cause the Company to) at all times after the Effective Date, maintain sufficient authorized share capital for issue of Equity Shares for the above purpose and for the purpose of conversion of the IDFC Securities and in the event that the authorized share capital is not sufficient for issue of Equity Shares, the Company shall, and the Promoter Group shall cause the Company to, undertake all corporate approvals (including shareholders' approvals) for increase of the authorized share capital sufficient for issue of Equity Shares pursuant to the conversion.

#### 202.5 Post-Conversion Obligations.

The Company shall:

- i. within prescribed time period, file with the RoC Form No. 2 in connection with the issuance and allotment of the Equity Shares issued upon conversion of the Portion B Securities;
- ii. within prescribed time period provide the Investor with receipts received from the RoC in respect of the filings made under Article 202.5 (i); and
- iii. make other necessary filings for the issuance and allotment of the Equity Shares upon conversion of the IDFC Securities in accordance with applicable Law.

### 203. **RIGHTS OF THE INVESTORS CONSEQUENT TO CONVERSION OF THE IDFC SECURITIES**

In the event that the Investors have converted the IDFC Securities into Equity Shares but the QIPO has not been consummated by the expiry of twenty four (24) months from the Last Return Date, then the procedure detailed in Article 208.3 shall be applicable with respect to the rights available to the Investors.

### 204. **TRANSFER PROVISIONS**

- 204.1 The Promoter Group agrees that it shall not, directly or indirectly, Transfer the Promoter Shares to any Person except as provided for in these Articles and any such Transfer shall be null and void *ab initio*, and subject to applicable Law, the Company shall not register such Transfer and shall reject any such Transfer made or attempted, *suo moto* without necessity of a Board decision or order of any Governmental Authority.

#### 204.2 Lock-in of the Promoter Shares.

- a. Subject to the provisions of Article 204.3 below, during the term of these Articles, the Promoter Group agrees that it shall at all times hold at least 51% of the equity share capital of the Company on a Fully Diluted Basis ("**Minimum Promoter Shareholding**") free from any Encumbrance.
- b. Further, the Promoter Group shall, subject to Article 204.2(c) below, be entitled to pledge, hypothecate or otherwise cause any Encumbrance on any Promoter Shares, for the purpose of raising funds for the Business of the Company and/or the business of the Subsidiaries of the Company ("**Permitted Purpose**"). Provided however, that the Promoter Group shall not Encumber

the Promoter Shares for purposes other than a Permitted Purpose without Investor Consent.

- c. Even for a Permitted Purpose, the Promoter Group shall not pledge, hypothecate or otherwise cause any Encumbrance on more than 49% of the equity share capital of the Company without Investor Consent, which consent shall not be unreasonably withheld.
- d. The Lead Investor shall have the right to require the Promoter Group and the Company to furnish to the Lead Investor such necessary documents evidencing compliance by the Promoter Group of the provisions of this Article 204.2.
- e. Subject to the Investors' rights under these Articles, the Promoter Group may sell any of the Promoter Shares at a price less than the Price Per Share so long as the Investors receive the Investor Exit Amount.

204.3 Tag Along Rights of the Investor. If the Promoter Group proposes to sell to a third party, all or any of the Promoter Shares, and subsequent to the proposed sale, the shareholding of the Promoter Group in the Company shall continue to exceed the Minimum Promoter Shareholding, then the provisions of Articles 204.4, 204.5 and 204.7 to 204.12 shall apply and which shall always be subject to Article 204.9. If the Promoter Group proposes to sell to a third party any of the Promoter Shares and subsequent to the proposed sale, the shareholding of the Promoter Group in the Company shall be less than the Minimum Promoter Shareholding, then the provisions of Articles 204.4 and 204.6 to 204.12 shall apply. The Investors shall have the said tag along rights during the Pre-QIPO Period only.

204.4 The Promoter Group shall first give a written notice ("**Offer Notice**") to the Investors. The Offer Notice shall state (i) the number of Promoter Shares proposed to be sold ("**Offered Shares**") and the number of Equity Shares the Promoter Group owns at that time on an undiluted basis, (ii) the name and address of the proposed transferee ("**Proposed Transferee**"), (iii) the proposed price per share, including the proposed amount and form of consideration and terms and conditions offered by such Proposed Transferee, (iv) the proposed date of consummation of the proposed sale, (v) a representation that the Proposed Transferee has been informed of the "tag-along" rights provided for in these Articles and has agreed to purchase all or a part of the Equity Shares as required to be purchased in accordance with the terms of this Article, and (vi) a representation that no consideration, tangible or intangible, is being provided, directly or indirectly, to the Promoter Group (including without limitation, by way of non-compete consideration) that will not be reflected in the price paid to the Investors on exercise of their respective tag-along rights hereunder. In the event that the proposed consideration for the sale includes consideration other than cash, the Offer Notice shall include a calculation of the fair market value of such consideration and an explanation of the basis for such calculation. The total value of the consideration for the proposed sale is referred to herein as the "**Offer Price**". In the event the Promoter Group and the Proposed Transferee have entered into any agreement for the sale of the Offered Shares or any other document which could be construed as an agreement regarding the proposed sale under Article 204.3, the notice shall be accompanied by a true and complete copy of such documents.

204.5 Pro-Rata Tag Right of the Investors. The Investors shall be entitled to respond to the Offer Notice by serving a written notice ("**Response Notice**") on the Promoter Group prior to the expiry of fifteen (15) Business Days from the date of receipt of the Offer Notice ("**Offer Period**"). The IDFC Securities or Investor Shares which the Investor is entitled to sell under this Article 204.5 or Article 204.6 are hereinafter referred to as the "**Sale Shares**". On receipt of the Response Notice, the Promoter Group shall ensure that the Proposed Transferee purchases such number of the Sale Shares at such price as illustrated in the relevant **Annexure** of the Agreement.

In each of the aforementioned cases (i) the Investors shall not be required to provide any representations or warranties to the Proposed Transferee save and except in respect of clear title to the Sale Shares being sold, (ii) the consideration payable for the Sale Shares shall be paid entirely in cash only notwithstanding any non-cash consideration received by the Promoter Group unless the Lead Investor agrees otherwise in writing, and (iii) the price paid for the Sale Shares includes the pro rata portion of any payment towards non-compete fee or other consideration (including consideration which accrues at a later point in time in the form of earn out, etc) payable to the Promoter Group.

204.6 Unlimited Tag Right of the Investors. The Investors shall be entitled to respond to the Offer Notice by serving a written notice ("**Response Notice**") on the Promoter Group prior to the expiry of fifteen (15)

Business Days from the date of receipt of the Offer Notice (“**Offer Period**”) requiring the Promoter Group to ensure that the Proposed Transferee also purchases such number of the Sale Shares as mentioned in the Response Notice (which may at the option of the Investors be all or part of the IDFC Securities or Investor Shares held by the Investors in the Company) (“**Investor Offer Shares**”) at such price as is illustrated in the relevant **Annexure** of the Agreement.

In each of the aforementioned cases (i) the Investors shall not be required to provide any representations or warranties to the Proposed Transferee save and except in respect of clear title to the Investor Offer Shares being sold, (ii) the consideration payable for the Investor Offer Shares shall be paid entirely in cash only notwithstanding any non-cash consideration received by the Promoter Group unless the Lead Investor agrees otherwise in writing, and (iii) the price paid for the Sale Shares includes the pro rata portion of any payment towards non-compete fee or other consideration (including consideration which accrues at a later point in time in the form of earn out, etc) payable to the Promoter Group.

- 204.7 The Promoter Group shall not be entitled to sell or transfer, any of the Offered Shares to any Proposed Transferee unless the Proposed Transferee simultaneously purchases and pays for the required number of Sale Shares in accordance with the provisions of Articles 204.4, 204.5 or 204.6 (as the case may be) and Articles 204.8, 204.10 and 204.11.
- 204.8 Such sale of the Sale Shares to the Proposed Transferee shall be completed within 60 (sixty) Business Days of the expiry of the Offer Period.
- 204.9 The Promoter Group shall be entitled, within 14 days from the receipt of the Response Notice, to notify to the Investors that the Promoter Group desires to purchase such Sale Shares from the Investors which are Converted Shares (instead of offering the same to the Proposed Transferee) at such price as illustrated in the relevant **Annexure** of the Agreement if the Response Notice is issued under Article 204.5 or in the relevant **Annexure** of the Agreement if the Response Notice is issued under Article 204.6. Such sale shall be completed within 30 (thirty) Business Days of the Promoter Group notifying the Investors of its aforesaid intention and the price for such Sale Shares shall be paid by the Promoter Group to the Investors in cash only.
- 204.10 In the event the Investors do not deliver a Response Notice to the Promoter Group prior to the expiry of the Offer Period as per Article 204.5 or Article 204.6, as the case maybe, then upon the expiry of the Offer Period, the Promoter Group shall be entitled to sell and transfer the Offered Shares to the Proposed Transferee mentioned in the Offer Notice on the same terms and conditions and for the same consideration as is specified in the Offer Notice. Any transferee purchasing the Offered Shares shall deliver to the Promoter Group on or before the date of consummation of the proposed sale specified in the Offer Notice payment in full of the Offer Price in accordance with the terms set forth in the Offer Notice. If completion of the sale and transfer to the Proposed Transferee does not take place within the period of ninety (90) Business Days following the expiry of the Offer Period, the Promoter Group’s right to sell the Offered Shares to such third party shall lapse and the provisions of Articles 204.3 to 204.9 shall once again apply to any sale of Shares by the Promoter Group.
- 204.11 Where the Investors require prior legal or regulatory approvals, Government Approvals or shareholder consent for disposal of shares pursuant to these Articles 204.4 to 204.10 then notwithstanding any other provision of these Articles, the Investors shall only be obliged to dispose of shares once such consent or approval is obtained, and the Parties shall use their reasonable endeavours to obtain any such required approvals. Any period within which a sale of securities or shares by the Investors has to be completed shall be extended by such further period as is necessary for the purpose of obtaining the above approvals.
- 204.12 The Promoter Group agrees that the restrictions on sale of the Equity Shares held by the Promoter Group in these Articles and/or in the Charter Documents of the Company shall not be capable of being avoided by the holding of Equity Shares indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Equity Shares free of such restrictions. Any sale of shares resulting in any change in the control, directly or indirectly, of the Promoter Group, or of any Affiliate of the Promoter Group which holds, directly or indirectly, any Equity Shares, shall be treated as being a sale of the Equity Shares held by the Promoter Group, and the provisions of these Articles that apply in respect of the sale of Equity Shares shall thereupon apply in respect of the Equity Shares so held. Any dilution in the shareholding of the Promoter Group in the Company on account of non-participation in a rights issue by the Company shall not be construed as sale of shareholding by the Promoter Group so



long as the Promoter Group has not renounced its rights under such rights issue to any Person.

- 204.13 **Right of First Offer of Promoter Group.** If prior to an IPO, the Investors are desirous of selling any of the IDFC Securities or Investor Shares (“**ROFO Shares**”) to a third party, the Investors shall first offer the same to the Promoter Group by way of a notice in writing (“**ROFO Notice**”). The Investors shall, as far as reasonably practicable, notify the Promoter Group of their intention to issue a ROFO Notice at least fourteen (14) calendar days prior to the proposed date of the ROFO Notice during which period the Investors and the Promoter Group shall discuss the price to be paid for the ROFO Shares (“**ROFO Price**”). The Promoter Group may either agree to purchase the ROFO Shares within a period of fourteen (14) calendar days from the date of the ROFO Notice (“**ROFO Period**”), either by itself or through any of the entities forming part of the GMR Group, or decline. In the event the Promoter Group is desirous of purchasing the ROFO Shares, then the Promoter Group shall send a notice (“**ROFO Acceptance Notice**”) in writing to the Investors stating the ROFO Price that the Promoter Group is willing to pay for the ROFO Shares. The Investors may accept the ROFO Price or decline to sell the ROFO Shares at the ROFO Price. In the event the Investors accept the ROFO Price, the Investors shall notify the Promoter Group of the same in writing (“**Investor Acceptance Notice**”) within ten (10) calendar days, then the sale of ROFO Shares shall be completed within thirty (30) calendar days of the Investor Acceptance Notice. In the event the Investors decline to sell the ROFO Shares at the ROFO Price to the Promoter Group, the Investors shall immediately issue a notice to the Promoter Group (“**ROFO Refusal Notice**”) notifying the refusal and the Investors shall be entitled to sell the ROFO Shares to any third party (along with the attendant rights, as may be applicable) provided that (i) the price paid by such third party is higher than the ROFO Price; and (ii) such third party executes a Deed of Adherence. In the event the Promoter Group does not issue the ROFO Acceptance Notice to the Investors within 14 days of the date of receipt of the ROFO Notice, then the Investors are entitled to sell the ROFO Shares to any third party (along with the attendant rights, as may be applicable) at any price and terms as may be decided by the Investors provided that such third party executes a Deed of Adherence. Provided that if the Investors are unable to complete the sale of the ROFO Shares to a third party in the manner set out above within ninety (90) Business Days following the date of the ROFO Refusal Notice or the expiry of the ROFO Period, as applicable, the Investors’ right to sell the ROFO Shares to a third party shall lapse and the provisions of this Article 204.13 shall once again apply to the ROFO Shares.
- 204.14 Notwithstanding anything contained in these Articles, until the consummation of the IPO (including a QIPO) the Investors shall not sell any shareholding in the Company to a Competitor without the prior written consent of the Promoter Group. Provided, however, nothing contained herein shall apply if the Investors have not been granted exit from the Company in accordance with Article 208.3 and 208.9.
- 204.15 All transferees (including Affiliates) to whom the Promoter Group or Investors may Transfer their respective Shares shall sign a Deed of Adherence to these Articles with the remaining shareholders of the Company. Notwithstanding any other provision of these Articles, a transferee (not being an Affiliate of the Investor) shall not be entitled to the rights of the Investor under Articles 207.2 (iv), (v), (vi) (vii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvii), (xix), (xxi), (xxii) and (xxiii) (Fundamental Issues) unless such transferee, together with its Affiliates, holds at least 5% of the issued and paid-up equity share capital of the Company on a Fully Diluted Basis.
- 204.16 Pursuant to filing of the RHP, the Investors and the Promoter Group shall not undertake any Transfer of Shares which may disturb, frustrate or affect the QIPO process, if any, being undertaken by the Company.
- 204.17 It is clarified that upon the completion of an IPO (including QIPO), the Investors shall be entitled to freely Transfer any securities held by it in the Company, without (i) being subject to any of the restrictions imposed on the Investors under Articles 204.13 to 204.16 or (ii) the requirement of any consent from the Company or the Promoter Group. Prior to the IPO, in the event the Promoter Group defaults in fulfilling any of its obligations relating to the Investors’ exit rights as set out in Articles 208.3 and 208.9, then the Investors shall be entitled to freely Transfer any securities held by it in the Company, without (i) being subject to any of the restrictions imposed on the Investors under Articles 204.13 to 204.17, or (ii) the requirement of any consent from the Company or the Promoter Group.

## 205. OTHER RIGHTS OF THE INVESTORS

205.1 Anti-Dilution Rights. To the extent possible, if the Company has to issue any further securities of the Company, other than pursuant to a QIPO or other than pursuant to the Promoter Funding under Article 211.3, it shall issue only Equity Shares and not any other instrument which is convertible into Equity Shares (“**Further Shares**”). Such Further Shares have to be issued at a price which is not lower than the Price Per Share. Upon issuance of such Further Shares, the Investors shall, whether or not they have converted the IDFC Securities, have an option to subscribe, pro-rata with all the Other Investors, to such number of Further Shares to maintain its shareholding on a Fully Diluted Basis.

The Investors shall subscribe to the aforementioned Further Shares at the price and on the terms and conditions upon which such Further Shares are offered by the Company. The Investors shall also have the right to subscribe to the Further Shares that are not subscribed to by the Other Investors pursuant to the aforesaid offer.

205.2 Procedure for issue of Further Shares. The Company shall issue a notice to the Investors and Other Investors in respect of the proposed issue of Further Shares (“**Further Shares Notice**”). The said notice shall set out inter alia the following:

- (a) the details of the Further Shares proposed to be issued, including the characteristics and number; and
- (b) the price at which the Further Shares are proposed to be issued.

The Other Investors and the Investors shall have the right to notify the Company within fifteen (15) days from the receipt of the Further Shares Notice (“**Acceptance Period**”), whether or not they desire to subscribe to the Further Shares that they are entitled to in terms of Article 205.1 above. In the event that some of the Other Investors (i) have declined to participate in the issue of Further Shares; or (ii) have indicated they will only exercise their rights to subscribe to Further Shares partially, then the Company shall within three (3) Business Days of the expiry of the Acceptance Period, notify to the Investors in writing (“**Further Notice**”) the further available Further Shares which the Investors are entitled to subscribe to in terms of Article 205.1. The Investors will have the right to notify the Company within seven (7) Business Days from the receipt of the Further Notice, whether or not it desires to subscribe to the further available Further Shares and the number of such Further Shares that it desires to subscribe to (“**Further Acceptance Notice**”).

205.3 In the event that the Investors choose to not acquire all or a portion of any such Further Shares, as they are entitled to acquire under this Article 205 and Other Investors have also declined to purchase the same, the Company may issue such Further Shares to a third party on terms and conditions no more favourable than those offered to the Investors and the Other Investors. The issue of Further Shares, including to the Investors and the Other Investors shall be completed within sixty (60) Business Days (to be extended only and to the extent agreed between the Company, the Promoter Group and the Investors and the Other Investors as applicable, for obtaining Government Approvals) of the receipt by the Company of the Further Acceptance Notice, failing which the provisions of Articles 205.1 to 205.2 shall become applicable again to any issuance of Further Shares thereafter. All consents and approvals required in issuing the Further Shares shall be obtained by the Company.

205.4 At the time of happening of any event contemplated in Articles 205.1 above, the Company shall be bound to forthwith take, and the Promoter Group shall be bound to co-operate with the Investors and the Company such that the Company forthwith takes, all necessary steps to issue such Further Shares to the Investors in accordance with the terms and conditions contained in Articles 205.1 to 205.3.

205.5 The Company agrees and undertakes that it shall not issue any new securities in contravention of the provisions of Articles 205.1 to 205.4.

205.6 Right to Dividend.

The dividend payable on the IDFC Securities (including upon conversion of IDFC Securities) by the Company to the Investors, would be the same amount as declared in respect of the equity share capital of the Company to the equity shareholders from time to time. It is clarified that the Investors would

receive the same amount of dividend on the IDFC Securities at all times as would be payable to an equity shareholder of the Company.

- 205.7 Registration Rights. In the event of an overseas listing of Equity Shares by the Company, the Parties may mutually agree on all actions that the Company may reasonably be required to take to enable the Investors to obtain standard or customary registration rights available to private equity investors, allowing it to offer its shares for sale as part of such listing.
- 205.8 No-Objection. The Company and the Promoter Group acknowledge that the investment by the Investor in the Company is purely a financial investment and the Company and the Promoter Group hereby unconditionally and irrevocably consent to the Investors and/or any of their Affiliates at any time and from time to time investing in the equity of any Person engaged in the power business or entering into collaborations or other agreements or arrangements with any Persons in India or elsewhere engaged in the power business. The Company and the Promoter Group shall from time to time at the request of the Investors, certify that they do not object to such investment, agreement or arrangement with such Persons and in such form as may be requested by the Investors.
- 205.9 Right to Seek Replacement of the Chief Executive Officer and/or Chief Financial Officer of the Company. The Parties agree that the Lead Investor has the right to request the Board to find a suitable replacement for the Chief Executive Officer and/or Chief Financial Officer of the Company in the event of a material shortfall in the performance of the Company as compared to the agreed Business Plan and stipulated milestones.
- 205.10 Right to Approve the Valuer. The independent valuer for the purpose of valuation of the Company computed as per statutory guidelines, if required under applicable Law, shall be a chartered accountant, being one of the following:
- a. PriceWaterhouse Coopers;
  - b. Deloitte Touche Tohmatsu;
  - c. Ernst & Young;
  - d. KPMG; or
  - e. Any other merchant banker jointly appointed by the Company and the Lead Investor.

The Lead Investor shall have the aforesaid right in respect of any valuation required to be done of the Project Subsidiaries for the purpose of Article 208.3 (d) (i) and Article 208.9 (c) (iv) (A).

205.11 Information Rights.

- a. The Company shall deliver to the Lead Investor and the Board the following relating to the Company and its Subsidiaries:
  - i. audited consolidated annual financial statements and management report within 90 (Ninety) days after the end of each fiscal year;
  - ii. unaudited consolidated quarterly financial statements and management report within 60 (Sixty) days after the end of each fiscal quarter;
  - iii. management report within 20 (Twenty) days after the end of each month;
  - iv. semi-annual undertaking of compliance with debt covenants at the Company level;
  - v. copies of all documents or other information sent to any shareholder;
  - vi. an annual budget within 30 (Thirty) days prior to the commencement of each fiscal year.

**PROVIDED THAT ALL FINANCIAL STATEMENTS TO BE PROVIDED TO THE LEAD INVESTOR UNDER THESE ARTICLES SHALL BE PREPARED IN ACCORDANCE WITH APPLICABLE LAW, AND ALL MANAGEMENT REPORTS TO BE PROVIDED TO THE INVESTOR SHALL INCLUDE A COMPARISON OF FINANCIAL RESULTS WITH THE CORRESPONDING QUARTERLY AND ANNUAL BUDGETS;**

- b. The Company shall deliver to the Lead Investor on a regular basis any material updates on the business of the Company and its Subsidiaries, and discussions with any Governmental Authority as may be reasonably requested by the Lead Investor from time to time;
- c. The Company shall deliver to the Lead Investor copies of any reports filed by the Company and its Subsidiaries with any relevant securities exchange or Governmental Authority, as may be reasonably requested from time-to-time by the Lead Investor;
- d. The Company shall grant the Investor Director or its representatives permission to visit the facilities of the Company and its Subsidiaries and examine the books and records of the Company and its Subsidiaries after providing reasonable notice, and to discuss the business, operations and conditions of the Company and its Subsidiaries with their officials;
- e. The Lead Investor and all directors of the Company shall also be provided with all such information as they may be entitled to under applicable Law; and
- f. The Lead Investor shall be entitled to receive and maintain all such information as it may reasonably consider necessary to enable the Lead Investor to keep abreast of all the activities and performance of the Company and its Subsidiaries. Such information may include reports on financial performance, risk exposure, liquidity management, internal controls, management policies, operations, and controls prepared by the Company in its Ordinary Course of Business. In addition, the Company shall maintain all such information as may be requested by the Lead Investor in relation to any transactions with Related Parties.

205.12 The Company and/or Promoter Group undertake that:

- a. All licenses or approvals obtained in the name of the Company shall be transferred to the concerned Subsidiaries as applicable and as and when required under the respective agreements or under the applicable Laws.
- b. The Promoter Group shall Transfer to the Company and/or Subsidiary any shares that Promoter Group hold directly or indirectly (other than directly or indirectly through the Company) in any company engaged in the Business as soon as the Promoter Group are permitted to undertake such Transfer under the terms of any contract and applicable Law.
- c. The Company, GIL and GHPL shall comply with all obligations contained in the agreement entered into with ICICI Bank Limited dated November 27, 2009.
- d. The Company shall, and shall cause the relevant Subsidiaries to, acquire (whether by way of lease or freehold acquisition) all land and property as is required for the implementation and commissioning in a timely manner of the projects set out below, without any material delays and without any material cost escalation and shall ensure that such land and property shall be available for use by the Company and the relevant Subsidiaries for the duration of the projects. Further such acquisition shall be effected pursuant to validly executed documentation which shall have been registered in accordance with applicable Law and in respect of which stamp duty as is stipulated under applicable Law shall have been paid:
  - (i) Project Chhattisgarh;
  - (ii) Project Kamalanga;
  - (iii) Project Emco; and
  - (iv) Project Kakinada.

- e. The Promoter Group shall provide back-to-back guarantees to the Company in the event the Company is required to extend any support in respect of the Excluded Business whether by way of guarantee or otherwise for the requirement of qualification or eligibility.

205.13 The Promoter Group undertake not to enter into or engage in any restructuring, reorganization or substantial disposal of assets of the Promoter Group relating to the Business which materially impacts their ability to honour their respective obligations under Article 208 whether by way of material impact on the net worth or otherwise. However, nothing in this undertaking would apply to any transfer of the assets of the Promoter Group and/or their respective Subsidiaries into wholly owned subsidiaries of the Promoter Group, respectively.

## 206. MANAGEMENT OF THE COMPANY

206.1 Board Composition. The Lead Investor shall have the right to nominate one (1) Director to the Board of the Company during the Pre-QIPO Period to jointly represent the Investors and IAL and thereafter so long as the Investors and IAL hold at least 5% of the issued and paid-up equity share capital of the Company. If the Lead Investor has exercised its rights in accordance with Articles 208.3 or 208.9, then the Lead Investor shall have the right to nominate one (1) Director to the Board of each of the Identified Project Subsidiaries.

206.2 Investor Director. The Investor Director shall be a non-executive Director and shall not participate in the day-to-day management of the Company. The Investor Director shall not be required to hold any qualification shares. The Company shall nominate Directors or persons other than the Investor Director as “persons in charge” as contemplated under Law and to the extent possible under applicable Law, shall ensure that the Investor Director is not included within the scope of “officer who is in default” under Law.

206.3 Committees of the Board. The Lead Investor is entitled to nominate the Investor Director as a member on key committees of the Board, including the audit committee, the compensation committee by whatever name called, and the IPO Committee.

206.4 Alternate Directors. The Lead Investor shall be entitled to nominate a person to be appointed as an Alternate Director to the Investor Director and the Company and the Promoter Group shall ensure that, subject to applicable Law, such person is appointed as the Investor Director’s Alternate Director.

206.5 Removal or Resignation of Directors. The Lead Investor may remove or require the removal of the Investor Director and nominate another individual as Investor Director in his place, and the Promoter Group shall cause its nominee Directors on the Board to cast their votes to give effect thereto. In the event of the resignation, retirement or vacation of office of the Investor Director, the Lead Investor shall be entitled to appoint another Director in place of such resigning Director, and the Promoter Group shall cause its nominee Directors on the Board to cast their votes to give effect thereto.

206.6 Not to retire by rotation. It is clarified for the avoidance of doubt that the Investor Director shall not be liable to retire by rotation.

206.7 Meetings of the Board. The Board of the Company shall meet at least once every 3 (Three) calendar months at such locations as may be decided by the Board. A meeting of the Board shall be convened pursuant to a written notice of at least 7 (seven) days to the Investor Director. Notice may be waived or a Board meeting may be called by giving shorter notice with the consent of the majority of the Directors, and where the agenda for such meeting includes a Fundamental Issue, the consenting directors must include the Investor Director. The notice of each Board meeting shall include an agenda setting out the business proposed to be transacted at such meeting, and copies of all relevant papers connected therewith and/or proposed to be placed before or tabled before the Board. All Fundamental Issues shall be resolved in the manner set out in Article 207, and all other matters shall be passed or decided at a Board meeting if such resolutions are approved by a simple majority of the Directors present and voting at a validly constituted meeting in compliance with Article 206.8 below.

206.8 Quorum. The quorum for a meeting of the Board and its committees shall be 1/3<sup>rd</sup> of the total strength of the Board of Directors of which, at least 1 director shall be the Promoter Director. Provided that where

the agenda of the meeting includes any matter pertaining to Fundamental Issues as set out in Article 207, presence of the Investor Director (present in person or through an Alternate Director) shall be a necessary part of the quorum for holding any discussions or passing any resolution on Fundamental Issues at such meeting of the Board and every committee of the Company. If the quorum, as stated above, is not present within 30 (Thirty) minutes from the time when the meeting should have begun or if during the meeting there is no longer a quorum the meeting shall be adjourned and reconvened at the same place and time 10 (Ten) days later, or such shorter period as the majority of the Directors may consent to, and where the agenda for such meeting includes a Fundamental Issue, the consenting directors must include the Investor Director, with the same agenda. At the reconvened meeting, the quorum required will be same as was required for the first meeting. However, where a meeting of the Board or a committee is adjourned on two (2) consecutive occasions, on account of absence of the Investor Director, the Directors present at the third meeting, subject to satisfying the requirement of quorum under Law and at least 1 Promoter Director being present, shall constitute a valid quorum irrespective of whether the Investor Director is present or not and shall be able to take any decision, including a decision in relation to any Fundamental Issue. It is clarified that if in any meeting, the consent or disapproval of the Investor Director has been obtained for a Fundamental Issue, then such consent or disapproval shall be deemed to be the consent or disapproval of the Lead Investor under Article 207.1 and 207.2 hereof. If the Investor Consent has been received in writing for any Fundamental Issue, then the presence of the Investor Director shall not be required for constituting quorum to pass a resolution in relation to such Fundamental Issue. Similarly if the Investor Consent has been rejected in writing for any Fundamental Issue, then no resolution in relation to such Fundamental Issue shall be passed or taken up for discussion.

- 206.9 Appointment of an Observer. The Lead Investor is entitled to appoint an observer, on behalf of the Investors and IAL, who shall be entitled to attend all the meetings of the Board and its key committees.
- 206.10 Circular Resolutions. Subject to Article 207 and as permissible under Law, a resolution by circulation shall be as valid and effectual as a resolution duly passed at a Board meeting called and held, provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors and has been approved by a majority of the Directors entitled to vote thereon; provided that if it relates to a Fundamental Issue, Investor Consent should have been obtained. No circular resolution shall be valid unless the same has been circulated to all the Directors whether in India or abroad and has been signed by a majority of Directors, provided, in case the circular resolution contains any Fundamental Issue, it must be also be signed by the Investor Director in favour of the resolution within 3 (three) Business Days of the same having been circulated by the Company to the Directors, failing which the Investor Director shall be deemed to have disapproved of the resolution.
- 206.11 No Casting Vote. The chairperson of the Board or of any committee thereof, or of any meeting of the shareholders of the Company shall not have a casting vote.
- 206.12 Sitting Fees of the Investor Director. The Investor Director shall be entitled to all the rights and privileges of other non-executive Directors and to the sitting fees and expenses; provided that if any such Investor Director is an officer of the Investor, if the Lead Investor so advises the Company, the sitting fees in relation to such Investor Director shall accrue to the Lead Investor and the same shall accordingly be paid by the Company directly to the Lead Investor and the Lead Investor shall obtain the Investor Director's consent for the same.
- 206.13 Expenses. All Directors of the Company shall be paid all out-of-pocket-expenses (including travel, boarding and lodging expenses) by the Company for attending any shareholders' meeting and Board meeting of the Company and any other reasonable expenses incurred by the Directors in the course of fulfilling their duties and obligations as directors of the Company.
- 206.14 D&O Insurance and Key Person Insurance. The Company shall obtain Directors and Officers Insurance for all Directors on the Board of the Company and on appointment of an Investor Director on the board of directors of Identified Project Subsidiaries in accordance with Article 206.1, for directors on the board of such Identified Project Subsidiaries, on such terms that are reasonably satisfactory to the Lead Investor and shall bear all costs in relation to the same. The Company shall indemnify all Directors on the Board of the Company and on appointment of an Investor Director on the board of directors of Identified Project Subsidiaries in accordance with Article 206.1, the directors on the board of such

Identified Project Subsidiaries for any acts or omissions of such persons as directors of the Company or the Identified Project Subsidiaries, as the case may be.

206.15 Exercise of Rights. The Promoter Group agrees to use all its rights, including its voting rights in relation to any Equity Shares held by them, to effectuate the appointment and election of the Investor Director as contemplated herein and to ensure that the Company abides by the terms and conditions imposed in this Article 206.

206.16 Quorum and Voting at Shareholder Meeting.

Subject to applicable Law, voting on all matters to be considered at a general meeting of the shareholders of the Company shall be by way of a poll unless otherwise agreed upon in writing between the Parties. If the Investors hold Equity Shares at the time of a general meeting, the quorum for a general meeting shall be a minimum of five (5) shareholders, provided that at least 1 (One) of these is a representative of the Lead Investor and the other a representative of the Promoter Group, unless specifically waived by the Lead Investor and/or the Promoter Group, as the case may be. If the quorum is not present within 30 (Thirty) minutes from the time when the meeting should have begun or if during the meeting there is no longer a quorum the meeting shall be adjourned and reconvened at the same place and time 7 (seven) days later, at which meeting, the members present, subject to forming quorum required under law, shall constitute quorum for the meeting. The Parties agree that no Fundamental Issues shall be considered or voted at any such first or adjourned shareholder meeting (including adjourned meetings) of the Company if at least 1 (One) representative of the Lead Investor is not present at the commencement of and throughout the shareholder meeting (including adjourned meetings) and Investor Consent is not obtained. However, where a shareholder meeting of the Company is adjourned on two (2) consecutive occasions, on account of absence of the Lead Investor representatives, then shareholders present at the third meeting, subject to fulfilling the minimum quorum required under Law, shall constitute a valid quorum irrespective of whether the Lead Investor representative is present or not and shall be able to take any decision, including a decision in relation to a Fundamental Issue. It is clarified that if in any meeting, the Lead Investor representative has voted in favour of or against a Fundamental Issue, then such consent or disapproval shall be deemed to be the consent or disapproval of the Lead Investor under Article 207.1 and 207.2 hereof. If the Investor Consent has been received for any Fundamental Issue, then the presence of the Lead Investor representative shall not be required for constituting quorum to pass a resolution in relation to such Fundamental Issue. Similarly if the Investor Consent has been rejected in writing for any Fundamental Issue, then no resolution in relation to such Fundamental Issue shall be passed or taken up for discussion.

206.17 Notice for Shareholder Meeting. Subject to the provisions of applicable Law, at least 21 (Twenty One) days written notice of every shareholder meeting of the Company shall be given to all shareholders. The notice of each shareholder meeting shall include an agenda setting out the business proposed to be transacted at the meeting, together with copies of all relevant papers connected therewith and/or proposed to be placed before or tabled at the shareholder meeting. Subject to applicable Law, the shareholder meeting can be called at shorter notice, provided that in respect of any of the Fundamental Issues Investor Consent is obtained for such shorter notice.

206.18 Business Plan. The Parties acknowledge that the principal business of the Company will be conducted in accordance with the Business Plan. The Company shall present a detailed Business Plan to the Board for approval within 30 (Thirty) days prior to the commencement of every new Financial Year (such approved business plan, the “**Business Plan**”) which Business Plan shall include financial projections for (i) the Financial Year to which such Business Plan pertains, on a quarterly basis, and (ii) for the immediate two succeeding Financial Years, on an annual basis.

## 207. FUNDAMENTAL ISSUES

207.1 Voting on Fundamental Issues. Notwithstanding anything to the contrary contained in these Articles, but at all times subject to Article 206.8 and Article 206.16, if the Company, or the shareholders of the Company, as the case may be, wish to take any action with respect to the Fundamental Issues mentioned herein below at any general meeting of shareholders (if such issue requires the approval of the shareholders in general meeting) or by way of postal ballot as may be permitted under the Act, or at any meeting of the Board or committee (if such matters are delegated by the Board to such committee) or by

way of a circular resolution, as the case may be, the Company shall obtain Investor Consent, without which the Company shall not be able to take any such action. For the purpose of this Article 207, the term “Company” would be deemed to include the Company and its Subsidiaries. The Company and the Promoter Group shall ensure that none of the Subsidiaries take any action with respect to the Fundamental Issues mentioned herein below unless the same has been first approved by a resolution passed by the Board or shareholders of the Company in accordance with these Articles.

207.2 Fundamental Issues. The following issues shall be “**Fundamental Issues**” for the purpose of these Articles:

- i. Alteration of capital structure, recapitalisation, reclassification or change in the rights, preferences or privileges of any class of shares or creation of (by reclassification, bonus issue, rights issue or otherwise) any new class or series of shares in the Company, where such alteration, recapitalisation, reclassification, change or creation adversely affects the rights and interests of the Investors;
- ii. Any split-off or spin-off of the Company;
- iii. Any amendment of the Charter Documents;
- iv. Any removal or change in the Company’s statutory auditor;
- v. Any merger, acquisition, joint venture or consolidation of, or by, the Company (or the amendment of any terms of any such existing arrangements) including formation of, or further subscription or acquisition in, any wholly or partly owned Subsidiary of the Company, save and except any of the above in relation to:
  - a. a wholly owned Subsidiary that is, or will be engaged in the Business or related business;
  - b. A company engaged in the Business and/or any related business, in which the Company holds the maximum shareholding permitted under applicable Law and in which the Government or any entity owned or Controlled by the Government is the only other shareholder.
  - c. SJK Power.
- vi. The disposition, sale, lease, license or transfer in any manner whatsoever (including by way of a demerger), of any asset (tangible and intangible) of the Company or any Subsidiaries, which has a value in excess of Rs. 20 crores (on an individual basis), save and except the transfer, in any manner, of the Excluded Business and utilization of any proceeds thereof; provided that such transfer of any asset of the Excluded Business shall be at the book value of each respective asset of the Excluded Business whose aggregate book value is approximately of Rs. 138.22 crores, the details whereof are set out in the relevant **Annexure** of the Agreement, without having an adverse impact on the balance sheet of the Company and without the Company having incurred or paid any Taxes or costs; provided further that the aforesaid aggregate amount of Rs. 138.22 crores shall be duly adjusted to include any additional investments made by the Company in the Excluded Business, provided such investments are funded entirely by the Promoter Group for this purpose, on terms that are pre-approved in writing by the Lead Investor, and the Company is merely required to support any qualification or eligibility requirements for the Excluded Business, without utilising the Company’s funds; provided further that subject to the conditions as given hereinbelow, the sale of a part or the whole of the shares or assets of Project Emco (“**EMCO Sale**”) shall not be a Fundamental Issue. The proceeds of the EMCO Sale shall be used solely for investments in either Project Kamalanga and/or Project Chhattisgarh, or for the repayment of debt incurred by the Company which shall be intimated to the Lead Investor in writing.
- vii. Any transfer of rights or obligations under material contracts, save and except in the Ordinary Course of Business and save and except to its wholly owned Subsidiary;
- viii. Any liquidation, dissolution or winding-up;



- ix. The declaration or payment of any dividend, excluding dividend payable to Other Investors and ICICI Bank Limited in respect of the existing 200,000,000 Non-Cumulative Redeemable Preference Shares of Rs. 10 each;
- x. Incurrence of any new indebtedness other than as permitted under Article 207.2(xi), save and except if the same is for project financing in relation to new projects and the debt: equity ratio is as per the credit appraisal by banks;
- xi. Incurrence of indebtedness which causes the consolidated debt : equity ratio of the Company computed as per the methodology provided in the relevant **Annexure** of the Agreement to exceed the consolidated debt : equity ratio approved in the Annual Operating Plan for the Financial Year ended March 31, 2015 in the first instance, or which causes the standalone debt : equity ratio of the Company computed as per the methodology provided in the relevant **Annexure** of the Agreement to exceed the standalone debt : equity ratio approved in the Annual Operating Plan for the Financial Year ended March 31, 2015 in the first instance, and which consolidated and standalone debt : equity ratio shall be reviewed every year during the Annual Operating Plan presentation to the Board and fixed based on the Business Plans discussed at such board meeting and approved by the Lead Investor in writing;
- xii. Material amendment to the approved Business Plan as agreed prior to execution of these Articles other than amendments relating to matters which have been specifically excluded from the list of Fundamental Issues;
- xiii. Discontinuing any business currently undertaken by the Company and engaging in any new business other than:  
the Business and any related business; and  
any business then undertaken by the Company;
- xiv. Approval, amendment or administration of any employee stock option plan (“**ESOP**”), not including administration of existing ESOP or the distribution of shares to or purchase of shares by the employees of the Company from the existing welfare trust for GMR Employees, such distribution being in accordance with the trust deed settling the trust;
- xv. Any change in the accounting methods of the Company other than as required under applicable Law or applicable accounting standards;
- xvi. Issue or raising of any equity or other capital convertible into equity, including preference shares (whether or not convertible into equity) by the Company or any of its Subsidiaries or any equity dilution by the Company or any of its Subsidiaries, save and except (a) by way of a rights issue at a valuation which is equal to or higher than the Conversion Valuation or (b) pursuant to any existing ESOP or (c) pursuant to or in furtherance of the QIPO or (d) pursuant to the Promoter Funding;
- xvii. Any transaction between a Related Party (of the Company or the Promoter Group or any promoter of the Promoter Group including GHPL) and the Company in excess of Rs. 5 Crores in the aggregate in any Financial Year other than:
  - (a) those disclosed in the Disclosure Letter,
  - (b) EPC Contracts to be entered into by the Company or the Subsidiaries with the Related Party (of the Company, or the Promoter Group or any promoter of the Promoter Group including GHPL) awarded either through an international competitive bidding or on nomination basis provided that where the value of any individual EPC Contract exceeds Rs. 20 crores if awarded on a nomination basis or Rs. 40 crores if awarded on an international competitive bidding basis or where the aggregate value of all the EPC Contracts entered into in a Financial Year exceeds Rs. 150 crores, then such EPC Contracts shall be, brought before the Board or provided to the Investor Director. If the Lead Investor raises an objection within five (5) days of the Board members or the Investor Director being informed of the proposal then, the Company and the Lead Investor shall appoint an independent consultant to determine whether the terms of the EPC Contracts are on an arms length basis and in accordance with prevailing market practices and such consultant shall provide its recommendations within twenty

one (21) days from the date such objection was raised (“**Consultant Recommendations**”). The Lead Investor shall have the right to require implementation of the Consultant Recommendations, failing which the Lead Investor shall have an affirmative right over such proposal,

- (c) allocation of project management and support services costs to, and recovery of support services fees for successful bidding and acquisition of new projects from the Company and/or its Subsidiaries on the basis of principles and procedures set out in the relevant **Annexure** of the Agreement. At the time of budgeting in the beginning of every Financial Year, actual payment and at the time of final reconciliation, details pertaining to the aforesaid shall be provided to the Investor Director or placed before the Board and if the Lead Investor raises an objection within five (5) days of the Investor Director or the Board members being informed of the said matter then the Company and the Lead Investor shall appoint an independent consultant to determine whether or not such allocation is as per principles and procedures set out in the relevant **Annexure** of the Agreement. The consultant shall provide its Consultant Recommendations within twenty one (21) days from the date such objection was raised. The Lead Investor shall have the right to require implementation of the Consultant Recommendations, failing which the Lead Investor shall have an affirmative right over such matter,
- (d) all contracts entered into for security services with RAXA Securities Services Limited and any other Related Party (of the Company or Promoter Group or any promoter of the Promoter Group including GMR Holdings Private Limited) for renting, leasing or licensing of office spaces on an arms length basis and all invoices raised by GMR Aviation Private Limited for aviation services on a fair cost recovery basis. At the time of amending or renewing or entering into, the aforesaid contracts and at the time of raising invoices in relation to GMR Aviation Private Limited, such proposed contracts and invoices, shall be provided to the Investor Director or placed before the Board and if the Lead Investor raises an objection within five (5) days of the Investor Director or the Board members being informed of the said matter then the Company and the Lead Investor shall appoint an independent consultant to determine whether or not such contracts are proposed on arms length basis or in relation to aviation services, such invoices are on a fair cost recovery basis. The consultant shall provide its Consultant Recommendations within twenty one (21) days from the date such objection was raised. The Lead Investor shall have the right to require implementation of the Consultant Recommendations, failing which the Lead Investor shall have an affirmative right over such matter. Provided in the event that the aggregate costs in relation to aviation services (on a fair cost recovery basis) in each Financial Year beginning April 1, 2010 exceed Rs. 25 Crores or the amount charged to the profit and loss account of the Company for such Financial Year from the said amount of Rs. 25 Crores exceeds 2.5% of the consolidated profit after tax of the Company for the relevant Financial Year, the same shall be subject to Investor Consent,
- (e) any contract with any wholly owned Subsidiary of the Company,
- (f) transaction for further investments into the Excluded Business, such investments being funded through capital infusion by the Promoter Group, on terms which are pre-approved by the Lead Investor in writing and demerger of the Excluded Business at a subsequent date at par value of such investments,
- (g) any transaction for utilization of the proceeds from the income received from Fraport,
- (h) any transfer of the property, bearing Unit No. 701, admeasuring 14,150.07 square feet of super-built up area, located at Naman Centre, Bandra Kurla Complex, Mumbai – 400021 at book value and utilisation of the proceeds thereof for repayment of loan of Rs. 51.29 crores from United Bank of India.

xviii. Any listing of the Company’s shares other than by way of a QIPO,

xix. Any debtor covenant agreed to by the Company provided such covenant has not been made by

the Company in any previous transaction to any lender and such covenant would have a Material Adverse Effect on the rights granted to the Investors pursuant to the transactions contemplated herein,

- xx. Any IPO or otherwise listing of the shares of a Subsidiary of the Company,
- xxi. Any amendment or modification of the Treasury Policy,
- xxii. Settling and/or compromising any legal proceedings for an amount exceeding Rs. 100 Crores with any Person other than a Governmental Authority or Government companies as defined under applicable Law;
- xxiii. Undertaking any QIPO where the Expected QIPO Valuation is less than the amount as set out in the Agreement;
- xxiv. Undertaking any IPO or QIPO anytime post the expiry of 12 months from the Last Return Date if the lower end of the equity valuation band for the IPO indicated to the Company in writing by the IPO Merchant Bankers at least 15 (fifteen) Business Days prior to the filing of the RHP is lower than the Price Per Share; and
- xxv. Any act or commitment to do any of the foregoing.

207.3 Further the Company shall not, without Investor Consent, purchase any securities, either private or publicly traded, for speculative or non-strategic investment purposes, other than any treasury investments made pursuant to the Treasury Policy.

## 208. EXIT OPTION

208.1 QIPO. Subject to the general market conditions being suitable for a successful IPO, the Company shall, and the Promoter Group shall procure the Company to provide an exit to the Investors through a QIPO occurring within 30 months of the Last Return Date, subject to such parameters as laid down below:

- a. The minimum issue size of the QIPO shall be Rs. 1,000 crore. If the issue size of the QIPO is Rs. 1,500 crore or more, the Investors shall have a right (but not the obligation) to participate in the QIPO by way of an offer for sale of such number of shares in the QIPO that would provide the Investors an amount equivalent to 30% of the Investor Exit Amount, provided that the IPO Committee shall consider permitting an offer for sale of a larger number of shares by the Investors if the Lead Investor so requests. If the issue size of the QIPO is less than Rs. 1,500 crore, then the Investors shall have the right (but not an obligation) to participate in the QIPO by way of an offer for sale of such number of shares in the QIPO that would provide the Investors along with Other Investors up to an amount of Rs. 250 crores.
- b. The Board of the Company shall constitute an IPO sub-committee (“**IPO Committee**”) of which the Investor Director is a member, and the IPO Committee shall decide on the timing, size, pricing and other such matters related to the QIPO on the basis of inputs received from the merchant banker appointed for the management of the QIPO. In the event the Company undertakes an IPO any time after the expiry of 12 months from the Last Return Date, then such QIPO shall also be subject to the approval of the Lead Investor as set out in Article 207.2(xxiv).
- c. The IPO Merchant Bankers shall be appointed with the approval of the Lead Investor, which approval shall not be unreasonably withheld. It is clarified that the merchant bankers appointed for the determination of the Conversion Valuation shall not be appointed as the IPO Merchant Bankers.
- d. In the event the Company undertakes a QIPO within 12 months from the Last Return Date, the procedure as detailed in Article 202.2 (i) will be applicable.
- e. In the event the Company undertakes a QIPO anytime after the expiry of 12 months from the Last Return Date, the procedure as detailed in Article 202.2(ii) will be applicable.

208.2 The Investors shall use their reasonable efforts to provide support for the marketing of the QIPO of the Company.

208.3 If on the expiry of twenty four (24) months from the Last Return Date, the QIPO has not been consummated and the Equity Shares have not commenced listing and trading pursuant to a QIPO, the Investor shall have the exit options, as given below, available to it:

- a. The Promoter Group shall notify the Lead Investor within thirty (30) days after the expiry of the above 24-month period whether the Promoter Group or any entity forming part of the GMR Group is able and willing to purchase within thirty (30) months of the Last Return Date, the IDFC Securities or the Converted Shares, as the case may be, such that the Investors receive a consideration in cash of the aggregate of the outstanding Subscription Amount for Portion B Securities together with the proportionate Portion B Return and the outstanding Subscription Amount for GC Securities together with the proportionate GC Return (“**Investor Exit Amount**”). Provided that if the QIPO has been consummated and the Equity Shares have commenced listing and trading within thirty (30) months of the Last Return Date, the Investors shall receive an exit only through the QIPO as contemplated under Article 202 and Article 208.1 and their rights under this Article 208.3(a) shall lapse.
- b. In the event the Promoter Group fail to notify the Lead Investor of their intention to purchase the IDFC Securities or the Converted Shares, as the case may be, in accordance with Article 208.3(a) above, then the Company shall provide an exit to the Investors at the Investor Exit Amount, by selling one or more Project Subsidiaries, and subject to applicable Law, utilize the proceeds of such sale to purchase the IDFC Securities or the Converted Shares, as the case may be, for consideration in cash equal to the Investor Exit Amount, in the following manner. Provided that if the QIPO has been consummated and the Equity Shares have commenced listing and trading within thirty (30) months of the Last Return Date, the Investors shall receive an exit only through the QIPO as contemplated under Article 202 and Article 208.1 and their rights under this Article 208.3(b) shall lapse.
  - (i) The Company and the Promoter Group shall together identify one or more Project Subsidiaries (collectively the “**Identified Project Subsidiaries**” and individually, the “**Identified Project Subsidiary**”) and shall issue a written notice to the Lead Investor, (“**Project Subsidiaries Identification Notice**”) providing the name(s) of the Identified Project Subsidiaries.
  - (ii) Upon issue of the Project Subsidiaries Identification Notice:
    - (a) the Lead Investor shall be entitled to appoint one (1) director on the board of director of each of the Identified Project Subsidiaries,
    - (b) the Company shall execute a non-disposal undertaking in favour of the Lead Investor for non-disposal of its shareholding in the Identified Project Subsidiaries,
    - (c) the articles of association of the Identified Project Subsidiaries shall be amended to incorporate the relevant provisions of the non-disposal undertaking executed by the Company pursuant to sub-clause (b) above.
  - (iii) The Company shall notify the Lead Investor in writing (“**Project Subsidiaries Purchase Notice**”) of its intention to transfer shares held by it in the Identified Project Subsidiaries to a third party purchaser identified jointly by the Company and the Promoter Group (“**Identified Project Subsidiaries Buyer**”). The Project Subsidiaries Purchase Notice shall state the name of the Identified Project Subsidiaries, name and address of the Identified Project Subsidiaries Buyer along with the terms and conditions including the price offered by the Identified Project Subsidiaries Buyer (“**Project Subsidiaries Purchase Price**”), which shall provide the Investors with the Investor Exit Amount and the number of shares of the Identified Project Subsidiaries to be acquired by the Identified Project Subsidiaries Buyer which are held by the Company (collectively “**Identified Project Subsidiaries Shares**”).
  - (iv) On issue of Project Subsidiaries Purchase Notice, the Company shall, within sixty (60) days

from the date of the Project Subsidiaries Purchase Notice, obtain all approvals (including corporate, regulatory and third party approvals) necessary for transfer of the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer ("**Sale Approvals**")

- (v) Upon obtaining Sale Approvals, the Company shall transfer the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer. Such transfer of the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer shall be on terms and conditions no less favourable than those set out in the Project Subsidiaries Purchase Notice. The Company shall undertake to take all steps that may be required by the Identified Project Subsidiaries Buyer to complete the purchase of the Identified Project Subsidiaries Shares, including without limitation giving customary representations, warranties and covenants and providing requisite information and assistance to the Identified Project Subsidiaries Buyer for conducting any due diligence exercise.
  - (vi) Subject to any conditions in the arrangement entered into by the Company with its lenders, the net sale proceeds to the extent required to provide the Investors with the outstanding Investor Exit Amount shall be paid by the Company to the Investors. Such payment to the Investors may, at the option of the Lead Investor, be by way of buy-back of the IDFC Securities or Converted Shares (as the case may be) held by the Investors in the Company or transfer by the Investors of the IDFC Securities or Converted Shares to the Promoter Group or in any other manner acceptable to the Lead Investor. Subject to any conditions in the arrangement entered into by the Company with its lenders, immediately upon receipt of the cash proceeds received from the Identified Project Subsidiaries Buyer for the sale of the Identified Project Subsidiaries Shares, the net sale proceeds shall be deposited into an escrow account set up with an escrow agent mutually appointed by the Investors and the Company and in accordance with an escrow agreement in Agreed Form to be executed between the Company, the Investors and such escrow agent.
- c. If the sale referred to in Article 208.3 (a) and Article 208.3 (b) above is not concluded within 30 (Thirty) months of the Last Return Date, or if the proceeds of such sale are insufficient to meet the obligations of the Company and/or the Promoter Group to provide the Investors with the Investor Exit Amount in cash, then the Investors or their nominees shall, subject to applicable Law, have the right, at their sole discretion, to be issued such number of the equity shares of GIL, for a value amounting to the remainder of the Investor Exit Amount on the date of the shareholder resolution approving such allotment, at the minimum price as may be determined in accordance with the applicable SEBI regulations, subject to the aggregate gross shareholding of the IDFC Consortium and their nominees in GIL (including any disposal of the equity shares of GIL by the IDFC Consortium or their nominees through a secondary share sale) not exceeding 6.12% on a fully diluted basis (the "**Shareholding Limit**") and provided that the GMR Group's shareholding in GIL shall not fall below 51% on a fully diluted basis ("**GMR Shareholding Floor**") pursuant to such issuance of equity shares of GIL to the Investors or their nominees. It is clarified that the GMR Shareholding Floor shall not apply in case GIL inducts a Strategic Investor whether domestic or foreign. It is further clarified that in the event the members of the GMR Group sell any of the 2,784,643,677 equity shares in GIL held by the GMR Group as on December 31, 2013 through a secondary share sale, such sale shall not be taken into account while determining whether the GMR Shareholding Floor is being breached. GIL shall complete the allotment of such securities as specified hereinabove within a period of 70 (Seventy) days from the date when GIL receives a notice from the Lead Investor for the exercise of the Investors' right under this Article 208.3(c).
- d. If the equity shares of GIL allotted to the Investors are insufficient such that the Investors do not receive the Investor Exit Amount, then the Investors shall have the right, until they receive the remainder of the outstanding Investor Exit Amount, to recover the balance amounts through the following means, subject to applicable Law and other required regulatory, corporate or third party consents and approvals:
- (i) sale of whole or part of the IDFC Securities held by them to the Promoter Group or their respective nominees (which are entities forming part of the GMR Group) for a sale consideration equal to the balance Investor Exit Amount, followed by an allotment or transfer

to the Investors or their nominees of the shares of a Subsidiary at the same consideration, subject to such price being determined in accordance with applicable Law within a period of 60 (Sixty) days.

- (ii) a sale of any assets of the Company; or
- (iii) sale of whole or part of the IDFC Securities held by it to the Promoter Group or its respective nominees for a sale consideration equal to the balance Investor Exit Amount, followed by an allotment or transfer to the Investors of the securities of any other listed company of the GMR Group (other than GIL), for the same consideration, subject to such price being the minimum permissible price determined in accordance with applicable Law. The Promoter Group shall complete the allotment of such securities as specified hereinabove within a period of 70 (Seventy) days from the date when the Lead Investor sends a notice to the Promoter Group for exercising its right in this Article 208.3(d) (iii).

The valuation for the procedure as listed in this Article 208.3(d) (i) would be conducted by the independent valuer appointed in accordance with Article 205.10.

- e. It is clarified that the rights in Article 208.3(d) (i), (ii) and (iii) are listed above in no order of priority and that any one or more of the rights may be exercised by the Lead Investor on behalf of the Investors simultaneously, at its sole discretion, but always subject to applicable Law and other required regulatory, corporate or third party consents and approvals. It is further clarified that the Shareholding Limit shall not be applicable to such rights.
- f. GIL agrees and undertakes to, and agrees and undertakes to cause the relevant listed entity of the GMR Group (including GIL) to, make all reasonable efforts to facilitate the grant of all approvals required in connection with the exercise by the Investors of the rights specified at Article 208.3 (c) and Article 208.3 (d)(iii) above. Further, GIL irrevocably undertakes to the Investors that it shall vote all its shares in favour of any resolutions tabled at the board and/or shareholder meetings of the relevant listed entity of the GMR Group for obtaining the said approvals.

- 208.4 In the event the Investors sell the Shares held by them through the QIPO, the Investors shall not be obliged to provide any representations and warranties to the prospective buyer(s), except for any representations and warranties on the title and ownership of such Shares and on the authority to sell such Shares.
- 208.5 The Company shall bear and pay all expenses incurred in connection with a QIPO or IPO, including without limitation all registration, filing and qualification fees, and printers, legal and accounting fees and disbursements.
- 208.6 The Promoter Group shall contribute such number of Shares as may be required to fulfil statutory requirements of minimum offer to public shareholders.
- 208.7 Subject to applicable Law, the Company and the Promoter Group shall ensure that the Investors shall not be considered to be a “promoter” of the Company for any reason whatsoever. The Shares held by the Investors will only be subject to any statutory lock-in applicable to all non-promoter shareholders of the Company.
- 208.8 Subject to applicable Law, the Investors’ rights under these Articles after the completion of the QIPO in relation to (i) representation on the Board shall survive so long as the relevant Investors and IAL hold at least 5% of the issued and paid-up equity share capital of the Company and the rights incidental thereto under Articles 206.2 to 206.7 and 206.12; (ii) indemnity rights under Article 214 shall continue to the extent of claims accrued in the Pre-QIPO Period. It is expressly agreed between the Parties that notwithstanding anything to the contrary contained in these Articles or any other agreement, all other rights of the Investors and/or their Affiliates, nominees and transferees (if any) under these Articles or any other agreement, other than those provided in Article 210 hereto, shall lapse on the occurrence of a QIPO, save and except for rights which have already accrued, in accordance with, and subject to, the terms of these Articles, prior to the date of the QIPO as a result of a breach or default under these

Articles.

208.9 Accelerated Exit. Notwithstanding anything contained herein, at any time after the Effective Date, the Investors have the option to exercise their exit rights as set out in Article 208.9 (c), in any of the following circumstances and the Company and the Promoter Group shall give effect to these exit rights in the manner as provided in Article 208.9 (c):

a. Change in Control of GIL

For the purpose of this clause “change in control of GIL” shall mean the shareholding of the promoter and promoter group of GIL, as per the current (as on the date of these Articles) shareholding details filed by GIL with the stock exchanges where the shares of GIL are listed and as set out in the relevant **Annexure** of the Agreement, falling below 51% of the total share capital of GIL otherwise than due to the conversion of the securities allotted to the relevant members of the IDFC Consortium under the Promoter SSA. Provided that the exception in relation to the conversion of securities allotted to the relevant members of the IDFC Consortium under the Promoter SSA shall not apply (i) if GIL has inducted a Strategic Investor, whether domestic or foreign, and (ii) to the extent that any of the 2,784,643,677 equity shares in GIL held by the GMR Group as on December 31, 2013 have been sold through a secondary share sale.

b. Debt Repayment Default

Occurrence of a Payment Default by the Company in respect of any Indebtedness of an amount exceeding USD 50,000,000 (United States Dollars Fifty Million) or its equivalent in any currency, which default is not cured within a period of six (6) months from the date of such default.

c. Accelerated Exit Rights: The Investors have the following rights available to them upon occurrence of any of the events as mentioned in Article 208.9 (a) and (b):

- (i) The Lead Investor may, at its option, immediately notify in writing the Promoter Group (“**Investor Exit Notice**”) to purchase the IDFC Securities such that the Investors receive the Investor Exit Amount. The Promoter Group shall notify the Lead Investor within 15 Business Days after the receipt of the Investor Exit Notice as to whether the Promoter Group or their nominee is able and willing to purchase the IDFC Securities or the Converted Shares, as the case may be, such that the Investors receive the Investor Exit Amount.
- (ii) In the event the Promoter Group fails to notify the Lead Investor of their intention to purchase the IDFC Securities or the Converted Shares, as the case may be, within the time period as mentioned in (i) above, then the Company shall provide an exit to the Investors at the Investor Exit Amount, by selling one or more Project Subsidiaries, and subject to applicable Law, utilize the proceeds of such sale to purchase the IDFC Securities or the Converted Shares, as the case may be, for consideration in cash equal to the Investor Exit Amount in the following manner:
  - A. The Company and the Promoter Group shall together identify one or more Project Subsidiaries (collectively the “**Identified Project Subsidiaries**” and individually, the “**Identified Project Subsidiary**”) and shall issue a written notice to the Lead Investor, (“**Project Subsidiaries Identification Notice**”) providing the name(s) of the Identified Project Subsidiaries.
  - B. Upon issue of the Project Subsidiaries Identification Notice:
    - I. the Lead Investor shall be entitled to appoint one (1) director on the board of director of each of the Identified Project Subsidiaries,
    - II. the Company shall execute a non-disposal undertaking in favour of the Lead Investor for non-disposal of its shareholding in the Identified Project Subsidiaries,

- III. the articles of association of the Identified Project Subsidiaries shall be amended to incorporate the relevant provisions of the non-disposal undertaking executed by the Company pursuant to sub-clause (II) above.
- C. The Company shall notify the Lead Investor in writing (“**Project Subsidiaries Purchase Notice**”) of its intention to transfer shares held by it in the Identified Project Subsidiaries to a third party purchaser identified jointly by the Company and the Promoter Group (“**Identified Project Subsidiaries Buyer**”). The Project Subsidiaries Purchase Notice shall state the name of the Identified Project Subsidiaries, name and address of the Identified Project Subsidiaries Buyer along with the terms and conditions including the price offered by the Identified Project Subsidiaries Buyer (“**Project Subsidiaries Purchase Price**”), which shall provide the Investors with the Investor Exit Amount, and the number of shares of the Identified Project Subsidiaries to be acquired by the Identified Project Subsidiaries Buyer which are held by the Company, being shares which are subject to the non-disposal undertaking and such other shares as may be held by the Company in the Identified Project Subsidiary(ies) (collectively “**Identified Project Subsidiaries Shares**”).
  - D. On issue of Project Subsidiaries Purchase Notice, the Company shall, within sixty (60) days from the date of the Project Subsidiaries Purchase Notice, obtain all approvals (including corporate, regulatory and third party approvals) necessary for transfer of the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer (“**Sale Approvals**”).
  - E. Upon obtaining Sale Approvals, the Company shall transfer the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer. Such transfer of the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer shall be on terms and conditions no less favourable than those set out in the Project Subsidiaries Purchase Notice. The Company shall undertake to take all steps that may be required by the Identified Project Subsidiaries Buyer to complete the purchase of the Identified Project Subsidiaries Shares, including without limitation giving customary representations, warranties and covenants and providing requisite information and assistance to the Identified Project Subsidiaries Buyer for conducting any due diligence exercise.
  - F. Subject to any conditions in the arrangement entered into by the Company with its lenders, the net sale proceeds to the extent required to provide the Investors with the outstanding Investor Exit Amount shall be paid by the Company to the Investors. Such payment to the Investors may, at the option of the Lead Investor, be by way of buy-back of the IDFC Securities or Converted Shares (as the case may be) held by the Investors or transfer by the Investors of the IDFC Securities or Converted Shares to the Promoter Group or in any other manner acceptable to the Lead Investor. Subject to any conditions in the arrangement entered into by the Company with its lenders, immediately upon receipt of the cash proceeds received from the Identified Project Subsidiaries Buyer for the sale of the Identified Project Subsidiaries Shares, the net sale proceeds shall be deposited into an escrow account set up with an escrow agent mutually appointed by the Investors and the Company and in accordance with an escrow agreement in Agreed Form to be executed between the Company, the Investors and such escrow agent.
- (iii) If the sale referred to in (i) and (ii) above is not concluded within 6 (six) months from the Investor Exit Notice or such other period as may be mutually agreed by the Parties, or if the proceeds of such sale are insufficient to meet the obligations of the Company and/or the Promoter Group to provide the Investors with the Investor Exit Amount in cash, then the Investors or their nominees shall, subject to applicable Law, have the right, at their sole discretion, to be issued such number of the equity shares of GIL, for a value amounting to the remainder of the Investor Exit Amount on the date of the shareholder resolution approving such allotment, at the minimum price as may be determined in accordance with



the applicable SEBI regulations, subject to the aggregate gross shareholding of the IDFC Consortium and their nominees in GIL not exceeding the Shareholding Limit (including any disposal of the equity shares of GIL by the IDFC Consortium or their nominees through a secondary share sale), and provided that the GMR Group's shareholding in GIL shall not fall below the GMR Shareholding Floor pursuant to such issuance of equity shares of GIL to the Investors or their nominees. It is clarified that the GMR Shareholding Floor shall not apply in case GIL inducts a Strategic Investor, whether domestic or foreign. It is further clarified that in the event the members of the GMR Group sell any of the 2,784,643,677 equity shares in GIL held by the GMR Group as on December 31, 2013 through a secondary share sale, such sale shall not be taken into account while determining whether the GMR Shareholding Floor is being breached. GIL shall complete the allotment of such securities as specified hereinabove within a period of 70 (Seventy) days from the date when GIL receives a notice from the Lead Investor for the exercise of the Investors' right under this Article 208.3(c).

- (iv) If the equity shares of GIL allotted to the Investors are insufficient such that the Investors do not receive the Investor Exit Amount, then the Investors shall have the right, until they receive the remainder of the outstanding Investor Exit Amount, to recover the balance amounts through the following means, subject to applicable Law and other required regulatory, corporate or third party consents and approvals:
  - A. sale of whole or part of the IDFC Securities held by them to the Promoter Group or its respective nominees for a sale consideration equal to the balance Investor Exit Amount, followed by an allotment or transfer to the Investors of the shares of a Subsidiary at the higher of the fair market value or the Investor Exit Amount, subject to such price being determined in accordance with applicable Law within a period of 60 (Sixty) days.
  - B. a sale of any assets of the Company; or
  - C. sale of whole or part of the IDFC Securities held by it to the Promoter Group or their respective nominees for a sale consideration equal to the balance Investor Exit Amount and followed by an allotment or transfer to the Investors or their nominees of the securities of any other listed company of the GMR Group (other than GIL), for the same consideration, subject to such price being the minimum permissible price determined in accordance with applicable Law. The Promoter Group shall complete the allotment of such securities as specified hereinabove within a period of 70 (Seventy) days from the date when the Lead Investor sends a notice to the Promoter Group for exercising its right in this Article 208.9 (c) (iv) (C).

The valuation for the procedure as listed in this Article 208.9 (c) (iv) (A) would be conducted by the independent valuer appointed in accordance with Article 205.10.

- (v) It is clarified that the rights at Article 208.9 (d) (iv) (A), (B) and (C) are listed above in no order of priority and that any one or more of the rights may be exercised by the Lead Investor on behalf of all Investors simultaneously, at its sole discretion, but always subject to applicable Law and other required regulatory, corporate or third party consents and approvals. It is further clarified that the Shareholding Limit shall not be applicable to such rights.
- (vi) GIL agrees and undertakes to, and agrees and undertakes to cause the relevant listed entity of the GMR Group (including GIL) to, make all reasonable efforts to facilitate the grant of all approvals required in connection with the exercise by the Investors of the right specified at Article 208.9 (c) (iii) and Article 208.9 (c) (iv) (C) above. Further, GIL irrevocably undertakes to the Investors that it shall vote all its shares in favour of any resolutions tabled at the board and/or shareholder meetings of the relevant listed entity of the GMR Group for obtaining the said approvals.

#### 208.10 Issue of GIL shares.

- a. Any time post the Effective Date, if the QIPO of the Company has not been completed and the volume weighted average price of the equity shares of GIL for the immediately preceding period of 1 month on the stock exchange on which higher trading volume in equity shares of GIL is recorded over the same period, exceeds Rs. 40/- (Rupees Forty) per equity share of GIL, subject to adjustments for bonus or share split, the Investors shall have a right, exercisable at their option,
  - (i) to sell all the IDFC Securities held by them to GIL or its nominees for a sale consideration that is equal to the Investor Exit Amount; and
  - (ii) to be allotted equity shares of GIL at the same consideration as (i) above, subject to it being in accordance with Regulation 76 read with Regulation 71 of the SEBI ICDR Regulations, at the minimum price as determined in accordance with the SEBI ICDR Regulations and further subject to the aggregate shareholding of the IDFC Consortium and their nominees in GIL not exceeding the Shareholding Limit and the GMR Group's shareholding in GIL not falling below the GMR Shareholding Floor.

Provided that in the event the sale of the entire IDFC Securities and the subsequent allotment of equity shares of GIL, envisaged in Article 208.10 (a) (i) and (ii) above, leads to either the Shareholding Limit being exceeded or the shareholding of the GMR Group in GIL falling below the GMR Shareholding Floor, the Investors shall be entitled to sell only such part of the IDFC Securities to GIL or its nominee (as against all) which will not result in the Shareholding Limit or the GMR Shareholding Floor being breached, for a sale consideration equal to the proportionate Investor Exit Amount.

Further, in the event the Investors or their nominees were issued equity shares of GIL pursuant to Article 208.3, Article 208.9 and/or Article 208.10 prior to the conversion of the securities allotted to the relevant members of the IDFC Consortium under the Promoter SSA, and if upon such conversion of the securities allotted to the relevant members of the IDFC Consortium under the Promoter SSA, the total shareholding of the IDFC Consortium and their nominees in GIL were to exceed the Shareholding Limit or cause the GMR Group's shareholding in GIL to fall below the GMR Shareholding Floor, any member of the GMR Group shall have the right to require the relevant members of the IDFC Consortium to transfer to it up to such number of the shares held by the relevant members of the IDFC Consortium in GIL ("Excess Shares") which will be the higher of (i) the number of shares which cause the aggregate shareholding of the IDFC Consortium and their nominees in GIL to exceed the Shareholding Limit, or (ii) the number of shares which cause the GMR Group's shareholding in GIL to breach the GMR Shareholding Floor, within a period of 60 (sixty) days after the allotment of equity shares of GIL to the investors pursuant to the conversion of the securities allotted to the investors under the Promoter SSA ("Excess Shares Purchase Period"), at the market price of the equity shares prevailing on the date of the transfer of the Excess Shares ("GIL Market Price"). The transfer of the Excess Shares will take place on the stock exchange. Subject to applicable Law, if the GIL Market Price exceeds the average price at which the securities allotted to the investors under the Promoter SSA were converted to equity shares ("**Average Conversion Price**"), then the investors under the Promoter SSA shall ensure that GMR Group is compensated for this difference between the GIL Market Price and the Average Conversion Price in a tax efficient manner mutually agreed between the parties. Subject to applicable Law, if the Average Conversion Price exceeds the GIL Market Price, then the GMR Group shall ensure that the investors under the Promoter SSA are compensated for this difference between the Average Conversion Price and the GIL Market Price in a tax efficient manner mutually agreed between the parties. The relevant members of the IDFC Consortium hereby undertake not to sell the Excess Shares to any third party during the Excess Shares Purchase Period. It is clarified that the GMR Group may exercise its right under this Article 208.10 (a) any number of times during the Excess Shares Purchase Period.

b. GIL shall complete such allotment of the equity shares of GIL pursuant to (ii) above within a period of 70 (Seventy) days from the date on which such volume weighted average price of Rs. 40/- per equity share of GIL is reached and is notified in writing to GIL by the Lead Investor.

c. The equity shares of GIL issued by GIL pursuant to the aforesaid, shall be locked-in until the later of either:

(i) the applicable lock-in requirement under the SEBI ICDR Regulations; or

(ii) twenty four (24) months from the date of execution of the Transaction Documents.

208.11 Corporate Debt Restructuring of the Company. The Promoter Group and the Company shall obtain the written approval of the Lead Investor prior to entering into any corporate debt restructuring of the Company. Upon the Lead Investor providing its approval on the corporate debt restructuring, the Promoter Group and the Company shall use its best endeavours to provide the Investors with an exit from the Company as soon as practicable in a manner practicable at such time.

## 209. INTENT AND EFFECT OF THE AGREEMENT

209.1 The Promoter Group undertakes to ensure that it, its representatives, proxies and agents representing it at general meetings of the shareholders of the Company shall at all time exercise their votes and, through their respective nominated Directors (or Alternate Directors) at Board meetings and otherwise to the extent permitted by Law, act in such manner so as to comply with, and to fully and effectually implement, the spirit, intent and specific provisions of these Articles. In respect of all Fundamental Issues, the Promoter Group and the Company agree and shall ensure no action shall be taken by the Board (at a meeting or by circular resolutions) or by the shareholders (at a meeting or by postal ballot) without prior Investor Consent.

209.2 Each of the Parties hereto undertakes with the other to fully and promptly observe and comply with the provisions of these Articles and the Articles of Association to the intent and effect that each and every provision thereof shall be enforceable by the Parties hereto inter se and in whatever capacity. In the event that there is any conflict between the Articles of Association and these Articles, the Parties shall to the extent necessary, cause the change, amendment or modification of the Articles of Association to eliminate any such inconsistency.

## 210. SUNSET CLAUSE

210.1 These Articles shall expire on the Investors ceasing to hold any Shares.

210.2 The provisions of Article 214 (Indemnification) shall survive expiry of these Articles.

210.3 In addition to the rights surviving in Article 210.2 above which shall survive expiry of the Pre-QIPO Period, the rights of the Investors pertaining to the Board representation as contained in Articles 206.1 to 206.7, indemnification rights as contained in Article 214, to the extent of any claims accrued in the Pre-QIPO Period shall survive expiry of the Pre-QIPO Period.

210.4 Notwithstanding anything to the contrary contained in these Articles or any other agreement, all rights, other than those referred to in Articles 210.2 and 210.3 above, of the Investors and/or their respective Affiliates, nominees and transferees (if any) under these Articles or any other agreement shall lapse on the occurrence of a QIPO.

210.5 The provision of this Article 210 shall survive QIPO and termination of these Articles.

## 211. PROMOTER GROUP COVENANTS

211.1 During the term of these Articles, each Promoter Group entity undertakes to not Transfer its economic interest in the Company to a subsidiary of any of the Promoter Group entities.

211.2 Further, during the term of these Articles, each Promoter Group entity undertakes to not cause any of its

subsidiaries or Affiliates that hold any Shares, to initiate an initial public offering of the shares of such subsidiary or Affiliate.

- 211.3 The Promoter Group undertakes to infuse Rs. 425.50 crores in the Company (“**Promoter Funding**”) pursuant to which it shall receive 75,188,155 Equity Shares, of which Rs. 248.69 crores has already been infused into the Company by the Promoter Group as on the date of these Articles. The Promoter Group further undertakes to cause the Promoter Funding to occur, (i) within a period of 6 (six) months from the date of these Articles; or (ii) prior to filing of the DRHP, whichever is earlier.

## 212. **COMPANY’S COVENANTS**

- 212.1 The Company undertakes that the sale of Excluded Business will be consummated at the book value of amount invested in the Excluded Business and the sale proceeds from the sale of the Excluded Business shall at all times remain within the Company to the extent of the book value of the Excluded Business and no money shall be remitted back to GIL at any point.
- 212.2 The Company undertakes that it shall not declare or pay any dividend on the preference shares held by Promoter Group prior to declaring or paying, as the case may be, dividend to the Investor in terms of these Articles or redeem any preference shares held by the Promoter Group prior to converting all the IDFC Securities in accordance with the terms of these Articles.
- 212.3 The Company undertakes that it shall not enter into any debt transaction for the benefit of any of its Subsidiaries that requires, and shall cause its Subsidiaries to not enter into any debt transaction that requires, the Company or its Subsidiaries to give covenants that have not been made by the Company and/or the Subsidiary in any previous transaction to any lender and which covenant would have a material adverse effect on any of the rights granted to the Investor under these Articles.

## 213. **MORE FAVOURABLE RIGHTS**

The Company and the Promoter Group shall not, without the Investor Consent, (i) grant rights to any Person, other than rights which are subordinate to those granted to the Investors and do not adversely affect the rights of the Investors herein, or (ii) provide any rights to any of the Other Investors which are more favourable than the rights provided to the Investors under these Articles, save and except for the exit rights provided to IAL under Article 225.3 below, which if exercised, would provide Claymore Investments (Mauritius) Pte. Ltd. (“**Claymore**”) an exit of such number of its securities in a tax efficient manner as shall provide Claymore a cash amount of Rs. 25 crore which amount would be adjusted with the outstanding investor exit amount due to Claymore under the restated shareholders agreement of even date entered into between Claymore, GIL, the Company and the Intermediate Companies. In the event the Promoter Group have any rights, privileges or protections or terms more favourable than those offered to the Investors, then the Investors will enjoy similar rights and privileges or protections.

## 214. **INDEMNIFICATION**

The Parties and the Intermediate Companies acknowledge that the Company, the Intermediate Companies and the Promoter have jointly and severally, under the provisions of the Agreement, undertaken certain indemnification obligations which provisions are deemed to be incorporated herein by way of reference.

## 215. **NON-COMPETE**

The Parties acknowledge that for the purpose of protection of the interests of the Company, the Promoter has under the provisions of the Agreement, undertaken certain non-compete obligations which provisions are deemed to be incorporated herein by way of reference.

## **ARTICLE 216 TO ARTICLE 232 TO HAVE OVERRIDING EFFECT IN RESPECT OF IDFC IAL INVESTMENT**

216. The provisions of Articles 216 to 232 hereof shall apply and prevail over the provisions of Articles 1 to 181 of Part II and any of the provisions in Part I of these Articles to the extent to which such provisions

are inconsistent or conflict with the provisions of Articles 216 to 232 in relation to IDFC IAL Investment.

## 217. DEFINITIONS

217.1 In the interpretation of the provisions of Articles 216 to 232 hereof, the following words and expressions shall have the following meanings respectively, unless excluded by subject or context.

“**Act**” means (a) the Companies Act, 1956, as amended from time to time, for the time being in force; or (b) the Companies Act, 2013, including any statutory modification or any re-enactment thereof for the time being in force;

“**Affiliate**” shall mean and include, in respect of a Person, any Person:

- (a) who, either directly or indirectly, through one or more intermediate Persons, is Controlling, Controlled by, or is under the common Control of or with, the first Person; or
- (b) whose 26% (Twenty Six Per Cent) or more of the voting securities are directly or indirectly, legally or beneficially, owned by the first Person or who owns, directly or indirectly, 26% (Twenty Six Per Cent) or more of the voting securities of the first Person; or
- (c) who is a Relative of such Person;

“**Agreed Form**” means a document in a form agreed in writing between the Investor and GIL and initialled for the purposes of identification by or on behalf of each of them (in each case with such amendments as may be agreed by or on behalf of such parties);

“**Agreement**” means the Amended and Restated Share Subscription and Shareholders Agreement together with its recitals, annexures and schedules, as may be amended from time to time in accordance with the provisions contained herein entered into between GIL, the Company, the Intermediate Companies, the Investor and the Lead Investor;

“**Beneficiaries**” shall mean the investors of Portfolio where such investors have entered into a portfolio management services agreement (“**PMS Agreement**”) with the Investor. The Beneficiaries have also executed a power of attorney for availing discretionary portfolio management services with the Investor in terms of the PMS Agreement;

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day (excluding Saturdays and Sundays) on which banks generally are open in Mumbai (India) and Bangalore (India) for the transaction of normal banking business;

“**Charter Documents**” mean the Memorandum of Association and the Articles of Association of the Company as amended from time to time;

“**Closing Date**” means July 7, 2010;

“**Competitor**” means any of the following:

- (a) a Person which carries on the Competing Business, whether in India or overseas; provided however, a Person shall not be deemed to be engaged in a Competing Business merely on account of such Person owning or operating captive power plants;
- (b) the promoters of any entities referred to in (a) above, where the term “promoters” for the purposes of this sub-Clause (b) shall (i) in case of entities listed on a stock exchange in India, be persons disclosed as promoters of such entities in their filings made with such stock exchanges; or (ii) in any other case, shall mean a person or a group of Persons in Control over such entity;
- (c) any Person who is directly or indirectly, through one or more intermediate persons, Controlling,

Controlled by, or is under the common Control of or with the Person referred to in (a) and (b) above;

(d) Any Relative of Persons referred to in clauses (a), (b) or (c) above;

*Provided that:*

- (i) a Competitor shall not include a financial investor unless such financial investor is:
  - (I) primarily carrying on the business of power generation, transmission, and distribution of electricity whether in India or overseas; or
  - (II) directly or indirectly, through one or more intermediate persons, Controlled by or under common Control of a person referred to in (a) or (b) or (c) or (d) above.
- (ii) without limiting the scope and the generality of the definition of the term “Competitor”, the entities referred to in the relevant **Annexure** of the Agreement are Competitors. The list of Competitors set out in the relevant **Annexure** of the Agreement may be updated by the Company annually within the month of April every year starting from 2011 so long as the Persons included therein satisfy the definition of Competitor set out herein;

“**Competing Business**” shall mean the business of power generation, transmission, distribution and trading of electricity;

“**Control**” together with its grammatical variations when used with respect to any Person, means and includes the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of the vote carrying securities, by contract or otherwise howsoever;

“**Converted Shares**” means the number of Equity Shares issued to the Investor upon conversion of the Portion B Securities in accordance with the terms of these Articles;

“**Date of Allotment**” shall be the date after the bid / issue effective date on which date intimation as regards allotment of Equity Shares pursuant to the QIPO shall be dispatched by the Company;

“**Deed of Adherence**” means the deed of adherence in the Agreed Form set out in the relevant **Annexure** of the Agreement;

“**Director(s)**” means a director of the Company;

“**Disclosure Letter**” means the disclosure letter delivered by the Company and/or GIL to the Lead Investor (acting on behalf of the IDFC Consortium) on the date of the Shareholders Agreement and on the Closing Date, containing exceptions, qualifications and disclosures set out in the relevant **Annexure** of the Agreement;

“**DRHP**” means draft red herring prospectus;

“**Effective Date**” means the date on which the IDFC Restated Shareholders Agreement comes into effect;

“**Encumbrance**” means any (i) encumbrance including without limitation any security interest, claim, mortgage, pledge, charge, hypothecation, lien, lease, assignment, deed of trust, title retention, deposit by way of security, beneficial ownership (including usufruct and similar entitlements), or any other similar interest held by a third Person, (ii) security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, (iii) right of pre-emption, right of first offer, or refusal or transfer restriction in favour of any Person, and/or (iv) any adverse claim as to title, possession or use;

“**Excluded Business**” means the airport and road business of the Company, the details of which are set

out in the relevant **Annexure** of the Agreement;

“**EPC Contracts**” means any contract in relation to construction, design, engineering, procurement or supply in relation to the business of the Company or its Subsidiaries;

“**Equity Shares**” means the issued and fully paid-up equity shares of the Company, having a face value of Rs. 10/- (Rupees Ten) each;

“**Financial Investor**” means any investor who is predominantly engaged in the business of making investments in a company in order to gain a financial return;

“**Financial Year**” means the 12 (Twelve) month period commencing on April 1 of a calendar year and ending on March 31 of the next calendar year;

“**Fully-Diluted Basis**” means the total of all classes and series of shares outstanding on a particular date, combined with all stock options (whether exercised or not), warrants (whether exercised or not), convertible securities of all kinds, all on an “as if converted” basis;

For the purpose of these Articles, “as if converted” basis shall mean as if such instrument, option or security had been converted into Equity Shares of the Company in accordance with the Price Per Share;

“**GHPL**” means GMR Holdings Private Limited a company incorporated in India under the provisions of the Companies Act, 1956, having its registered office at Naman Centre, 7th Floor, Opp. Dena Bank, Plot No.C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, India;

“**GIL**” means GMR Infrastructure Limited, a company incorporated in India under the provisions of the Companies Act, 1956, having its registered office at Skip House, 25/1, Museum Road, Bangalore – 560 025, India;

“**GMR Group**” means the Affiliates and / the subsidiaries of the current promoter / promoter group of GIL;

“**Governmental Authority**” includes the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same or any governmental or political subdivision thereof, any legislative, executive or administrative body, municipality or any local or other authority, trade agency, regulatory authority, court, tribunal or arbitral tribunal, exercising powers conferred by Law in India and shall include, without limitation, the Department of Company Affairs, Securities and Exchange Board of India (“**SEBI**”), the Reserve Bank of India (“**RBI**”) and the Foreign Investment Promotion Board (“**FIPB**”);

“**Governmental Approvals**” means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, certificate, exemption, order, registration, declaration, filing, report or notice, of, with or to any Governmental Authority;

“**IDFC Consortium**” means a consortium of the Investor, the Lead Investor, IDFC Limited (formerly known as Infrastructure Development Finance Company Limited), Ascent Capital Advisors India Private Limited and GKFF Ventures (formerly known as Argonaut Ventures) who had collectively invested in the Company in accordance with the terms of the Shareholders Agreement;

“**IDFC Co-Investors**” means the Investor, the Lead Investor, IDFC Limited (formerly known as Infrastructure Development Finance Company Limited), Ascent Capital Advisors India Private Limited and GKFF Capital;

“**IDFC Restated Shareholders Agreement**” means the restated share subscription and shareholders agreement of even date entered into between the Lead Investor, IDFC Limited (formerly known as Infrastructure Development Finance Company Limited), Ascent Capital Advisors India Private Limited and GKFF Capital;

“**Indebtedness**” as applied to any Person, means, without duplication, (a) all indebtedness for borrowed money, (b) all obligations evidenced by a note, bond, debenture, letter of credit, draft or

similar instrument, (c) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with Indian GAAP (and when required under applicable Law, the International Financing Reporting Standards) of the applicable jurisdiction, (d) notes payable and drafts accepted representing extensions of credit, (e) any obligation owed for all or any part of the deferred purchase price of property or services, (f) all guarantees of any nature extended by such Person with respect to Indebtedness of any other Person and (g) all indebtedness and obligations of the types described in the foregoing clauses (a) through (f) to the extent secured by any Encumbrance on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person;

“**Indian GAAP**” shall mean generally accepted accounting standards and principles in India;

“**Investor**” means IDFC Investment Advisors Limited;

“**Investor Consent**” means the prior written consent of the Lead Investor or consent provided by the Investor Director at a meeting of the Board or committee thereof or consent provided by the Lead Investor at a meeting of the shareholders of the Company, as the case maybe;

“**Investor Director**” means the Director nominated by the Lead Investor, pursuant to Article 223 of these Articles;

“**Investor Securities**” means collectively, the Portion A Securities and Portion B Securities;

“**Investor Shares**” means such Equity Shares that the Investor may hold or acquire in accordance with the terms of these Articles including the Converted Shares;

“**IPO**” means an offering to the public of equity shares / ordinary shares / common shares of the Company;

“**IPO Merchant Bankers**” shall mean at least two (2) of the merchant bankers (being reputable merchant banking firms of a recognized high standing) appointed by the Company for managing the QIPO;

“**Last Return Date**” means November 29, 2013;

“**Law**” means all applicable:

- (b) statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies issued by any Governmental Authority; and
- (b) administrative interpretation, writ, injunction, directions, directives, judgement, arbitral award, decree, orders or Governmental Approvals of, or agreements with, any Governmental Authority or recognized stock exchange,

as may be in force from time to time;

“**Lead Investor**” means IDFC Private Equity Fund III;

“**Losses**” means all direct losses, claims, costs, and damages (whether or not resulting from third party claims), including interests and penalties with respect thereto, out-of-pocket expenses, reasonable attorneys’ and accountants’ fees and disbursements, but excluding indirect, consequential or exemplary damages;

“**Material Adverse Effect**” means any:

- (a) event, occurrence, fact, condition, change, development or effect that is or may be materially adverse to the Business, or its operations, condition (financial or otherwise), properties, prospects or assets (whether tangible or intangible) or liabilities of the Company; or



- (b) material impairment of the ability of the Company and / or GIL and/or the Promoter Group, as the case may be, to perform their respective obligations hereunder;

**“Ordinary Course of Business”** shall mean the ordinary course of business of the Company consistent with past custom and practice, to the extent consistent with applicable Law;

**“Other Investors”** means the investors other than the Investor, who have invested in the Company;

**“Payment Default”** means the receipt of a notice of default from a lender in terms of the relevant lending agreement;

**“Person(s)”** means any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, Government Authority or trust or any other entity or organization;

**“Portion A Return”** means the amount as set out in the Agreement, which amount includes the accretion of 5% per annum on the basis of the QIPO occurring post 18 months from the Effective Date. In the event the QIPO occurs prior to 18 months from the Effective Date, this amount would be recalculated to compute the proportionate return due to the Investor in accordance with the illustration provided in the relevant **Annexure** of the Agreement;

**“Portion B Return”** means the amount as set out in the Agreement;

**“Portion A Securities”** means 2,50,000 compulsorily convertible preference shares of the Company of face value of Rs. 1,000 each at par;

**“Portion B Securities”** means 2,50,000 compulsorily convertible preference shares of the Company of face value of Rs. 1,000 each at par;

**“Post-QIPO Period”** means the period commencing on the date of completion of a QIPO until the Investor ceases to hold any Shares in the Company;

**“Pre-QIPO Period”** means the period commencing on the Closing Date until the completion of a QIPO;

**“Price Per Share”** means the amount as set out in the Agreement, which is the price calculated on the assumption of the Conversion Valuation being the amount as set out in the Agreement (as computed in accordance with the relevant **Annexure** of the Agreement), which price would change in the event the Conversion Valuation changes on account of adjustments, if any, as contemplated under Article 218.2 of these Articles (as illustrated in the relevant **Annexure** of the Agreement). It is clarified that the Price Per Share will be further adjusted in the event of any splits, bonuses or adjustments to share capital of the Company;

**“Project Chhattisgarh”** means the project undertaken by GMR Chhattisgarh Energy Limited;

**“Project Emco”** means the project undertaken by Emco Energy Limited;

**“Project Kakinada”** means the natural gas-based combined cycle power plant with a gross capacity of 235 MW undertaken by the Company in Kakinada;

**“Project Kamalanga”** means the project undertaken by GMR Kamalanga Energy Limited;

**“Project Subsidiaries”** mean the Subsidiaries of the Company which are engaged in projects relating to the Business at the relevant time;

**“Promoter Director”** means a director nominated to the Board of Directors of the Company and/or the Subsidiary by the Promoter Group, not being an independent director;

**“Promoter Group”** means such entities of the GMR Group, excluding GHPL and its shareholders, which directly and / or indirectly hold Shares in the Company;

**“Promoter Shares”** means any Shares held (or which may be held at a later date) by the Promoter Group and/or the Affiliates of the Promoter Group;

**“Promoter SSA”** means the share subscription and shareholders agreement of even date entered into between Skyron Eco-Ventures Private Limited, IDFC Limited, Premier Edu-Infra Solutions Private Limited, GKFF Ventures and GIL;

**“Put Exercising Date”** means January 31, 2016;

**“QIPO”** means an IPO of the Company fulfilling the following conditions:

- (i) the equity shares of the Company are listed or quoted on any of Bombay Stock Exchange Limited or the National Stock Exchange of India Limited, or an internationally recognized stock exchange or quotation system agreed to by the Lead Investor in writing, which consent will not be unreasonably withheld if similar rights which are available to the Investor in a domestic IPO, including but not limited to offer for sale, are given to the Investor in an international IPO;
- (ii) all decisions in respect of the offering including the timing and pricing, are to be made either, (a) by the IPO Committee (if formed) on which the Investor Director is a member or (b) by the Company in consultation with the Lead Investor;
- (iii) The issue size is in accordance with Article 225.1;
- (iv) the offering is managed by at least two (2) reputable merchant banking firms of recognized high standing in the market in which the Equity Shares are to be offered, who are appointed with the consent of the Lead Investor;
- (v) the offering complies with all applicable legal, regulatory and listing requirements;

**“Related Party”** shall mean in relation to a Person, such Persons who are “related parties” of the first Person within the meaning of the said term under Accounting Standard 18 prescribed by the Institute of Chartered Accountants of India as on the date of these Articles and in case of the Company, shall include the Persons identified in the relevant **Annexure** of the Agreement. The list set out in the relevant **Annexure** of the Agreement may be updated by the Lead Investor for the Related Party of the Company, GIL or the Promoter Group, as the case may be, annually within one month from the audited accounts of the Company being published every year so long as the Persons included therein satisfy the definition of Related Party set out herein;

**“Relative”** shall mean the spouse, children or parents of the concerned Person;

**“RHP”** means the updated red herring prospectus filed with SEBI;

**“Rupees”** or **“Rs.”** or **“INR”** means the lawful currency of the Republic of India;

**“SEBI”** means Securities and Exchange Board of India;

**“SEBI ICDR Regulations”** means SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any statutory modification, amendments or re-enactments thereof for the time being in force.

**“Shares”** mean Equity Shares, Investor Securities, Investor Shares, Converted Shares, Promoter Non-Convertible Securities, or such other class or series of shares or stock that may be issued by the Company from time to time;

**“Statutory Auditor”** means the current statutory auditor of the Company appointed in accordance with the provisions of the Act;

**“Strategic Investor”** means any investor who is not a Financial Investor;

“**Subscription Amount**” means the aggregate Subscription Amount for Portion A and Subscription Amount for Portion B;

“**Subscription Amount for Portion A**” shall mean the amount as set out in the Agreement;

“**Subscription Amount for Portion B**” shall mean the amount as set out in the Agreement;

“**Subsidiaries**” mean the Subsidiaries (as defined under the Act) of the Company whose primary business is the Business;

“**Tax**” or “**Taxation**” means all forms of taxation, duties, levies, imposts, including without limitation corporate income tax, wage withholding tax, fringe benefit tax, provident fund, employee state insurance and gratuity contributions, value added tax, customs and excise duties, and other legal transaction taxes, dividend / withholding tax, real estate taxes, other municipal taxes and duties, environmental taxes and duties and any other type of taxes or duties in any relevant jurisdiction, together with any interest, penalties, surcharges or fines relating thereto, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction or country;

“**Transfer**” means (in either the noun or the verb form and including all conjugations thereof with their correlative meanings) with respect to any ownership interests, the direct or indirect sale, assignment, Encumbrance, transfer or other disposition (whether for or without consideration, whether directly or indirectly, whether voluntary or involuntary or by operation of law) of any such ownership interests or of any direct or indirect beneficial interest therein or the creation of any third party interest in or over such ownership interests;

“**Treasury Policy**” means the policy as enclosed in the relevant **Annexure** of the Agreement;

217.2 The following terms shall have the meanings as set forth in the provisions provided below:

Acceptance Period	<u>Article 222.2</u>
Actual IPO Valuation	<u>Article 219.2 (ii) (D)</u>
Business Plan	<u>Article 223.18</u>
Consultant Recommendations	<u>Article 224.2(xvii)(b)</u>
Conversion Date	<u>Article 219.4(a)</u>
Conversion Valuation	<u>Article 218.2</u>
EMCO Sale	<u>Article 224.2 (vi)</u>
ESOP	<u>Article 224.2 (xiv)</u>
Expected QIPO Valuation	<u>Article 219.1</u>
Fundamental Issues	<u>Article 224.2</u>
Further Acceptance Notice	<u>Article 222.2</u>
Further Notice	<u>Article 222.2</u>
Further Shares	<u>Article 222.1</u>
Further Shares Notice	<u>Article 222.2</u>
Identified Project Subsidiaries Buyer	<u>Article 225.9 (c) (ii) (C)</u>
Identified Project Subsidiaries Investor Shares	<u>Article 225.9 (c) (ii) (C)</u>
Identified Project Subsidiaries	<u>Article 225.9 (c) (ii) (A)</u>
Investor Acceptance Notice	<u>Article 221.13</u>
Investor Offer Shares	<u>Article 221.6</u>
IPO Committee	<u>Article 225.1 (c)</u>
Minimum Promoter Shareholding	<u>Article 221.2 (a)</u>
Offer Notice	<u>Article 221.4</u>
Offered Shares	<u>Article 221.4</u>
Offer Price	<u>Article 221.4</u>
Offer Period	<u>Articles 221.5 and 221.6</u>

Permitted Purpose	<u>Article 221.2 (b)</u>
Portion A Exit Amount	<u>Article 225.1 (a) (i)</u>
Portion B Exit Amount	<u>Article 225.3 (a)</u>
Project Subsidiaries Identification Notice	<u>Article 225.9 (c) (ii) (A)</u>
Project Subsidiaries Purchase Notice	<u>Article 225.9 (c) (ii) (C)</u>
Project Subsidiaries Purchase Price	<u>Article 225.9 (c) (ii) (C)</u>
Promoter Funding	<u>Article 230.3</u>
Promoter Non-Convertible Securities	<u>Article 218.4</u>
Proposed Transferee	<u>Article 221.4</u>
Put Option	<u>Article 225.3 (a)</u>
QIPO Conversion Date	<u>Article 225.1 (a) (i)</u>
Response Notice	<u>Articles 221.5 and 221.6</u>
RHP Lower Band	<u>Article 219.2 (ii) (D)</u>
ROFO Refusal Notice	<u>Article 221.13</u>
ROFO Shares	<u>Article 221.13</u>
ROFO Notice	<u>Article 221.13</u>
ROFO Period	<u>Article 221.13</u>
ROFO Acceptance Notice	<u>Article 221.13</u>
ROFO Price	<u>Article 221.13</u>
Sale Approvals	<u>Article 225.9 (c) (ii) (D)</u>
Sale Shares	<u>Articles 221.5</u>

## 218. INVESTOR SECURITIES

218.1 The terms governing the Investor Securities held by the Investor are set out in these Articles.

218.2 Conversion Valuation: The Portion B Securities shall be converted to Equity Shares at a valuation of the amount as set out in the Agreement (“**Conversion Valuation**”), subject to any adjustments in connection with the following:

- a. EMCO Sale: Any time after the Effective Date, if the Company is desirous of effecting the EMCO Sale, the Company shall send a written notice to the Investor 10 (ten) days prior to the expected date of the EMCO Sale specifying the expected aggregate proceeds to be recovered from the EMCO Sale. The Parties will adjust the Conversion Valuation for any difference between the aggregate proceeds received from the EMCO Sale and the proportionate equity value of Rs. 1800 crores as reduced by any amount of the equity infusion of Rs. 130 crores assumed for the calculation of the equity value of Project EMCO in the Conversion Valuation which has not been made. An illustration explaining the mechanism for such adjustment is set out in the relevant **Annexure** of the Agreement;
- b. QIPO valuation: Valuation of the QIPO in accordance with Article 219.2;
- c. Exit mechanism: Any of the exit mechanisms as provided under Article 225.1;
- d. Tag-Along Right: Upon the Investor exercising its tag-along right in accordance with Articles 221.5, 221.6 and 221.9. An illustration explaining the adjustment is set out in the relevant **Annexure** of the Agreement;
- e. Promoter Funding: The Promoter Group failing to bring in the Promoter Funding in accordance with Article 230.3. An illustration explaining the adjustment is set out in the relevant **Annexure** of the Agreement; or
- f. Sale of Excluded Business: Upon the sale of any of the assets of the Excluded Business being below its respective book value, as set out in the relevant **Annexure** of the Agreement. An illustration explaining the adjustment is set out in the relevant **Annexure** of the Agreement.

218.3 Notwithstanding anything contained in these Articles, if in the event of winding up or liquidation of the Company, the amount received by the Investor is less than the Portion A Exit Amount and the Portion B Exit Amount due to the Investor under the terms of these Articles, such difference shall be made good by the Promoter Group from the receipts of liquidation received by the Promoter Group or otherwise.

218.4 As on the Effective Date, the GMR Group does not hold any convertible instrument in the Company apart from certain securities purchased by the GMR Group from the Other Investors and certain loans taken by the Company from the GMR Group which are set out in the relevant **Annexure** of the Agreement ("**Promoter Non-Convertible Securities**") and set out in the relevant **Annexure** of the Agreement, which are not being converted into Equity Shares of the Company.

## 219. **CONVERSION OF THE PORTION B SECURITIES INTO EQUITY SHARES**

219.1 Expected QIPO Valuation. The IPO Merchant Bankers shall, within fifteen (15) Business Days prior to filing of the DRHP, indicate in writing to the Company and the Lead Investor, the expected QIPO valuation, which shall be the lower end of the band as determined by the IPO Merchant Bankers ("**Expected QIPO Valuation**"). In the event the Expected QIPO Valuation is less than the amount as set out in the Agreement or such other limit below which the Investor will need to be allotted Equity Shares at a discount to the face value of the Equity Shares, then the Company will make relevant adjustments at that time in a tax efficient manner to ensure that the Investor is always provided the Portion B Exit Amount.

219.2 Conversion. The Portion B Securities shall be compulsorily converted into a fixed number of Equity Shares at the price determined in accordance with this Article 219.2, not more than seven (7) Business Days prior to the expected date of filing of the DRHP by the Company for a QIPO if it is proposed that the Investor will participate in the QIPO by way of an offer for sale (such conversion being only to the extent required to enable the Investor to participate in an offer for sale) and /or not more than seven (7) Business Days prior to the expected date of filing of the RHP by the Company. Provided that the Investor may, at any time after the Effective Date, convert such Portion B Securities at the Price Per Share as are required to be converted into Equity Shares to enable it to exercise the following rights:

- a. Tag-along rights under Articles 221.3 to 221.10; and
- b. Sale of the ROFO Shares in accordance with Article 221.13.

### (i) **QIPO prior to 12 months from the Last Return Date**

- A. Conversion at the DRHP stage: In the event the Portion B Securities are converted at the DRHP stage on account of the Investor participating in an offer for sale in the QIPO, the Portion B Securities would be converted at the valuation which is the lower of: (i) ten per cent (10%) below the Expected QIPO Valuation, which amount shall not be less than the amount as set out in the Agreement or (ii) the Price Per Share. It is clarified that only such number of Portion B Securities shall be converted at the DRHP Stage as are required to enable the Investor to participate in the QIPO by way of an offer for sale of such number of Equity Shares in the QIPO as specified in Article 225.1(a) or as required by SEBI or the Stock Exchanges. An illustrative example for such conversion is set out in the relevant **Annexure** of the Agreement.
- B. Conversion at the RHP stage: In the event the Portion B Securities are converted at the RHP stage (including such Portion B Securities which are not converted at the DRHP stage), the Portion B Securities would be converted at such price as illustrated in the relevant **Annexure** of the Agreement. Upon such conversion, the Investor would hold such number of Equity Shares as if the entire Portion B Securities has been converted at the lower end of the price band indicated by the Merchant Bankers in writing to the Company and the Lead Investor, 7 Business Days prior to the filing of the RHP.
- C. In the event that the Investor does not receive the Portion B Exit Amount calculated as the aggregate of:

- i. the gross amount received by the Investor for the Converted Shares sold by the Investor as part of any offer for sale component in the QIPO, using the actual price at which Equity Shares are issued to subscribers to the QIPO, and
- ii. the value of the balance Converted Shares held by the Investor, using the actual price at which Equity Shares are issued to subscribers to the QIPO,

then the Investor shall be indemnified by the Promoter Group for such shortfall in the Portion B Exit Amount in a tax efficient manner and towards this purpose the Investor shall, subject to applicable Law, be entitled to require the Promoter Group to transfer, or cause the transfer, to the Investor without the Investor being required to pay any further amounts, as soon as permissible under applicable Law, the required number of Equity Shares which will provide the Investor with the quantum of shortfall in the Portion B Exit Amount at the actual price at which Equity Shares are issued to subscribers to the QIPO. Provided that if applicable Law stipulates a minimum price for such transfer, then the amount paid by the Investor to the Promoter Group and/or the Company for such transfer shall be returned to the Investor in a tax efficient manner.

All Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group.

- D. The Investor shall transfer, and the Promoter Group and/or the Company shall, subject to applicable Law, be entitled to require the Investor to transfer to the Promoter Group and/or the Company and/or their nominee/s who is a part of the GMR Group, as soon as permissible under applicable Law, without the Promoter Group and/or the Company being required to make any payments for such transfer, such number of Converted Shares as are over and above the number of Converted Shares that provide the Investor the Portion B Exit Amount, calculated as the aggregate of:

- i. the gross amount received by the Investor for the Converted Shares sold by the Investor as part of any offer for sale component in the QIPO, using the actual price at which Equity Shares are issued to subscribers to the QIPO; and
- ii. the value of the balance Converted Shares, using the actual price at which Equity Shares are issued to subscribers to the QIPO.

Provided that if applicable Law stipulates a minimum price for such transfer, then the amount paid by the Promoter Group and/or the Company to the Investor for such transfer shall be returned by the Investor to the Promoter Group and/or the Company in a tax efficient manner. However, all Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group and/or the Company. An illustrative example for such transfer is set out in the relevant **Annexure** of the Agreement.

(ii) **QIPO post 12 months from the Last Return Date**

- A. Conversion at the DRHP stage: In the event the Portion B Securities are converted at the DRHP stage on account of the Investor participating in an offer for sale in the QIPO, the Portion B Securities would be converted at the lower of (i) valuation which is ten per cent (10%) below the Expected QIPO Valuation, which amount shall not be less than the amount as set out in the Agreement or (ii) the Price Per Share. It is clarified that only such number of Portion B Securities shall be converted at the DRHP stage as are required to enable the Investor to participate in the QIPO by way of an offer for sale of such number of Equity Shares in the QIPO as specified in Article 225.1(a) or as required by SEBI or the Stock Exchanges. An illustrative example for such conversion is set out in the relevant **Annexure** of the Agreement.
- B. Conversion at the RHP stage: In the event the Portion B Securities are converted at the RHP stage (including such Portion B Securities which are not converted at the DRHP

stage), the Portion B Securities would be converted at the price which is the minimum of (i) such price as illustrated in set out in the relevant **Annexure** of the Agreement, upon conversion of which the Investor would hold such number of Equity Shares that have been allotted at the valuation at the lower end of the price band indicated by the Merchant Bankers in writing to the Company and the Lead Investor, 7 Business Days prior to the filing of the RHP; and (ii) the Price Per Share. An illustrative example for such conversion is set out in the relevant **Annexure** of the Agreement.

C. In the event that the Investor does not receive the Portion B Exit Amount calculated as the aggregate of:

- i. the value of the Converted Shares sold by the Investor as part of any offer for sale component in the QIPO, using the actual price at which Equity Shares are issued to subscribers to the QIPO, and
- ii. the value of the balance Converted Shares held by the Investor, using the actual QIPO price at which Equity Shares are issued to subscribers to the QIPO;

then the Investor shall be indemnified by the Promoter Group for such shortfall in the Portion B Exit Amount in a tax efficient manner and towards this purpose the Investor shall, subject to applicable Law, be entitled to require the Promoter Group to transfer, or cause the transfer, to the Investor without the Investor being required to pay any further amounts, as soon as permissible under applicable Law, required number of Equity Shares which will provide the Investor with the quantum of shortfall in the Portion B Exit Amount at the actual price at which Equity Shares are issued to subscribers to the QIPO. Provided that if applicable Law stipulates the minimum price for such transfer, then the amount paid by the Investor to the Promoter Group and/or the Company for such transfer shall be returned to the Investor in a tax efficient manner.

All Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group.

D. Where the lower band of the valuation at which the Portion B Securities are converted at the RHP stage ("**RHP Lower Band**") is less than the Conversion Valuation and the valuation at which the IPO is subscribed ("**Actual IPO Valuation**") is higher than the RHP Lower Band, then the Investor shall transfer, and the Promoter Group and/or the Company shall be entitled to require the Investor to transfer to the Promoter Group and/or the Company and/or their nominee/s who is a part of the GMR Group, as soon as permissible under applicable Law, without the Promoter Group and/or the Company being required to make any payments for such transfer, such number of Converted Shares as are equal to:

- i. the difference in the number of Converted Shares received upon conversion at the RHP Lower Band and the number of Converted Shares which would have been received if the Portion B Securities were converted at the Conversion Valuation, if the Actual IPO Valuation is higher than the Conversion Valuation; or
- ii. the difference in the number of Converted Shares received upon conversion at the RHP Lower Band and the number of Converted Shares which would have been received if the Portion B Securities were converted at the Actual IPO Valuation, if the Actual IPO Valuation is higher than the RHP Lower Band but lower than the Conversion Valuation.

Provided that if applicable Law stipulates a minimum price for such transfer, then the amount paid by the Promoter Group and/or the Company to the Investor for such transfer shall be returned by the Investor to the Promoter Group and/or the Company in a tax efficient manner. However, all Taxes, costs and expenses in connection with such transfer shall be borne by the Promoter Group and/or the Company. An illustrative example for such transfer is set out in the relevant **Annexure** of the Agreement.

The transfers contemplated under Article 219.2 (i) (C) & (D) or 219.2(ii) (C) & D shall be

completed within 60 (sixty) days of the date of the actual QIPO. In the event that applicable Law at the relevant time does not permit the Parties to undertake the transfer of the Equity Shares in the manner set out in Article 219.2 (i) (C) & (D) or 219.2(ii) (C) & D above within the said period of 60 (sixty) days above, then the Parties shall explore alternate mutually acceptable mechanisms to fulfil their respective undertakings as soon as permissible under applicable Law. The Parties further agree that for the purposes of giving effect to the provisions set out in Article 219.2 (i) (C) & (D) or 219.2 (ii) (C) & D above, the Party holding any shares that are required to be transferred Article 219.2 (i) (C) & (D) or 219.2 (ii) (C) & D shall not Transfer any such shares to any third party and that the Parties shall, agree upon mutually acceptable terms to ensure that all rights in relation to such shares are held for the benefit of the other Party.

219.3 Conversion formula in Illustrative Example. An illustrative example for the transfer under Article 219.2 (i) (C) & (D) and Article 219.2 (ii) (C) & D are set out in the relevant **Annexures** of the Agreement.

219.4 Procedure for Conversion of Portion B Securities into Equity Shares on the Occurrence of the Conversion Event set out in Article 219.2.

- a. Conversion shall take place on such date as specified in Article 219.2 or such other later date determined by the Investor as may be permitted in applicable Law, as the case may be (“**Conversion Date**”) in the manner set out in these Articles.
- b. The Investor shall send a notice to the Company 2 (two) days prior to the Conversion Date stating its intention to convert the Portion B Securities in accordance with this Article 219.
- c. Upon the conversion of the Portion B Securities in accordance with Article 219.2 of these Articles, the Company shall notify the Investor in writing of the number of Equity Shares issued to the Investor.
- d. On the Conversion Date, the following events shall occur simultaneously:

A meeting of the Board shall be convened at which the following shall be resolved in Agreed Form:

- i. The Board shall pass a resolution in Agreed Form allotting and issuing to the Investor the Equity Shares upon conversion of the Portion B Securities; and
- ii. The Company shall issue instructions to its depository to credit the Equity Shares issued upon conversion of the Portion B Securities to the demat account of the Investor, which Equity Shares may be segregated by the Investor as required under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 as amended and supplemented from time to time, and the Company shall provide its full support and co-operation to enable the Investor to be so compliant.
- e. All costs and expenses of the said exercise of conversion shall be to the account of the Company. It is clarified that any and all Taxes (excluding stamp duty charges which shall be borne by the Company) that arise on account of the conversion of the Investor Securities and the subsequent disposal of the Converted Shares, shall be borne solely by the Investor.
- f. The Company hereby irrevocably covenants to, and GIL and the Promoter Group shall cause the Company to, take all steps and actions as may be required by the Investor at its sole discretion to achieve the objective of this Article 219.4.
- g. The Company shall (and the Promoter Group shall cause the Company to) at all times after the Effective Date, maintain sufficient authorized share capital for issue of Equity Shares for the above purpose and for the purpose of conversion of the Portion B Securities and in the event that the authorized share capital is not sufficient for issue of Equity Shares, the Company shall and the Promoter Group shall cause the Company to undertake all corporate approvals (including shareholders’ approvals) for increase of the authorized share capital sufficient for



issue of Equity Shares for the conversion.

219.5 Post-Conversion Obligations.

The Company shall:

- i. within prescribed time period, file with the RoC Form No. 2 in connection with the issuance and allotment of the Equity Shares issued upon conversion of the Portion B Securities;
- ii. within prescribed time period provide the Lead Investor with receipts received from the RoC in respect of the filings made under Article 219.5 (i); and
- iii. make other necessary filings for the issuance and allotment of the Equity Shares upon conversion of the Portion B Securities in accordance with applicable Law.

220. **RIGHTS OF THE INVESTOR CONSEQUENT TO CONVERSION OF THE PORTION B SECURITIES**

In the event that the Investor has converted the Portion B Securities into Equity Shares but the QIPO has not been consummated by the expiry of twenty four (24) months from the Last Return Date, then the procedure detailed in Article 225.3 shall be applicable with respect to the rights available to the Investor.

221. **TRANSFER PROVISIONS**

221.1 The Promoter Group agrees that it shall not, directly or indirectly, Transfer the Promoter Shares to any Person except as provided for in these Articles and any such Transfer shall be null and void *ab initio*, and subject to applicable Law, the Company shall not register such Transfer and shall reject any such Transfer made or attempted, *suo moto* without necessity of a Board decision or order of any Governmental Authority.

221.2 Lock-in of the Promoter Shares.

- a. Subject to the provisions of Article 221.3 below, during the term of these Articles, the Promoter Group agrees that it shall at all times hold at least 51% of the equity share capital of the Company on a Fully Diluted Basis (“**Minimum Promoter Shareholding**”) free from any Encumbrance.
- b. Further, the Promoter Group shall, subject to Article 221.2(c) below, be entitled to pledge, hypothecate or otherwise cause any Encumbrance on any Promoter Shares, for the purpose of raising funds for the Business of the Company and / or the business of the Subsidiaries of the Company (“**Permitted Purpose**”). Provided however, that the Promoter Group shall not Encumber the Promoter Shares for purposes other than a Permitted Purpose without Investor Consent.
- c. Even for a Permitted Purpose, the Promoter Group shall not pledge, hypothecate or otherwise cause any Encumbrance on more than 49% of the equity shareholding of the Company without Investor Consent, which consent shall not be unreasonably withheld.
- d. The Lead Investor shall have the right to require the Promoter Group and the Company to furnish to the Lead Investor such necessary documents evidencing compliance by the Promoter Group of the provisions of this Article 221.2.
- e. Subject to the Investor’s rights under these Articles, the Promoter Group may sell the Promoter Shares at a price less than the Price Per Share so long as the Investor receives the Portion A Exit Amount and the Portion B Exit Amount.

221.3 Tag Along Rights of the Investor. If the Promoter Group proposes to sell to a third party, all or any

Promoter Shares, and subsequent to the proposed sale, the shareholding of the Promoter Group in the Company shall continue to exceed Minimum Promoter Shareholding, then the provisions of Articles 221.4, 221.5 and 221.7 to 221.12 shall apply and which shall always be subject to Article 221.9. If the Promoter Group proposes to sell to a third party, any of the Promoter Shares and subsequent to the proposed sale, the shareholding of the Promoter Group in the Company shall be less than the Minimum Promoter Shareholding, then the provisions of Articles 221.4 and 221.6 to 221.12 shall apply. The Investor shall have the said tag along rights during the Pre-QIPO Period only.

221.4 The Promoter Group shall first give a written notice ("**Offer Notice**") to the Investor. The Offer Notice shall state (i) the number of Promoter Shares proposed to be sold ("**Offered Shares**") and the number of Equity Shares in the Company the Promoter Group owns at that time on an undiluted basis, (ii) the name and address of the proposed transferee ("**Proposed Transferee**"), (iii) the proposed price per share, including the proposed amount and form of consideration and terms and conditions offered by such Proposed Transferee, (iv) the proposed date of consummation of the proposed sale, (v) a representation that the Proposed Transferee has been informed of the "tag-along" rights provided for in these Articles and has agreed to purchase all or a part of the Equity Shares as required to be purchased in accordance with the terms of this Article, and (vi) a representation that no consideration, tangible or intangible, is being provided, directly or indirectly, to the Promoter Group (including without limitation, by way of non-compete consideration) that will not be reflected in the price paid to the Investor on exercise of its tag-along rights hereunder. In the event that the proposed consideration for the sale includes consideration other than cash, the Offer Notice shall include a calculation of the fair market value of such consideration and an explanation of the basis for such calculation. The total value of the consideration for the proposed sale is referred to herein as the "**Offer Price**". In the event the Promoter Group and the Proposed Transferee have entered into any agreement for the sale of the Offered Shares or any other document which could be construed as an agreement regarding the proposed sale under Article 221.3, the notice shall be accompanied by a true and complete copy of such documents.

221.5 Pro-Rata Tag Right of the Investor. The Investor shall be entitled to respond to the Offer Notice by serving a written notice ("**Response Notice**") on the Promoter Group prior to the expiry of fifteen (15) Business Days from the date of receipt of the Offer Notice ("**Offer Period**"). The Portion B Securities or Converted Shares, as applicable, which the Investor is entitled to sell under this Article 221.5 or Article 221.6 are hereinafter referred to as the "**Sale Shares**". On receipt of the Response Notice, the Promoter Group shall ensure that the Proposed Transferee purchases such number of the Sale Shares at such price as illustrated in the relevant **Annexure** of the Agreement.

In each of the aforementioned cases (i) the Investor shall not be required to provide any representations or warranties to the Proposed Transferee save and except in respect of clear title to the Sale Shares being sold, (ii) the consideration payable for the Sale Shares shall be paid entirely in cash only notwithstanding any non-cash consideration received by the Promoter Group unless the Lead Investor agrees otherwise in writing, and (iii) the price paid for the Sale Shares includes the pro rata portion of any payment towards non-compete fee or other consideration (including consideration which accrues at a later point in time in the form of earn out, etc) payable to the Promoter Group.

221.6 Unlimited Tag Right of the Investor. The Investor shall be entitled to respond to the Offer Notice by serving a written notice ("**Response Notice**") on the Promoter Group prior to the expiry of fifteen (15) Business Days from the date of receipt of the Offer Notice ("**Offer Period**") requiring the Promoter Group to ensure that the Proposed Transferee also purchases such number of the Sale Shares as mentioned in the Response Notice (which may at the option of the Investor be all or part of the Portion B Securities or Converted Shares held by the Investor in the Company) ("**Investor Offer Shares**") at such price as is illustrated in the relevant **Annexure** of the Agreement.

In each of the aforementioned cases (i) the Investor shall not be required to provide any representations or warranties to the Proposed Transferee save and except in respect of clear title to the Portion B Securities or Converted Shares, as applicable, being sold, (ii) the consideration payable for the Portion B Securities or Converted Shares, as applicable, shall be paid entirely in cash only notwithstanding any non-cash consideration received by the Promoter Group unless the Lead Investor agrees otherwise in writing, and (iii) the price paid for the Sale Shares includes the pro rata portion of any payment towards non-compete fee or other consideration (including consideration which accrues at a later point in time in the form of earn out, etc) payable to the Promoter Group.

- 221.7 The Promoter Group shall not be entitled to sell or transfer, any of the Offered Shares to any Proposed Transferee unless the Proposed Transferee simultaneously purchases and pays for the required number of Sale Shares in accordance with the provisions of Articles 221.4, 221.5 or 221.6 (as the case may be) and Articles 221.8, 221.10 and 221.11.
- 221.8 Such sale of the Sale Shares to the Proposed Transferee shall be completed within 60 (sixty) Business Days of the expiry of the Offer Period.
- 221.9 The Promoter Group shall be entitled, within 14 days from the receipt of the Response Notice, to notify to the Investor that the Promoter Group desires to purchase such Sale Shares from the Investor (instead of offering the same to the Proposed Transferee) at such price as illustrated in the relevant **Annexure** of the Agreement if the Response Notice is issued under Article 221.5 or as set out in the relevant **Annexure** of the Agreement if the Response Notice is issued under Article 221.6. Such sale shall be completed within 30 (thirty) Business Days of the Promoter Group notifying the Investor of its aforesaid intention and the price for such Sale Shares shall be paid by the Promoter Group to the Investor in cash only.
- 221.10 In the event the Investor does not deliver a Response Notice to the Promoter Group prior to the expiry of the Offer Period as per Article 221.5 or Article 221.6, as the case maybe, then upon the expiry of the Offer Period, the Promoter Group shall be entitled to sell and transfer the Offered Shares to the Proposed Transferee mentioned in the Offer Notice on the same terms and conditions and for the same consideration as is specified in the Offer Notice. Any transferee purchasing the Offered Shares shall deliver to the Promoter Group on or before the date of consummation of the proposed sale specified in the Offer Notice payment in full of the Offer Price in accordance with the terms set forth in the Offer Notice. If completion of the sale and transfer to the Proposed Transferee does not take place within the period of ninety (90) Business Days following the expiry of the Offer Period, the Promoter Group's right to sell the Offered Shares to such third party shall lapse and the provisions of Articles 221.3 to 221.9 shall once again apply to any sale of Shares by the Promoter Group.
- 221.11 Where the Investor requires prior legal or regulatory approvals, Governmental Approvals, or shareholder consent for disposal of shares pursuant to these Articles 221.4 to 221.10 of these Articles then notwithstanding any other provision of these Articles, the Investor shall only be obliged to dispose of shares once such consent or approval is obtained, and the Parties shall use their reasonable endeavours to obtain any such required approvals. Any period within which a sale of securities or shares by the Investor has to be completed shall be extended by such further period as is necessary for the purpose of obtaining the above approvals.
- 221.12 The Promoter Group agrees that the restrictions on sale of the Equity Shares held by the Promoter Group in these Articles and/or in the Charter Documents of the Company shall not be capable of being avoided by the holding of Equity Shares indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Equity Shares free of such restrictions. Any sale of shares resulting in any change in the control, directly or indirectly, of the Promoter Group, or of any Affiliate of the Promoter Group which holds, directly or indirectly, any Equity Shares, shall be treated as being a sale of the Equity Shares held by the Promoter Group, and the provisions of these Articles that apply in respect of the sale of Equity Shares shall thereupon apply in respect of the Equity Shares so held. Any dilution in the shareholding of the Promoter Group in the Company on account of non-participation in a rights issue by the Company shall not be construed as sale of shareholding by the Promoter Group so long as the Promoter Group has not renounced its rights under such rights issue to any Person.
- 221.13 Right of First Offer of Promoter Group. If prior to an IPO, the Investor is desirous of selling any of the Investor Securities or Investor Shares ("**ROFO Shares**") to a third party, the Investor shall first offer the same to the Promoter Group by way of a notice in writing ("**ROFO Notice**"). The Investor shall, as far as reasonably practicable, notify the Promoter Group of its intention to issue a ROFO Notice at least fourteen (14) calendar days prior to the proposed date of the ROFO Notice during which period the Investor and the Promoter Group shall discuss the price to be paid for the ROFO Shares ("**ROFO Price**"). The Promoter Group may either agree to purchase the ROFO Shares within a period of fourteen (14) calendar days from the date of the ROFO Notice ("**ROFO Period**"), either by itself or through any of the entities forming part of the GMR Group, or decline. In the event the Promoter Group is desirous of purchasing the ROFO Shares, then the Promoter Group shall send a notice ("**ROFO Acceptance Notice**") in writing to the Investor stating the ROFO Price that the Promoter Group is willing to pay for

the ROFO Shares. The Investor may accept the ROFO Price or decline to sell the ROFO Shares at the ROFO Price. In the event the Investor accepts the ROFO Price, the Investor shall notify the Promoter Group of the same in writing (“**Investor Acceptance Notice**”) within ten (10) calendar days, then the sale of ROFO Shares shall be completed within thirty (30) calendar days of the Investor Acceptance Notice. In the event the Investor declines to sell the ROFO Shares at the ROFO Price to the Promoter Group, the Investor shall immediately issue a notice to the Promoter Group (“**ROFO Refusal Notice**”) notifying the refusal and the Investor shall be entitled to sell the ROFO Shares to any third party (along with the attendant rights, as may be applicable) provided that (i) the price paid by such third party is higher than the ROFO Price; and (ii) such third party executes a Deed of Adherence. In the event the Promoter Group does not issue the ROFO Acceptance Notice to the Investor within 14 days of the receipt of the ROFO Notice, then the Investor is entitled to sell the ROFO Shares to any third party (along with the attendant rights, as may be applicable) at any price and terms as may be decided by the Investor provided that such third party executes a Deed of Adherence. Provided that if the Investor is unable to complete the sale of the ROFO Shares to a third party in the manner set out above within ninety (90) Business Days following the date of the ROFO Refusal Notice or the expiry of the ROFO Period, as applicable, the Investor’s right to sell the ROFO Shares to a third party shall lapse and the provisions of this Article 221.13 shall once again apply to the ROFO Shares. Provided that nothing contained in this Article 221.13 shall apply to any transfer of Converted Shares by the Investor to the Beneficiaries as required under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 as amended and supplemented from time to time.

- 221.14 Notwithstanding anything contained in these Articles, until the consummation of the IPO (including a QIPO) the Investor shall not sell any shareholding in the Company to a Competitor without the prior written consent of the Promoter Group. Provided, however, nothing contained herein shall apply if the Investor has not been granted exit from the Company in accordance with Article 225.3 and 225.9 of these Articles.
- 221.15 All transferees (including Affiliates) to whom the Promoter Group or Investor may Transfer their respective Shares shall sign a Deed of Adherence to these Articles with the remaining shareholders of the Company. Notwithstanding any other provision of these Articles, a transferee (not being an Affiliate of the Investor) shall not be entitled to the rights of the Investor under Articles 224.2 (iv), (v), (vi) (vii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvii), (xix), (xxi), (xxii) and (xxiii) (Fundamental Issues) unless such transferee, together with its Affiliates, holds at least 5% of the issued and paid-up equity share capital of the Company on a Fully Diluted Basis.
- 221.16 Pursuant to filing of the RHP, the Investor or the Promoter Group shall not undertake any Transfer of Shares which may disturb, frustrate or affect the QIPO process, if any, being undertaken by the Company.
- 221.17 It is clarified that upon the completion of an IPO (including QIPO), the Investor shall be entitled to freely Transfer any securities held by it in the Company, without (i) being subject to any of the restrictions imposed on the Investor under Articles 221.13 to 221.16 or (ii) the requirement of any consent from the Company or the Promoter Group. Prior to the IPO, in the event the Promoter Group defaults in fulfilling any of its obligations relating to the Investor’s exit rights as set out in Articles 225.3 and 225.9, then the Investor shall be entitled to freely Transfer any securities held by it in the Company, without (i) being subject to any of the restrictions imposed on the Investor under Articles 221.13 to 221.17, or (ii) the requirement of any consent from the Company or the Promoter Group.
- 221.18 The Investor shall not, except at the time and in the manner provided in these Articles, transfer legal or beneficial ownership, or any rights under these Articles, of any of the Investor Securities to any person registered with Investor for availing for discretionary portfolio management services, or non-discretionary portfolio management services, or investment advisory services or who enters into an agreement with Investor for obtaining such services, other than by way of transmission in the event of death or transfer of beneficial ownership upon the sale of Portfolio by a Beneficiary to any other Person who has executed a power of attorney and registered with the Investor.

## 222. **OTHER RIGHTS OF THE INVESTOR**

- 222.1 Anti-Dilution Rights. To the extent possible, if the Company has to issue any further securities of the Company, other than pursuant to a QIPO or other than pursuant to the Promoter Funding under Article

230.3 of these Articles, it shall issue only Equity Shares and not any other instrument which is convertible into Equity Shares (“**Further Shares**”). Such Further Shares have to be issued at a price which is not lower than the Price Per Share. Upon issuance of such Further Shares, the Investor shall, whether or not it has converted the Portion B Securities, have an option to subscribe, pro-rata with all the Other Investors, to such number of Further Shares to maintain its shareholding on a Fully Diluted Basis with regard to the Portion B Securities.

The Investor shall subscribe to the aforementioned Further Shares at the price and on the terms and conditions upon which such Further Shares are offered by the Company. The Investors shall also have the right to subscribe to the Further Shares that are not subscribed to by the Other Investors pursuant to the aforesaid offer.

222.2 Procedure for issue of Further Shares. The Company shall issue a notice to the Lead Investor in respect of the proposed issue of Further Shares (“**Further Shares Notice**”). The said notice shall set out inter alia the following:

- (a) the details of the Further Shares proposed to be issued, including the characteristics and number;
- (b) the price at which the Further Shares are proposed to be issued.

The Other Investors and the Investor shall have the right to notify the Company within fifteen (15) days from the receipt of the Further Shares Notice (“**Acceptance Period**”), whether or not they desire to subscribe to the Further Shares that they are entitled to in terms of Article 222.1 above. In the event that some of the Other Investors (i) have declined to participate in the issue of Further Shares; or (ii) have indicated they will only exercise their rights to subscribe to Further Shares partially, then the Company shall within three (3) Business Days of the expiry of the Acceptance Period, notify to the Investor in writing (“**Further Notice**”) the further available Further Shares which the Investor is entitled to subscribe to in terms of Article 222.1. The Investor will have the right to notify the Company within seven (7) Business Days from the receipt of the Further Notice, whether or not it desires to subscribe to the further available Further Shares and the number of such Further Shares that it desires to subscribe to (“**Further Acceptance Notice**”).

222.3 In the event that the Investor chooses to not acquire all or a portion of any such Further Shares, as it is entitled to acquire under this Article 222 and Other Investors have also declined to purchase the same, the Company may issue such Further Shares to a third party on terms and conditions no more favourable than those offered to the Investor and the Other Investors. The issue of Further Shares, including to the Investor and the Other Investors shall be completed within sixty (60) Business Days (to be extended only and to the extent agreed between the Company, the Promoter Group and the Investor and the Other Investors as applicable, for obtaining Governmental Approvals) of the receipt by the Company of the Further Acceptance Notice, failing which the provisions of Articles 222.1 to 222.2 shall become applicable again to any issuance of Further Shares thereafter. All consents and approvals required in issuing the Further Shares shall be obtained by the Company.

222.4 At the time of happening of any event contemplated in Articles 222.1 above, the Company shall be bound to, and the Promoter Group shall be bound to co-operate with the Investor and the Company such that, the Company forthwith takes all necessary steps to issue such Further Shares to the Investor in accordance with the terms and conditions contained in Articles 222.1 to 222.3.

222.5 The Company agrees and undertakes that it shall not issue any new securities in contravention of the provisions of Articles 222.1 to 222.4.

222.6 Right to Dividend.

The dividend payable on the Portion B Securities (including upon conversion of Portion B Securities) by the Company to the Investor, would be the same amount as declared in respect of the equity share capital of the Company to the equity shareholders from time to time. It is clarified that the Investor

would receive the same amount of dividend on the Portion B Securities at all times as would be payable to an equity shareholder of the Company.

- 222.7 Registration Rights. In the event of an overseas listing of Equity Shares by the Company, the Parties may mutually agree on all actions that the Company may reasonably be required to take to enable the Investor to obtain standard/customary registration rights available to private equity investors, allowing it to offer its shares for sale as part of such listing.
- 222.8 No-Objection. The Company, GIL and the Promoter Group acknowledge that the investment by the Investor in the Company is purely a financial investment and the Company, GIL and the Promoter Group hereby unconditionally and irrevocably consent to the Investor and/or any of its Affiliates at any time and from time to time investing in the equity of any Person engaged in the power business or entering into collaborations or other agreements or arrangements with any Persons in India or elsewhere engaged in the power business. The Company, GIL and the Promoter Group shall from time to time at the request of the Investor, certify that they do not object to such investment, agreement or arrangement with such Persons and in such form as may be requested by the Investor.
- 222.9 Right to Seek Replacement of the Chief Executive Officer and / or Chief Financial Officer of the Company. The Parties agree that the Lead Investor has the right to request the Board to find a suitable replacement for the Chief Executive Officer and / or Chief Financial Officer of the Company in the event of a material shortfall in the performance of the Company as compared to the agreed Business Plan and stipulated milestones.
- 222.10 Right to Approve the Valuer. The independent valuer for the purpose of valuation of the Company computed as per statutory guidelines, if required under applicable Law, shall be a chartered accountant, being one of the following:
- a. PriceWaterhouse Coopers;
  - b. Deloitte Touche Tohmatsu;
  - c. Ernst & Young;
  - d. KPMG; or
  - e. Any other merchant banker jointly appointed by the Company and the Lead Investor.
- 222.11 Information Rights. The Company shall:
- a. Deliver to the Lead Investor and the Board the following relating to the Company and its Subsidiaries:
    - i. audited consolidated annual financial statements and management report within 90 (Ninety) days after the end of each fiscal year;
    - ii. unaudited consolidated quarterly financial statements and management report within 60 (Sixty) days after the end of each fiscal quarter;
    - iii. management report within 20 (Twenty) days after the end of each month;
    - iv. semi-annual undertaking of compliance with debt covenants at the Company level;
    - v. copies of all documents or other information sent to any shareholder;
    - vi. an annual budget within 30 (Thirty) days prior to the commencement of each fiscal year.

**PROVIDED THAT ALL FINANCIAL STATEMENTS TO BE PROVIDED TO THE LEAD INVESTOR UNDER THESE ARTICLES SHALL BE PREPARED IN**

**ACCORDANCE WITH APPLICABLE LAW, AND ALL MANAGEMENT REPORTS TO BE PROVIDED TO THE LEAD INVESTOR SHALL INCLUDE A COMPARISON OF FINANCIAL RESULTS WITH THE CORRESPONDING QUARTERLY AND ANNUAL BUDGETS.**

- b. Deliver to the Lead Investor on a regular basis any material updates on the business of the Company and its Subsidiaries, and discussions with any Governmental Authority as may be reasonably requested by the Lead Investor from time to time.
- c. Deliver to the Lead Investor copies of any reports filed by the Company and its Subsidiaries with any relevant securities exchange, or Governmental Authority, as may be reasonably requested from time-to-time by the Lead Investor.
- d. Grant the Investor Director or its representatives permission to visit the facilities of the Company and its Subsidiaries and examine the books and records of the Company and its Subsidiaries after providing reasonable notice, and to discuss the business, operations and conditions of the Company and its Subsidiaries with their officials.
- e. The Lead Investor and all directors of the Company shall also be provided with all such information as they may be entitled to under applicable Law.
- f. The Lead Investor shall be entitled to receive and maintain all such information as it may reasonably consider necessary to enable the Lead Investor to keep abreast of all the activities and performance of the Company and its Subsidiaries. Such information may include reports on financial performance, risk exposure, liquidity management, internal controls, management policies, operations, and controls prepared by the Company in its Ordinary Course of Business. In addition, the Company shall maintain all such information as may be requested by the Lead Investor in relation to any transactions with Related Parties.

222.12 The Company and/or Promoter Group undertake that:

- a. All licenses or approvals obtained in the name of the Company shall be transferred to the concerned Subsidiaries as applicable and as and when required under the respective agreements or under the applicable Laws.
- b. The Promoter Group shall Transfer to the Company and/or Subsidiary any shares that Promoter Group hold directly or indirectly (other than directly or indirectly through the Company) in any company engaged in the Business as soon as the Promoter Group are permitted to undertake such Transfer under the terms of any contract and applicable Law.
- c. The Company, GIL and GHPL shall comply with all obligations contained in the agreement entered into with the ICICI Bank Limited dated November 27, 2009.
- d. The Company shall and / or shall cause the relevant Subsidiaries to, acquire (whether by way of lease or freehold acquisition) all land and property as is required for the implementation and commissioning in a timely manner of the projects set out below, without any material delays and without any material cost escalation and shall ensure that such land and property shall be available for use by the Company and the relevant Subsidiaries for the duration of the projects. Further such acquisition shall be effected pursuant to validly executed documentation which shall have been registered in accordance with applicable Law and in respect of which stamp duty as is stipulated under applicable Law shall have been paid:
  - (i) Project Chhattisgarh;
  - (ii) Project Kamalanga;
  - (iii) Project Emco; and
  - (iv) Project Kakinada.
- e. The Promoter Group shall provide back-to-back guarantees to the Company in the event the

Company is required to extend any support in respect of the Excluded Business whether by way of guarantee or otherwise for the requirement of qualification or eligibility.

- 222.13 The Promoter Group undertakes not to enter into or engage in any restructuring, reorganization or substantial disposal of assets of GIL and the Promoter Group relating to the Business which materially impacts their ability to honour their respective obligations under Article 225 of these Articles whether by way of material impact on the networth or otherwise. However, nothing in this undertaking would apply to any transfer of the assets of the Promoter Group and /or their respective Subsidiaries into wholly owned Subsidiaries of the Promoter Group.

## 223. MANAGEMENT OF THE COMPANY

- 223.1 Board Composition. The Lead Investor shall have the right to nominate one (1) Director to the Board of the Company during the Pre-QIPO Period to jointly represent the IDFC Co-Investors and thereafter so long as the IDFC Co-Investors hold at least 5% of the issued and paid-up equity share capital of the Company.
- 223.2 Investor Director. The Investor Director shall be a non-executive Director and shall not participate in the day-to-day management of the Company. The Investor Director shall not be required to hold any qualification shares. The Company shall nominate Directors or persons other than the Investor Director as “persons in charge” as contemplated under Law and to the extent possible under applicable Law, shall ensure that the Investor Director is not included within the scope of “officer who is in default” under Law.
- 223.3 Committees of the Board. The Lead Investor is entitled to nominate the Investor Director as a member on key committees of the Board, including the audit committee, the compensation committee by whatever name called, and the IPO Committee.
- 223.4 Alternate Directors. The Lead Investor shall be entitled to nominate a person to be appointed as an Alternate Director to the Investor Director and the Company and the Promoter shall ensure that, subject to applicable Law, such person is appointed as the Investor Director’s Alternate Director.
- 223.5 Removal/Resignation of Directors. The Lead Investor may remove or require the removal of the Investor Director and nominate another individual as Investor Director in his place, and the Promoter Group shall cause its nominee Directors on the Board to cast their votes to give effect thereto. In the event of the resignation, retirement or vacation of office of the Investor Director, the Lead Investor shall be entitled to appoint another Director in place of such resigning Director, and the Promoter Group shall cause its nominee Directors on the Board to cast their votes to give effect thereto.
- 223.6 Not to retire by rotation. It is clarified for the avoidance of doubt that the Investor Director shall not be liable to retire by rotation.
- 223.7 Meetings of the Board. The Board of the Company shall meet atleast once every 3 (Three) calendar months at such locations as may be decided by the Board. A meeting of the Board shall be convened pursuant to a written notice of at least 7 (seven) days to the Investor Director. Notice may be waived or a Board meeting may be called by giving shorter notice with the consent of the majority of the Directors, and where the agenda for such meeting includes a Fundamental Issue, the consenting directors must include the Investor Director. The notice of each Board meeting shall include an agenda setting out the business proposed to be transacted at such meeting, and copies of all relevant papers connected therewith and/or proposed to be placed before or tabled before the Board. All Fundamental Issues shall be resolved in the manner set out in Article 224, and all other matters shall be passed or decided at a Board meeting if such resolutions are approved by a simple majority of the Directors present and voting at a validly constituted meeting in compliance with Article 223.8 below.
- 223.8 Quorum. The quorum for a meeting of the Board and its committees shall be 1/3<sup>rd</sup> of the total strength of the Board of Directors of which, at least 1 director shall be the Promoter Director. Provided that where the agenda of the meeting includes any matter pertaining to Fundamental Issues as set out in Article 224, presence of the Investor Director (present in person or through an Alternate Director) shall be a necessary part of the quorum for holding any discussions or passing any resolution on Fundamental



Issues at such meeting of the Board and every committee of the Company. If the quorum, as stated above, is not present within 30 (Thirty) minutes from the time when the meeting should have begun or if during the meeting there is no longer a quorum the meeting shall be adjourned and reconvened at the same place and time 10 (Ten) days later, or such shorter period as the majority of the Directors may consent to, and where the agenda for such meeting includes a Fundamental Issue, the consenting directors must include the Investor Director, with the same agenda. At the reconvened meeting, the quorum required will be same as was required for the first meeting. However, where a meeting of the Board or a committee is adjourned on two (2) consecutive occasions, on account of absence of the Investor Director, the Directors present at the third meeting, subject to satisfying the requirement of quorum under Law and at least 1 Promoter Director being present, shall constitute a valid quorum irrespective of whether the Investor Director is present or not and shall be able to take any decision, including a decision in relation to any Fundamental Issue. It is clarified that if in any meeting, the consent or disapproval of the Investor Director has been obtained for a Fundamental Issue, then such consent or disapproval shall be deemed to be the consent or disapproval of the Lead Investor under Articles 224.1 and 224.2 hereof. If at any point of time the Investor Consent has been received in writing for any Fundamental Issue, then the presence of the Investor Director shall not be required for constituting quorum to pass a resolution in relation to such Fundamental Issue. Similarly if the Investor Consent has been rejected in writing for any Fundamental Issue, then no resolution in relation to such Fundamental Issue shall be passed or taken up for discussion.

- 223.9 Appointment of an Observer. The Lead Investor is entitled to appoint an observer on behalf of the IDFC Co-Investors, who shall be entitled to attend all the meetings of the Board and its key committees.
- 223.10 Circular Resolutions. Subject to Article 224 and as permissible under Law, a resolution by circulation shall be as valid and effectual as a resolution duly passed at a Board meeting called and held, provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors and has been approved by a majority of the Directors entitled to vote thereon; provided that if it relates to a Fundamental Issue, Investor Consent should have been obtained. No circular resolution shall be valid unless the same has been circulated to all the Directors whether in India or abroad and has been signed by a majority of Directors, provided, in case the circular resolution contains any Fundamental Issues, it must be also be signed by the Investor Director in favour of the resolution within 3 (three) Business Days of the same having been circulated by the Company to the Directors, failing which the Investor Director shall be deemed to have disapproved of the resolution.
- 223.11 No Casting Vote. The chairperson of the Board or of any committee thereof, or of any meeting of the shareholders of the Company shall not have a casting vote.
- 223.12 Sitting Fees of the Investor Director. The Investor Director shall be entitled to all the rights and privileges of other non-executive Directors and to the sitting fees and expenses; provided that if any such Investor Director is an officer of the Lead Investor, if the Lead Investor so advises the Company, the sitting fees in relation to such Investor Director shall accrue to the Lead Investor and the same shall accordingly be paid by the Company directly to the Lead Investor and the Lead Investor shall obtain the Investor Director's consent for the same.
- 223.13 Expenses. All Directors of the Company shall be paid all out-of-pocket-expenses (including travel, boarding and lodging expenses) by the Company for attending any shareholders' meeting and Board meeting of the Company and any other reasonable expenses incurred by the Directors in the course of fulfilling their duties and obligations as directors of the Company.
- 223.14 D&O Insurance and Key Person Insurance. The Company shall obtain Directors and Officers Insurance for all Directors on the Board of the Company and on appointment of an Investor Director on the board of directors of Identified Project Subsidiaries in accordance with Article 223.1, for directors on the board of such Identified Project Subsidiaries, on such terms that are reasonably satisfactory to the Lead Investor and shall bear all costs in relation to the same. The Company shall indemnify all Directors on the Board of the Company and on appointment of an Investor Director on the board of directors of Identified Project Subsidiaries in accordance with Article 223.1, the directors on the board of such Identified Project Subsidiaries for any acts or omissions of such persons as directors of the Company or the Identified Project Subsidiaries, as the case may be.

223.15 Exercise of Rights. The Promoter Group agrees to use all its rights, including its voting rights in relation to any Equity Shares held by them, to effectuate the appointment and election of the Investor Director as contemplated herein and to ensure that the Company abides by the terms and conditions imposed in this Article 223.

223.16 Quorum and Voting at Shareholder Meeting.

Subject to applicable Law, voting on all matters to be considered at a general meeting of the shareholders shall be by way of a poll unless otherwise agreed upon in writing between the Lead Investor, the Company and the Promoter Group. If the Investor holds Equity Shares at the time of a general meeting, the quorum for a general meeting shall be a minimum of five (5) shareholders, provided that at least 1 (One) of these is a representative of the Lead Investor and the other a representative of the Promoter Group, unless specifically waived by the Lead Investor and/or the Promoter Group, as the case may be. If the quorum is not present within 30 (Thirty) minutes from the time when the meeting should have begun or if during the meeting there is no longer a quorum the meeting shall be adjourned and reconvened at the same place and time 7 (seven) days later, at which meeting, the members present, subject to forming quorum required under law, shall constitute quorum for the meeting. The Parties agree that no Fundamental Issues shall be considered or voted at any such first or adjourned shareholder meeting (including adjourned meetings) of the Company if at least 1 (One) representative of the Lead Investor is not present at the commencement of and throughout the shareholder meeting (including adjourned meetings) and Investor Consent is not obtained. However, where a shareholder meeting of the Company is adjourned on two (2) consecutive occasions, on account of absence of the Lead Investor representatives, then shareholders present at the third meeting, subject to fulfilling the minimum quorum required under Law, shall constitute a valid quorum irrespective of whether the Lead Investor representative is present or not and shall be able to take any decision, including a decision in relation to a Fundamental Issue. It is clarified that if in any meeting, the Lead Investor representative has voted in favour of or against a Fundamental Issue, then such consent or disapproval shall be deemed to be the consent or disapproval of the Lead Investor under Article 224.1 and 224.2 hereof. Provided further that if at any point of time if the Investor Consent has been received or rejected for any Fundamental Issue, then the presence of the Lead Investor representative shall not be required for constituting quorum to pass a resolution in relation to such Fundamental Issue. Similarly if the Investor Consent has been rejected in writing for any Fundamental Issue, then no resolution in relation to such Fundamental Issue shall be passed or taken up for discussion.

223.17 Notice for Shareholder Meeting. Subject to the provisions of applicable Law, at least 21 (Twenty One) days written notice of every shareholder meeting of the Company shall be given to all shareholders. The notice of each shareholder meeting shall include an agenda setting out the business proposed to be transacted at the meeting, together with copies of all relevant papers connected therewith and/or proposed to be placed before or tabled at the shareholder meeting. Subject to applicable Law, the shareholders meeting can be called at shorter notice, provided that in respect of any of the Fundamental Issues the prior written consent of the Lead Investor is obtained.

223.18 Business Plan. The Parties acknowledge that the principal business of the Company will be conducted in accordance with the Business Plan. A detailed Business Plan for the Company shall be presented to the Board for approval within 30 (Thirty) days prior to the commencement of every new Financial Year (such approved business plan, the “**Business Plan**”) which Business Plan shall include financial projections for (i) the Financial Year to which such Business Plan pertains, on a quarterly basis, and (ii) for the immediate two succeeding Financial Years, on an annual basis.

## 224. FUNDAMENTAL ISSUES

224.1 Voting on Fundamental Issues. Notwithstanding anything to the contrary contained in the Agreement, but at all times subject to Article 223.8 and Article 223.16, if the Company, or the shareholders of the Company, as the case may be, wish to take any action with respect to the Fundamental Issues mentioned herein below at any general meeting of shareholders (if such issue requires the approval of the shareholders in general meeting) or by way of postal ballot as may be permitted under the Act, or at any meeting of the Board or committee (if such matters are delegated by the Board to such committee) or by way of a circular resolution, as the case may be, the Company shall obtain Investor Consent, without which the Company shall not be able to take any such action. For the purpose of this Article 224, the

term “Company” would be deemed to include the Company and its Subsidiaries. The Company and the Promoter Group shall ensure that none of the Subsidiaries take any action with respect to the Fundamental Issues mentioned herein below unless the same has been first approved by a resolution passed by the Board or shareholders of the Company in accordance with these Articles.

224.2 Fundamental Issues. The following issues shall be “**Fundamental Issues**” for the purpose of these Articles:

- i. Alteration of capital structure, recapitalisation, reclassification or change in the rights, preferences or privileges of any class of shares or creation of (by reclassification, bonus issue, rights issue or otherwise) any new class or series of shares in the Company, where such alteration, recapitalisation, reclassification, change or creation adversely affects the rights and interests of the Investor;
- ii. Any split-off or spin-off of the Company;
- iii. Any amendment of the Charter Documents;
- iv. Any removal or change in the Company’s statutory auditor;
- v. Any merger, acquisition, joint venture or consolidation of, or by, the Company (or the amendment of any terms of any such existing arrangements) including formation of, or further subscription / acquisition in, any wholly or partly owned Subsidiary of the Company, save and except any of the above in relation to:
  - a. a wholly owned Subsidiary that is, or will be engaged in the Business or related business;
  - b. A company engaged in the Business and/or any related business, in which the Company holds the maximum shareholding permitted under applicable Law and in which the Government or any entity owned or Controlled by the Government is the only other shareholder.
  - c. SJK Power.
- vi. The disposition, sale, lease, license or transfer in any manner whatsoever (including by way of a demerger), of any asset (tangible and intangible) of the Company or any Subsidiaries, which has a value in excess of Rs. 20 crores (on an individual basis), save and except the transfer, in any manner, of the Excluded Business and utilization of any proceeds thereof; provided that such transfer of any asset of the Excluded Business shall be at the book value of each respective asset of the Excluded Business whose aggregate book value is approximately of Rs. 138.22 crores, the details whereof are set out in the relevant **Annexure** of the Agreement, without having an adverse impact on the balance sheet of the Company and without the Company having incurred or paid any Taxes or costs; provided further that the aforesaid aggregate amount of Rs. 138.22 crores shall be duly adjusted to include any additional investments made by the Company in the Excluded Business, provided such investments are funded entirely by the Promoter Group for this purpose, on terms that are pre-approved in writing by the Lead Investor, and the Company is merely required to support any qualification or eligibility requirements for the Excluded Business, without utilising the Company’s funds; provided further that subject to the conditions as given hereinbelow, the sale of a part or the whole of the shares or assets of Project Emco (“**EMCO Sale**”) shall not be a Fundamental Issue. The proceeds of the EMCO Sale shall be used solely for investments in either Project Kamalanga and / or Project Chhattisgarh, or for the repayment of debt incurred by the Company which shall be intimated in writing to the Lead Investor.
- vii. Any transfer of rights or obligations under material contracts, save and except in the Ordinary Course of Business and save and except to its wholly owned Subsidiary;
- viii. Any liquidation, dissolution or winding-up;
- ix. The declaration or payment of any dividend, excluding dividend payable to Other Investors and ICICI Bank Limited in respect of the existing 200,000,000 Non-Cumulative Redeemable

Preference Shares of Rs. 10 each;

- x. Incurrence of any new indebtedness other than as permitted under Article 224.2(xi), save and except if the same is for project financing in relation to new projects and the debt: equity ratio is as per the credit appraisal by banks;
- xi. Incurrence of indebtedness which causes the consolidated debt : equity ratio of the Company computed as per the methodology provided in the relevant **Annexure** of the Agreement to exceed the consolidated debt : equity ratio approved in the Annual Operating Plan for the Financial Year ended March 31, 2015 in the first instance, or which causes the standalone debt : equity ratio of the Company computed as per the methodology provided in the relevant **Annexure** of the Agreement to exceed the standalone debt : equity ratio approved in the Annual Operating Plan for the Financial Year ended March 31, 2015 in the first instance, and which consolidated and standalone debt : equity ratio shall be reviewed every year during the Annual Operating Plan presentation to the Board and fixed based on the Business Plans discussed at such board meeting and approved by the Lead Investor in writing;
- xii. Material amendment to the approved Business Plan as agreed prior to execution of these Articles other than amendments relating to matters which have been specifically excluded from the list of Fundamental Issues;
- xiii. Discontinuing any business currently undertaken by the Company and engaging in any new business other than:  
the Business and any related business; and  
any business then undertaken by the Company;
- xiv. Approval, amendment or administration of any employee stock option plan (“**ESOP**”), not including administration of existing ESOP or the distribution of shares to/ purchase of shares by the employees of the Company from the existing welfare trust for GMR Employees, such distribution being in accordance with the trust deed settling the trust;
- xv. Any change in the accounting methods of the Company other than as required under applicable Law or applicable accounting standards;
- xvi. Issue / raising of any equity or other capital convertible into equity, including preference shares (whether or not convertible into equity) by the Company or any of its Subsidiaries or any equity dilution by the Company or any of its Subsidiaries, save and except (a) by way of a rights issue at a valuation which is equal to or higher than the Conversion Valuation or (b) pursuant to any existing ESOP or (b) pursuant to or in furtherance of the QIPO or (c) pursuant to the Promoter Funding;
- xvii. Any transaction between a Related Party (of the Company or Promoter Group or any promoter of the Promoter Group including GHPL) and the Company in excess of Rs. 5 Crores in the aggregate in any financial year other than:
  - (a) those disclosed in the Disclosure Letter,
  - (b) EPC Contracts to be entered into by the Company or the Subsidiaries with the Related Party (of the Company, the Promoter Group or any promoter of the Promoter Group including GHPL) awarded either through an international competitive bidding or on nomination basis provided that where the value of any individual EPC Contract exceeds Rs. 20 crores if awarded on a nomination basis or Rs. 40 crores if awarded on an international competitive bidding basis or where the aggregate value of all the EPC Contracts entered into in a Financial Year exceeds Rs. 150 crores, then such EPC Contracts shall be, brought before the Board or provided to the Investor Director. If the Lead Investor raises an objection within five (5) days of the Board members or the Investor Director being informed of the proposal then, the Company and the Lead Investor shall appoint an independent consultant to determine whether the terms of the EPC Contracts are on an arms length basis and in accordance with prevailing market practices and such consultant shall provide its recommendations within twenty one (21) days from the date such objection was raised (“**Consultant Recommendations**”). The Lead Investor shall have the right to require

implementation of the Consultant Recommendations, failing which the Lead Investor shall have an affirmative right over such proposal,

- (c) allocation of project management and support services costs to, and recovery of support services fees for successful bidding and acquisition of new projects from the Company and/or its Subsidiaries on the basis of principles and procedures set out in the relevant **Annexure** of the Agreement. At the time of, budgeting in the beginning of every Financial Year, actual payment and at the time of final reconciliation, details pertaining to the aforesaid shall be provided to the Investor Director or placed before the Board and if the Lead Investor raises an objection within five (5) days of the Investor Director or the Board members being informed of the said matter then the Company and the Lead Investor shall appoint an independent consultant to determine whether or not such allocation is as per principles and procedures set out in the relevant **Annexure** of the Agreement. The consultant shall provide its Consultant Recommendations within twenty one (21) days from the date such objection was raised. The Lead Investor shall have the right to require implementation of the Consultant Recommendations, failing which the Lead Investor shall have an affirmative right over such matter,
  - (d) all contracts entered into for security services with RAXA Securities Services Limited and any other Related Party (of the Company, the Promoter Group or any promoter of the Promoter Group including GMR Holdings Private Limited) for renting / leasing / licensing of office spaces on an arms length basis and all invoices raised by GMR Aviation Private Limited for aviation services on a fair cost recovery basis. At the time of amending or renewing or entering into, the aforesaid contracts and at the time of raising invoices in relation to GMR Aviation Private Limited, such proposed contracts and invoices, shall be provided to the Investor Director or placed before the Board and if the Lead Investor raises an objection within five (5) days of the Investor Director or the Board members being informed of the said matter then the Company and the Lead Investor shall appoint an independent consultant to determine whether or not such contracts are proposed on arms length basis or in relation to aviation services, such invoices are on a fair cost recovery basis. The consultant shall provide its Consultant Recommendations within twenty one (21) days from the date such objection was raised. The Lead Investor shall have the right to require implementation of the Consultant Recommendations, failing which the Lead Investor shall have an affirmative right over such matter. Provided in the event that the aggregate costs in relation to aviation services (on a fair cost recovery basis) in each Financial Year beginning April 1, 2010 exceed Rs. 25 Crores or the amount charged to the profit and loss account of the Company for such Financial Year from the said amount of Rs. 25 Crores exceeds 2.5% of the consolidated profit after tax of the Company for the relevant Financial Year, the same shall be subject to Investor Consent,
  - (e) any contract with any wholly owned Subsidiary of the Company,
  - (f) transaction for further investments into the Excluded Business, such investments being funded through capital infusion by the Promoter Group, on terms which are pre-approved by the Lead Investor in writing and demerger of the Excluded Business at a subsequent date at par value of such investments,
  - (g) any transaction for utilization of the proceeds from the income received from Fraport,
  - (h) any transfer of the property, bearing Unit No. 701, admeasuring 14,150.07 square feet of super-built up area, located at Naman Centre, Bandra Kurla Complex, Mumbai – 400021 at book value and utilisation of the proceeds thereof for repayment of loan of Rs. 51.29 crores from United Bank of India.
- xviii. Any listing of the Company's shares other than by way of a QIPO,
- xix. Any debtor covenant agreed to by the Company provided such covenant has not been made by the Company in any previous transaction to any lender and such covenant would have a Material Adverse Effect on the rights granted to the Lead Investor pursuant to the transactions

contemplated herein,

- xx. Any IPO or otherwise listing of the shares of a Subsidiary of the Company,
- xxi. Any amendment or modification of the Treasury Policy,
- xxii. Settling and / or compromising any legal proceedings for an amount exceeding Rs. 100 Crores with any Person other than a Governmental Authority or Government companies as defined under applicable Law;
- xxiii. Undertaking any QIPO where the Expected QIPO Valuation is less than the amount as set out in the Agreement;
- xxiv. Undertaking any IPO / QIPO anytime post the expiry of 12 months from the Last Return Date if the lower end of the equity valuation band for the IPO indicated to the Company in writing by the IPO Merchant Bankers at least 15 (fifteen) Business Days prior to the filing of the RHP is lower than the Price Per Share; and
- xxv. Any act or commitment to do any of the foregoing.

224.3 Further the Company shall not, without Investor Consent, purchase any securities, either private or publicly traded, for speculative or non-strategic investment purposes, other than any treasury investments made pursuant to the Treasury Policy.

## 225. EXIT OPTION

225.1 QIPO. Subject to the general market conditions being suitable for a successful IPO, the Company shall, and the Promoter Group shall procure the Company to provide an exit to the Investor through a QIPO occurring within 24 months of the Last Return Date, subject to such parameters as laid down below:

a. Purchase of Portion A Securities:

- (i) The Lead Investor and the Company shall inform the Investor of the Conversion Date, which date will be the latest possible conversion date prior to filling the RHP as per the applicable Law ("**QIPO Conversion Date**"), on which all the Other Investors shall be converting their securities held in the Company and the Investor shall be converting the Portion B Securities. On the QIPO Conversion Date, GIL shall purchase all the Portion A Securities, through the Company, by itself, or through a nominee, at a price such that the Investor receives the outstanding Subscription Amount for Portion A Securities together with the proportionate Portion A Return ("**Portion A Exit Amount**") in cash.
- (ii) On the QIPO Conversion Date, GIL will pay the Portion A Exit Amount in cash to the Investor.
- (iii) GIL shall honor its obligation under Article 225.1(a) (i) above, in any manner it so desires, including, without limitation:
  - A. Purchasing the Portion A Securities held by the Investor by itself;
  - B. Purchasing the Portion A Securities held by the Investor through a nominee;
  - C. Buyback by the Company: GIL shall be entitled to cause the Company, subject to applicable Law, to buy back the Portion A Securities at a price that provides the Investor the Portion A Exit Amount.
- (iv) It is clarified that the Portion A Exit Amount payable to the Investor under Article 225.1(a) (i) will be settled in cash.

- b. The minimum issue size of the QIPO shall be Rs. 1,000 crore. If the issue size of the QIPO is Rs. 1,500 crore or more, the Investor shall have a right (but not the obligation) to participate in the QIPO by way of an offer for sale of such number of shares in the QIPO that

would provide the Investor an amount equivalent to 30% of the Portion B Exit Amount, provided that the IPO Committee shall consider permitting an offer for sale of a larger number of shares by the Investor if the Lead Investor so requests. If the issue size of the QIPO is less than Rs. 1,500 crore, then the Investor shall have the right (but not an obligation) to participate in the QIPO by way of an offer for sale of such number of shares in the QIPO that would provide the Investor along with Other Investors up to an amount of Rs. 250 crores.

- c. The Board of the Company shall constitute an IPO sub-committee ("**IPO Committee**") of which the Investor Director is a member, and the IPO Committee shall decide on the timing, size, pricing and other such matters related to the QIPO on the basis of inputs received from the merchant banker appointed for the management of the QIPO. In the event the Company undertakes an IPO any time after the expiry of 12 months from the Last Return Date, then such QIPO shall also be subject to the approval of the Lead Investor as set out in Article 224.2(xxiii).
- d. The IPO Merchant Bankers shall be appointed with the approval of the Lead Investor, which approval shall not be unreasonably withheld. It is clarified that the merchant bankers appointed for the determination of the Conversion Valuation shall not be appointed as the IPO Merchant Bankers.
- e. In the event the Company undertakes a QIPO within 12 months from the Last Return Date, the procedure as detailed in Article 219.2 (i) will be applicable.
- f. In the event the Company undertakes a QIPO anytime after the expiry of 12 months from the Last Return Date, the procedure as detailed in Article 219.2(ii) will be applicable.
- g. The Parties agree that, in respect of a QIPO or an offer for sale,
  - (i) The Company shall make adequate disclosures in the RHP to be filed with SEBI and the RoC as regards the Investor's holding and the proposal of the Investor to Transfer such investor holding to the Beneficiaries of Portfolio.
  - (ii) Immediately after bid/issue effective date, but in any event prior to the Date of Allotment, the Investor shall initiate formalities as regards the Transfer of all or part of its holding to the Beneficiaries. Such Transfer shall be subject to the following:
    - A. the Company shall inform the Investor in writing immediately upon the Date of Allotment being finalised;
    - B. The Investor shall complete all formalities regarding the Transfer of its holding to the Beneficiaries at least 2 (Two) Business Days prior to the Date of Allotment; and
    - C. The Investor shall provide all requisite details to the Company as regards the Beneficiaries at least 2 (Two) Business Days prior to the Date of Allotment to enable the Company forwarding such details to the RoC and getting such Transfers duly recorded.

225.2 The Investor shall use its reasonable efforts to provide support for the marketing of the QIPO of the Company.

### 225.3 Exit Rights on Non-Occurrence of QIPO

- a.If by the Put Exercising Date, the QIPO has not been consummated and the Equity Shares have not commenced listing and trading pursuant to a QIPO, the Investor shall be entitled on the Put Exercising Date to require GIL to purchase the Portion A Securities and the Portion B Securities or Converted Shares, as applicable through the Company, by itself or through a nominee, at a price such that the Investor receives Portion A Exit Amount and the outstanding Subscription Amount for Portion B Securities together with the proportionate Portion B Return ("**Portion B Exit Amount**") in cash ("**Put Option**") by providing a letter as provided in the relevant **Annexure** of the Agreement. Provided that upon exercise of the Put Option by the Investor, the Investor shall be obliged to offer all and not less than all the Portion A Securities

and the Portion B Securities for sale.

b. The Investor will be paid the outstanding Portion A Exit Amount and the outstanding Portion B Exit Amount by GIL within a period of 10 days from the Put Exercising Date.

c. GIL shall honour the Put Option in full, in any manner it so desires, including, without limitation:

- (i) Purchasing the Portion A Securities and the Portion B Securities or Converted Shares, as applicable, held by the Investor by itself;
- (ii) Purchasing the Portion A Securities and the Portion B Securities or Converted Shares, as applicable, held by the Investor through a nominee;
- (iii) Buyback by the Company: GIL shall be entitled to cause the Company, subject to applicable Law, to buy back the Portion A Securities and the Portion B Securities or Converted Shares, as applicable, at a price that provides the Investors the Portion A Exit Amount and the Portion B Exit Amount.

d. In the event GIL defaults in honouring the Put Option, then the Investor shall be entitled to freely Transfer any securities held by it in the Company, without (i) being subject to any of the restrictions imposed on the Investor under Articles 221.13 to 221.17, or (ii) the requirement of any consent from the Company or the Promoter Group, without prejudice to any other legal recourse available.

e. It is clarified that the consideration payable to the Investor upon exercise of the Put Option will be settled in cash.

225.4 In the event the Investor sells the Shares held by it through the QIPO, the Investor shall not be obliged to provide any representations and warranties to the prospective buyer(s), except for any representations and warranties on the title and ownership of such Shares and on the authority to sell such Shares.

225.5 The Company shall bear and pay all expenses incurred in connection with a QIPO / IPO, including without limitation all registration, filing and qualification fees, and printers, legal and accounting fees and disbursements.

225.6 The Promoter Group shall contribute such number of Shares as may be required to fulfil statutory requirements of minimum offer to public shareholders.

225.7 Subject to applicable Law, the Company and the Promoter Group shall ensure that the Investor shall not be considered to be a “promoter” of the Company for any reason whatsoever. The Shares of the Company held by the Investor will only be subject to any statutory lock-in applicable to all non-promoter shareholders of the Company.

225.8 Subject to applicable Law, the Investor’s (or Lead Investor’s, as the case may be) rights under these Articles after the completion of the QIPO in relation to (i) representation on the Board shall survive so long as the IDFC Co-Investors hold at least 5% of the issued and paid-up equity share capital of the Company and the rights incidental thereto under Articles 223.2 to 223.7 and 223.12; (ii) indemnity rights under Article 226 shall continue to the extent of claims accrued in the Pre-QIPO Period. It is expressly agreed between the Parties that notwithstanding anything to the contrary contained in these Articles or any other agreement, all other rights of the Lead Investors, Investor and/or its Affiliates, nominees and transferees (if any) under these Articles or any other agreement, other than those provided in Article 229 hereto, shall lapse on the occurrence of a QIPO, save and except for rights which have already accrued, in accordance with, and subject to, the terms of these Articles, prior to the date of the QIPO as a result of a breach or default under these Articles.

225.9 Accelerated Exit. Notwithstanding anything contained herein, at any time after the Effective Date, the Lead Investor has the option to exercise the Investor’s exit rights as set out in Article 225.9 (c), in any of the following circumstances and the Company, GIL, and the Promoter Group shall give effect to these exit rights in the manner as provided in Article 225.9 (c):



a. Change in Control of GIL

For the purpose of this article “change in control of GIL” shall mean the shareholding of the promoter and promoter group of GIL, as per the current (as on the date of these Articles) shareholding details filed by GIL with the stock exchanges where the shares of GIL are listed and as set out in the relevant **Annexure** of the Agreement, falling below 51% of the total share capital of GIL otherwise than due to the conversion of the securities allotted to the investors under the Promoter SSA. Provided that the exception in relation to the conversion of securities allotted to the investors under the Promoter SSA shall not apply (i) if GIL has inducted a Strategic Investor, whether domestic or foreign, and (ii) to the extent that any of the 2,784,643,677 equity shares in GIL held by the GMR Group as on December 31, 2013 have been sold through a secondary share sale.

b. Debt Repayment Default

Occurrence of a Payment Default by the Company in respect of any Indebtedness of an amount exceeding USD 50,000,000 (United States Dollars Fifty Million) or its equivalent in any currency, which default is not cured within a period of six (6) months from the date of such default.

c. Accelerated Exit Rights: The Investor has the following right available to it upon occurrence of any of the events as mentioned in Article 225.9 (a) and (b):

(i) The Lead Investor may, at its option, immediately notify in writing the Promoter Group (“**Investor Exit Notice**”) to purchase the Portion A Securities and the Portion B Securities or Converted Shares, as applicable, along with the securities held by the other IDFC Co-Investors in the Company upon such notice being issued by the Lead Investor for other IDFC Co-Investors, such that the Investor receives the Portion A Exit Amount and the Portion B Exit Amount. The Promoter Group shall notify the Lead Investor within 15 Business Days after the receipt of the Investor Exit Notice as to whether the Promoter Group or their nominee is able and willing to purchase the Portion A Securities and the Portion B Securities or Converted Shares, as applicable, such that the Investor receives the Portion A Exit Amount and the Portion B Exit Amount.

(ii) In the event the Promoter Group fails to notify the Lead Investor of their intention to purchase the the Portion A Securities and the Portion B Securities or Converted Shares, as applicable, within the time period as mentioned in (i) above, then the Company shall provide an exit to the Investor at the Portion A Exit Amount and the Portion B Exit Amount, by selling one or more Project Subsidiaries, and subject to applicable Law, utilize the proceeds of such sale to purchase the the Portion A Securities and the Portion B Securities or Converted Shares, as applicable, for consideration in cash equal to the Portion A Exit Amount and Portion B Exit Amount in the following manner:

A. The Company and the Promoter Group shall together identify one or more Project Subsidiaries (collectively the “**Identified Project Subsidiaries**” and individually, the “**Identified Project Subsidiary**”) and shall issue a written notice to the Lead Investor, (“**Project Subsidiaries Identification Notice**”) providing the name(s) of the Identified Project Subsidiaries.

B. Upon issue of the Project Subsidiaries Identification Notice:

I. the Lead Investor shall be entitled to appoint one (1) director on the board of director of each of the Identified Project Subsidiaries,

II. the Company shall execute a non-disposal undertaking in favour of the Investor for non-disposal of its shareholding in the Identified Project Subsidiaries,

III. the articles of association of the Identified Project Subsidiaries shall be amended to incorporate the relevant provisions of the non-disposal

undertaking executed by the Company pursuant to sub-clause (II) above.

- C. The Company shall notify the Lead Investor in writing (“**Project Subsidiaries Purchase Notice**”) of its intention to transfer shares held by it in the Identified Project Subsidiaries to a third party purchaser identified jointly by the Company and the Promoter Group (“**Identified Project Subsidiaries Buyer**”). The Project Subsidiaries Purchase Notice shall state the name of the Identified Project Subsidiaries, name and address of the Identified Project Subsidiaries Buyer along with the terms and conditions including the price offered by the Identified Project Subsidiaries Buyer (“**Project Subsidiaries Purchase Price**”), which shall provide the Investor with the Portion A Exit Amount and the Portion B Exit Amount, and the number of shares of the Identified Project Subsidiaries to be acquired by the Identified Project Subsidiaries Buyer which are held by the Company, being shares which are subject to the non-disposal undertaking and such other shares as may be held by the Company in the Identified Project Subsidiary(ies) (collectively “**Identified Project Subsidiaries Shares**”).
  - D. On issue of Project Subsidiaries Purchase Notice, the Company shall, within sixty (60) days from the date of the Project Subsidiaries Purchase Notice, obtain all approvals (including corporate, regulatory and third party approvals) necessary for transfer of the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer (“**Sale Approvals**”).
  - E. Upon obtaining Sale Approvals, the Company shall transfer the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer. Such transfer of the Identified Project Subsidiaries Shares to the Identified Project Subsidiaries Buyer shall be on terms and conditions no less favourable than those set out in the Project Subsidiaries Purchase Notice. The Company shall undertake to take all steps that may be required by the Identified Project Subsidiaries Buyer to complete the purchase of the Identified Project Subsidiaries Shares, including without limitation giving customary representations, warranties and covenants and providing requisite information and assistance to the Identified Project Subsidiaries Buyer for conducting any due diligence exercise.
  - F. Subject to any conditions in the arrangement entered into by the Company with its lenders, the net sale proceeds to the extent required to provide the Investor with the outstanding Portion A Exit Amount and the Portion B Exit Amount shall be paid by the Company to the Investor. Such payment to the Investor may, at the option of the Lead Investor, be by way of buy-back of the Portion A Securities and the Portion B Securities or Converted Shares, as applicable, held by the Investor or transfer by the Investor of the Portion A Securities and the Portion B Securities or Converted Shares, as applicable, to the Promoter Group or in any other manner acceptable to the Investor. Subject to any conditions in the arrangement entered into by the Company with its lenders, immediately upon receipt of the cash proceeds received from the Identified Project Subsidiaries Buyer for the sale of the Identified Project Subsidiaries Shares, the net sale proceeds shall be deposited into an escrow account set up with an escrow agent mutually appointed by the Investor and the Company and in accordance with an escrow agreement in Agreed Form to be executed between the Company, the Investor and such escrow agent.
- (iii) If the sale referred to in (i) and (ii) above is not concluded within 6 (six) months from the Investor Exit Notice or such other period as may be mutually agreed by the Parties, or if the proceeds of such sale are insufficient to meet the obligations of the Company and/or the Promoter Group to provide the Investor with the Portion A Exit Amount and Portion B Exit Amount in cash, then the Investor shall require GIL to purchase the the Portion A Securities and the Portion B Securities or Converted Shares, as applicable, through the Company, by itself or through a t nominee, at a price such that the Investor receives the outstanding Portion A Exit Amount and the outstanding Portion B Exit Amount in cash by providing a letter as provided in the relevant **Annexure** of the Agreement.

225.10 Conversion of Portion A Securities: The Portion A Securities as held by the Investor, GIL or any other entity at any point of time, when converted, shall be converted into Equity Shares at a minimum price of

Rs. 16.26/-. Any conversion of the Portion A Securities by GIL prior to the filing of DRHP by the Company for an initial public offering shall be done in only consultation with the Lead Investor.

On the date of conversion of the Portion A Securities, the Company shall take all such corporate, shareholder and other proceedings or actions, as may be required to allot the Equity Shares to GIL upon conversion of the Portion A Securities.

- 225.11 Corporate Debt Restructuring of the Company. The Promoter Group and the Company shall obtain the approval of the Lead Investor prior to entering into any corporate debt restructuring of the Company. Upon the Lead Investor providing its written approval on the corporate debt restructuring, the Promoter Group and the Company shall use their best endeavours to provide the Investor with an exit from the Company in a manner practicable at such time.

**226. INDEMNIFICATION**

The Parties (including all the Investors) and the Intermediate Companies acknowledge that the Company, the Intermediate Companies and the Promoter have jointly and severally, under the provisions of the Agreement, undertaken certain indemnification obligations which provisions are deemed to be incorporated herein by way of reference.

**227. NON-COMPETE**

The Parties acknowledge that for the purpose of protection of the interests of the Company, the Promoter has under the provisions of the Agreement, undertaken certain non-compete obligations which provisions are deemed to be incorporated herein by way of reference.

**228. INTENT AND EFFECT OF THE AGREEMENT**

- 228.1 The Promoter Group undertakes to ensure that it, its representatives, proxies and agents representing it at general meetings of the shareholders of the Company shall at all time exercise their votes and, through their respective nominated Directors (or Alternate Directors) at Board meetings and otherwise to the extent permitted by Law, act in such manner so as to comply with, and to fully and effectually implement, the spirit, intent and specific provisions of these Articles. In respect of all Fundamental Issues, the Promoter Group and the Company agree and shall ensure no action shall be taken by the Board (at a meeting or by circular resolutions) or by the shareholders (at a meeting or by postal ballot) without prior Investor Consent.

- 228.2 Each of the Parties hereto undertakes with each other to fully and promptly observe and comply with the provisions of these Articles and the Articles of Association to the intent and effect that each and every provision thereof shall be enforceable by the Parties hereto inter se and in whatever capacity. In the event that there is any conflict between the Articles of Association and these Articles, the Parties shall to the extent necessary, cause the change, amendment or modification of the Articles of Association to eliminate any such inconsistency.

**229. SUNSET CLAUSE**

- 229.1 These Articles shall expire on the Investor ceasing to hold any Shares in the Company.
- 229.2 The provisions of Article 226 (Indemnification) shall survive expiry of these Articles.
- 229.3 In addition to the rights surviving in Article 229.2 above which shall survive expiry of the Pre-QIPO Period, the rights of the Investor pertaining to the Board representation as contained in Articles 223.1 – 223.7, indemnification rights as contained in Article 226, to the extent of any claims accrued in the Pre-QIPO Period shall survive expiry of the Pre-QIPO Period.
- 229.4 Notwithstanding anything to the contrary contained in these Articles or any other agreement, all rights, other than those referred to in Article 229.2 and Article 229.3 above, of the Investor and or its Affiliates, nominees, transferees (if any) under these Articles or any other agreement shall lapse on the occurrence of a QIPO.

229.5 The provision of this Article 229 shall survive QIPO and termination of these Articles.

**230. PROMOTER GROUP COVENANTS**

230.1 During the term of these Articles, each Promoter Group entity undertakes to not Transfer its economic interest in the Company to a subsidiary of any of the Promoter Group entities.

230.2 Further, during the term of these Articles, each Promoter Group entity undertakes to not cause any of its Subsidiaries / Affiliates that hold any shares of the Company, to initiate an initial public offering of the shares of such subsidiary or Affiliate.

230.3 The Promoter Group undertakes to infuse Rs. 425.50 crores in the Company (“**Promoter Funding**”) pursuant to which it shall receive 75,188,155 Equity Shares , of which Rs. 248.69 crores has already been infused into the Company by the Promoter Group as on the date of these Articles. The Promoter Group further undertakes to cause the Promoter Funding to occur, (i) within a period of 6 (six) months from the date of these Articles; or (ii) prior to filing of the DRHP, whichever is earlier.

**231. COMPANY’S COVENANTS**

231.1 The Company undertakes that the sale of Excluded Business will be consummated at the book value of amount invested in the Excluded Business and the sale proceeds from the sale of the Excluded Business shall at all times remain within the Company to the extent of the book value of the Excluded Business and no money shall be remitted back to GIL at any point.

231.2 The Company undertakes that it shall not declare or pay any dividends on the preference shares held by Promoter Group prior to declaring or paying, as the case may be, dividend to the Investor in terms of these Articles or redeem any preference shares held by the Promoter Group prior to converting all the Investor Securities in accordance with the terms of these Articles.

231.3 The Company undertakes that it shall not enter into any debt transaction for the benefit of any of its Subsidiaries that requires, and shall cause its Subsidiaries to not enter into any debt transaction that requires, the Company or its Subsidiaries to give covenants that have not been made by the Company and/or the Subsidiary in any previous transaction to any lender and which covenant would have a material adverse effect on the rights granted to the Investor under these Articles.

**232. MORE FAVOURABLE RIGHTS**

The Company and the Promoter Group shall not, without the Investor Consent, grant rights to any Person, other than rights which are subordinate to those granted to the Investor and provided such rights do not adversely affect the rights of the Investor herein, save and except for the rights provided to Other Investors under their respective restated shareholders agreements of even date. In the event the Promoter Group have any rights, privileges or protections or terms more favourable than those offered to the Investor, then the Investor will enjoy similar rights and privileges or protections.

## SECTION IX: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Karnataka for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

#### *Material Contracts to the Issue*

1. Letters of appointment dated March 28, 2014 to the BRLMs from our Company appointing them as the BRLMs.
2. Issue Agreement amongst our Company and the BRLMs dated March 28, 2014
3. Escrow Agreement dated [●] between the Company, the BRLMs, the Escrow Banks, and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between the Company, the BRLMs, and the Syndicate Members.
5. Underwriting Agreement dated [●], between the Company, the BRLMs, and Syndicate Members.
7. Memorandum of Understanding amongst our Company and the Registrar to the Issue dated March 28, 2014.
8. Agreement dated March 7, 2008 among NSDL, our Company and the Registrar to the Issue.
9. Agreement dated March 7, 2008 among CDSL, our Company and the Registrar to the Issue.

#### *Material Documents to the Issue*

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certification of incorporation.
3. Board resolution dated April 18, 2013 in relation to the Issue.
4. Shareholders' resolution dated April 26, 2013 in relation to the Issue.
5. Written resolution of directors dated March 26, 2014 passed by the board of directors of Claymore approving the Equity Shares offered by Claymore in the Issue.
6. Investment committee resolution dated March 27, 2014 passed by the board of directors of IDFC PE Fund III approving the Equity Shares offered by IDFC PE FUND III in the Issue.
7. Letter dated March 28, 2014 passed by the board of directors of IDFC approving the Equity Shares offered by IDFC in the Issue.
8. Resolution dated August 19, 2010 passed by the board of directors of IAL approving the Equity Shares offered by IAL in the Issue.
9. Resolution dated March 25, 2014 passed by the board of directors of Ascent Capital approving the Equity Shares offered by Ascent Capital in the Issue.
10. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
11. Statement of Tax Benefits from [●], Chartered Accountants dated [●] and Auditor's Report on possible Income-tax benefits available to the Company and its shareholders.

12. Certificates dated [●], provided by [●] (regarding objects of the Issue).
13. Copies of annual reports of our Company for the years ended March 31, 2009, 2010, 2011, 2012 and 2013
14. Consent of S.R. Batliboi & Associates LLP, our Auditors for inclusion of their reports on restated financial statements and auditors report on audited financial statements as at and for the each of the years ended March 31, 2009, 2010, 2011, 2012 and 2013 and for the six months period ended September 30, 2013 in the form and context in which they appear in the Draft Red Herring Prospectus.
15. Consents of Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Domestic Legal Advisors to the Company, Domestic Legal Advisors to the Underwriters, International Legal Advisors to the Underwriters, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
16. General powers of attorney executed by our Directors in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.
17. Due diligence certificate dated [●] to SEBI from the BRLMs.
18. SEBI observation letter No. [●] dated [●].
19. Share Subscription and Shareholders Agreement dated April 9, 2010 and Amendment Agreement dated May 24, 2010 between our Company, GMR Infrastructure Limited and Claymore Investments (Mauritius) Pte Limited.
20. Share Subscription & Shareholder Agreement dated June 3, 2010 between GMR Infrastructure Limited, IDFC Private Equity Fund III, IDFC Investment Advisors Limited, Infrastructure Development Finance Company Limited, Argonaut Ventures, Ascent Capital Advisors India Private Limited and GMR Energy Limited and Amendment Agreement dated March 31, 2011.
21. Amended and Restated Share Subscription Agreement dated February 21 2014 entered into among the Company, GIL, Claymore Investments (Mauritius) Pte Ltd, GMR Power Infra Limited, GMR Renewable Energy Limited , Dhruvi Securities Private Limited, GMR Infrastructure (Mauritius) Limited, GMR Infrastructure (Cyprus) Limited, GMR Infrastructure (Global) Limited, GMR Energy (Global) Limited and GMR Energy Projects (Mauritius) Limited.
22. Amended and Restated Share Subscription Agreement dated February 21, 2014 entered into among the Company, GIL, IDFC Investment Advisors Limited ,Limited, IDFC Private Equity Fund III, GMR Power Infra Limited, GMR Renewable Energy Limited , Dhruvi Securities Private Limited, GMR Infrastructure (Mauritius) Limited, GMR Infrastructure (Cyprus) Limited, GMR Infrastructure (Global) Limited, GMR Energy (Global) Limited and GMR Energy Projects (Mauritius) Limited.
23. Amended and Restated Share Subscription and Shareholders Agreement dated February 21, 2014 entered into among the Company, GIL, IDFC Private Equity Fund III, IDFC Limited, Ascent Capital Advisors India Private Limited, GKFF Capital GMR Power Infra Limited GMR Renewable Energy Limited, Dhruvi Securities Private Limited, GMR Infrastructure (Mauritius) Limited, GMR Infrastructure (Cyprus) Limited, GMR Infrastructure (Global) Limited, GMR Energy (Global) Limited and GMR Energy Projects (Mauritius) Limited.
24. Share Purchase Agreement dated February 21, 2014 entered into among Claymore Investments (Mauritius) Pte Ltd, GMR Renewable Energy Limited and our Company.
25. Share Subscription and Shareholders Agreement dated February 21, 2014 entered into among the Company, GIL, GKFF Capital, GMR Renewable Energy and GMR Energy Projects (Mauritius) Limited.
26. Share Purchase Agreement dated February 21, 2014 entered into among GMR Renewable Energy ,IDFC Private Equity Fund III, IDFC Limited, Premier Edu- Infra Solutions and our Company.
27. Share Purchase Agreement dated February 21, 2014 entered into between GKFF Ventures (and GMR

Energy Projects (Mauritius) Limited.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus 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 shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

All relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**Signed by the Directors of our Company**

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**G. B. S. Raju**

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**B. V. N. Rao**

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**Madhva B. Terdal**

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**Satish Kumar Mandhana**

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**N. C. Sarabeswaran**

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**S. Rajagopal**

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**S. Tatwamasi Dixit**

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**Ramakrishna Rajasekharan Nair**

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**K. Parameswara Rao**

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**V. Santhana Raman**

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**Bhaskar Anand Rao**  
**Chief Financial Officer**

**V. Mohana**  
**Compliance Officer and Company Secretary**

Date: March 28, 2014

Place: Bengaluru



## **DECLARATION**

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings made by the Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

**Signed by the Selling Shareholder**

**For Claymore Investments (Mauritius) Pte. Ltd.**

Date: March 28, 2014  
Place: Bengaluru

## **DECLARATION**

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings made by the Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

**Signed by the Selling Shareholder**

**For IDFC Private Equity Fund III**

Date: March 28, 2014

Place: Bengaluru

## **DECLARATION**

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings made by the Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

**Signed by the Selling Shareholder**

**For IDFC Limited**

Date: March 28, 2014  
Place: Bengaluru

## **DECLARATION**

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings made by the Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

**Signed by the Selling Shareholder**

**For Ascent Capital Advisors India Private Limited**

Date: March 28, 2014

Place: Bengaluru

## **DECLARATION**

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings made by the Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

**Signed by the Selling Shareholder**

**For IDFC Investment Advisors Limited**

Date: March 28, 2014  
Place: Bengaluru