

GMR Energy

Sustainability Report FY 2013-14

GRI – G4 Compliant



Energising Tomorrow Today



GMR Energy Limited

A Subsidiary Company of GMR Infrastructure Limited

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MESSAGE FROM BUSINESS CHAIRMAN – ENERGY



“ CORPORATE SUSTAINABILITY IS NOT A DESTINATION BUT A CONTINUOUS JOURNEY IN THE RIGHT PATH ”

Dear Stakeholder,

We embarked upon our sustainability journey, from the day that we set up our Energy Business almost two decades back. Our maiden project, a 200 MW diesel based power plant, was exceptional in many ways. Located in the city of Chennai, which was then chronically short of drinking water, our maiden project was the only thermal power project in India which was designed to run entirely on processed and filtered sewage from the city. We also immediately started working with the local community in the Basin Bridge area, where we set up our campus, on issues related to health, primary education and employment generation.

We have not looked back since then. We believe that ensuring sustainable top line growth and shareholder returns requires a holistic approach to building an organization, which looks beyond just financial performance.

India is a country of immense potential on one hand and tragically of immense shortages, on the other hand. While building our business we must not lose sight of the co-existence of these two extremes of our country. Urbanization and growing incomes in India have benefited many, but these have still left behind nearly 270 million people below the poverty line, 300 million people without access to electricity, and half of our homes without toilets! While the Government is working on addressing these imbalances, companies must also join the effort. GMR Energy is committed to play its role in inclusive growth and sustainable development in the geographies where we operate.

GMR Energy is committed to becoming the most profitable Energy Company in India across the energy value chain by 2020. We also plan to increase our share of renewable energy from the current level of 1% of our asset base to over 30%, in a short period of 6 -7 years.

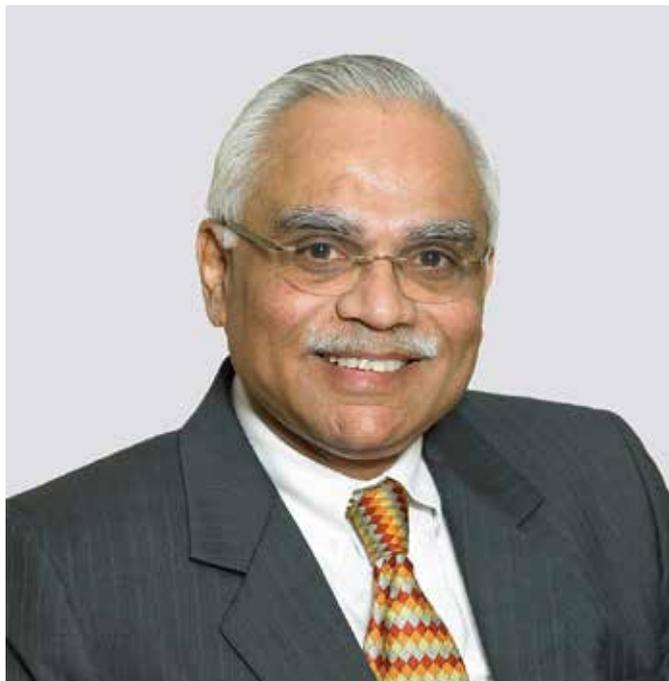
We also endeavour to become a preferred employer by involving all our employees in our key sustainability initiatives.

Though we have an exciting past in corporate sustainability, this is the first time we are bringing to you a comprehensive Corporate Sustainability Report of GMR Energy. I am very sure you will find this inaugural issue interesting and satisfying.

In conclusion, I would like to emphasize that sustainability is not a destination but a continuous journey and I invite you to be my fellow travelers on this wonderful path.

GBS Raju
Business Chairman – GMR Energy
Group Holding Board Member, GMR Group

MESSAGE FROM BUSINESS CHAIRMAN – INSTITUTION BUILDING & GOVERNANCE



“ CORPORATE SUSTAINABILITY HAS BEEN, IS AND WILL BE PART OF GMR’S WAY OF DOING BUSINESS ”

Dear Stakeholder,

I am truly delighted to see that GMR Energy Business has taken the lead to report its activities around Corporate Sustainability under the latest de facto global standard of GRI – G4.

The report gives a very comprehensive view of all the good work done by GMR Energy in FY2014, towards making itself sustainable in so many different ways.

Walking the path of Corporate Sustainability is the only way to survive and succeed in a volatile, uncertain, complex and ambiguous (VUCA) world. With that in mind, we have always given high emphasis on the simultaneity of business building and institution building. While we have grown our businesses

rapidly, we have also built world-class processes, systems, IT infrastructure, talent development and a culture of ethics & integrity. This holistic approach is presented in this report of GMR Energy.

P M Kumar

Business Chairman – Institution Building & Governance
Group Holding Board Member, GMR Group

This First Corporate Sustainability Report

is compliant with

- GRI G4 guidelines, in accordance with the ‘Core’ option
- Electric Utilities Sector Supplement’ of GRI

and is also aligned to

- National Voluntary Guidelines (NVG) of Ministry of Corporate Affairs, India
- Business Responsibility Report (BRR) required by Securities and Exchange Board of India (SEBI), India
- Millennium Development Goals (MDG) of the United Nations
- Performance Standards on Environmental & Social Sustainability of International Finance Corporation (IFC)

REPORTING PROCESS

Report Profile

This first Sustainability Report covers the sustainability performance for the Financial Year (FY) period from April 1, 2013 to March 31, 2014 (FY 2013-14 or FY 2014 or FY 14). This report follows the G4 version of GRI guidelines 'in accordance' with 'Core' option and also the 'Electric Utilities Sector Supplement' (EUSS) released in 2009 by GRI. The 'GRI Guidelines' is the most widely adopted non-financial reporting framework in the world and is used to help communicate sustainability performance and encourage transparency and accountability.

The report is also aligned to the nine principles of Ministry of Corporate Affairs' (MCA) National Voluntary Guidelines (NVG) on social, environmental and economic responsibilities of business.

The principles of Business Responsibility Reporting (BRR) by Securities and Exchange Board of India (SEBI) and Performance Standards (PS) of International Finance Corporation (IFC) are also briefly addressed in the report.

The Sustainability Report of GMR Energy is brought out in addition to Annual Report of GMR Infrastructure Limited for the GMR Group consolidated Financial Performance, GMR Energy Limited Annual Report and GMR Energy consolidated Financial Performance.

Our Businesses / Units continue to proactively engage with key stakeholders, who either have a major interest or are significantly affected by our operations, products or services.

Various Stakeholders such as Shareholders, Investors, Suppliers, Employees, Consumers, Industry Association, Community as well as many Regulatory Authorities are expected to use the Report to know about GMR Energy's Sustainability Performance.

Report Scope and Boundary

The assets / projects under construction owned by GMR Energy Limited and those that are directly under its operational and management control are included in the Report. The compiled data includes information from all 8 generating stations namely Chennai, Vemagiri, Kakinada, Kamalanga, Warora, Gujarat-Solar and Gujarat-Wind and Tamil Nadu-Wind. It briefly covers power projects under construction such as Coal based Thermal Power Plant (TPP) (Chhattisgarh), Gas based TPP (Rajahmundry), Hydro Electric Project (HEP) (Bajoli Holi) and Transmission Lines (Rajasthan). The Report excludes detailed information on projects under construction or planned or in pipeline such as coal assets in Indonesia & India and power projects in India & Nepal. The Report addresses relevant general and specific standard disclosures 'in accordance' with 'Core' option of GRI G4. A reasonable explanation has been provided against all those standard disclosures which have not been reported in the GRI G4 content index appended to this Report.

Methodology

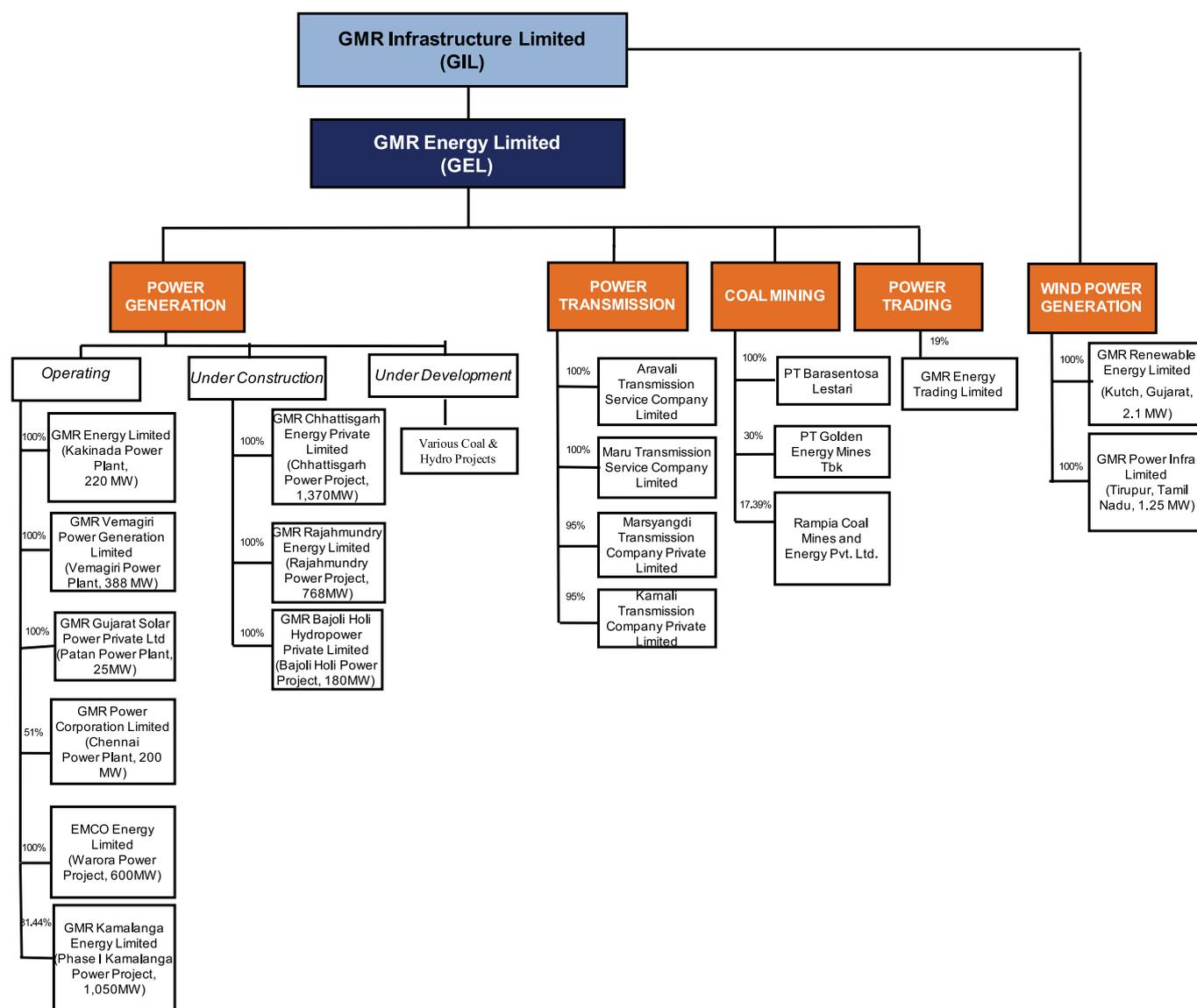
The reporting principles and methodology is in accordance with the 2013 version of GRI G4 guidelines. We believe that sustainability without materiality is like a journey without a destination. Identifying material aspects is the first step towards shaping our sustainability strategies. This Report reflects material aspects, which have significant economic, environmental and social impacts that can substantially influence assessments or decisions of our stakeholders. The economic data cover the financial results of GMR Energy and its subsidiaries reported. This report is intended for the GMR Energy's stakeholders in order to highlight actions undertaken in regard to GMR Energy's sustainability performance.

Triple Bottom Line



“For the business enterprise, sustainable development means adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining, and enhancing the human and natural resources that will be needed in the future.”

The subsidiaries of GMR Energy and their respective businesses are given below:



We have tried to include information in this Report that we believe our stakeholders would like to see or know and we encourage any feedback which would help to improve our subsequent reports.

Please email your suggestions / views / opinions to :

sustainability.energy@gmrgroup.in

For any queries related to this report:



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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

This is the inaugural edition of a consolidated report on the sustainability initiatives of GMR Energy in accordance with Global Reporting Initiative (GRI-G4) framework. Overview of the journey during the reporting year FY 2013-14 (April 1, 2013 – March 31, 2014) is outlined below.

GMR Energy portfolio consists of the following:

Operating assets

1. 200 MW low sulphur liquid fuels based power plant in Chennai, Tamil Nadu (GPCL)
2. 388 MW gas based power plant in Vemagiri, Andhra Pradesh (GVPGL)
3. 220 MW gas based barge mounted power plant in Kakinada, Andhra Pradesh (GEL)
4. 1050 MW coal based power plant in Kamalanga, Odisha (GKEL)
5. 600 MW coal based power plant in Warora, Maharashtra (EMCO)
6. 25 MW Solar power plant, Gujarat (GGSPPL)
7. 2.1 MW Wind power plant, Gujarat (GMR-REL)
8. 1.25 MW Wind power plant, Tamil Nadu (GPIL)

Projects under construction

1. 1370 MW coal based power project, Chhattisgarh (GCEL)
2. 768 MW gas based power project in Rajahmundry, Andhra Pradesh (GREL)
3. 180 MW Bajoli Holi hydro electric project, Himachal Pradesh (GBHHPL)

Projects under development

1. 1200 MW coal based power project, Madhya Pradesh (SJK Powergen)
2. 300 MW Alaknanda hydro electric project, Uttarkhand (GBHPL)
3. 225 MW Talong hydro electric project, Arunachal Pradesh (GLHPL)
4. 900 MW Upper Karnali hydro electric project, Nepal (GUKHL)
5. 600 MW Upper Marsyandi hydro electric project, Nepal (HHPCL)

(I) General Standard Disclosures

Strategy & Analysis

In FY 2012-13, GMR Group adopted 'Asset Light- Asset Right' (ALAR) strategy to ensure a long term sustainable business model with the theme of 'Develop, Build, Create value, Divest and Reinvest'. Consequently GMR Energy, after due deliberation, identified 3 strategic themes: 1) Profitability 2) Liquidity 3) Structure & Process. GMR Energy adopted a flatter Strategic Business Unit (SBU) oriented structure for greater degree of decentralization & empowerment and faster decision making, to pursue these 3 strategic themes for corporate sustainability. Various governance mechanisms have been deployed for its effectiveness. By 2020, GMR Energy will accomplish 8379.35 MW total power generation from the current level by 237%, with 25-30% from Non-Carbon Emitting Sources (NCES) and significant fuel security with its own coal assets having more than 450 Million Metric Tonnes (MMT) of minable coal resources.

Organisation Profile

GMR Energy through subsidiaries is operating 2486.35 MW of Coal, Gas, Liquid fuel and Renewable power plants in India. It has 2318 MW under construction and another 3575 MW under development in India and Nepal. GMR Energy has a diversified portfolio of thermal and NCES with significant hydro, wind and solar power projects, managed by a team of highly experienced people, with a mix of merchant and long term power purchase agreements. 2 transmission lines and 3 coal mining projects are also underway. Our core objective is to provide low-cost, reliable, increasingly clean energy in safe and sustainable ways to our customers.

All operating units of GMR Energy hold the certifications of ISO 14001 for environment management, OHSAS 18001 for occupational health & safety and ISO 9001 for quality management systems. GPCL additionally holds certifications of ISO 50001 for energy management system and SA 8000 for social accountability. GKEL and GCEL were recognised with four awards towards Corporate Social Responsibility (CSR) initiatives and sports.



Identified Material Aspects

Following 6 critical aspects are identified as immediate concerns in the short term:

1. Asset Liquidity

Due to non-availability of Natural Gas (NG), combined capacities of 1376 MW from 3 gas based plants (GEL, GVPGL and GREL) in Andhra Pradesh are underutilized. GMR Energy has adopted ALAR strategy to explore monetizing some of its assets. Power transmission constraints have prevented fulfilment of planned power evacuation and sale for EMCO and GKEL, though that is getting eased gradually. Our GPCL, solar and wind power plants have provided good upside in liquidity and cash, while EMCO and GKEL are well on their path of ramping up and stabilization.

2. Coal Accessibility

Ensuring a stable, dependable and cost effective fuel supply is a high priority for power sector. Presently, coal Fuel Supply Agreement (FSA) with Mahanadi Coal mines and South Eastern Coal mines, subsidiaries of Coal India Limited are in place for majority of operational assets. GMR Energy and its affiliates have 30% equity stake in PT GEMS, 100% stake in PT BSL, 17.39% stake in Rampia Coal Mines (Odisha), thereby having access to more than 450 MMT of minable coal reserves.

3. Community Development

As an operationalisation of GMR Group's philosophy of social responsibility and inclusive growth, GMR Varalakshmi Foundation (GMRVF) helped to build strong bridges with communities around 12 plant / project sites by implementing initiatives in Education, Health, Hygiene & Sanitation, Empowerment & Livelihoods and Community Development. Senior leaders made efforts to reach out to communities, for instance, under 'Community Connect' program, GKEL & EMCO senior management paid visit to project affected villages for reviewing activities and interacting with local community. In order to provide a platform for sharing of best practices in community initiatives, GCEL organized a one day conclave on "Responsible Business" addressing issues and best practices on safety and community services with industrial giants in the Cement and Power sectors located in and around Raipur. Emphasis is placed on employees of the plants contributing to the communities, as a part of which GCEL organized CSR orientation programs for 96 employees. 'Joy of Giving' week was celebrated across the organization during 2nd - 8th October 2013 by distributing fruits, sweets, clothes & provisions and donating generously by fulfilling 'Wish Cards in the Tree' to physically challenged and needy children. 503 employees contributed over 2200 volunteering hours on various 104 social programs.

4. Biodiversity

There are no operating plants adjacent to the protected areas, sanctuaries, reserve forests or area of importance of biodiversity. There are no habitats in the International Union for Conservation of Nature (IUCN) Red list identified in the

immediate vicinity of our plant's operations. No biodiversity is affected due to Company's present operations. However, biodiversity studies were conducted with the help of external agencies to address biodiversity issues at EMCO to provide sustainable environment for the endangered bird species of "Great Indian Bustard". Approval of wild life conservation plan has been accorded by State wildlife authorities. EMCO also organised wildlife awareness week at Warora in association with M/s Lokshikshan Sanstha from 2nd - 8th October 2013. A rally under 'Save Great Indian Bustard' theme was undertaken through streets of Warora. Chief Conservator of Forests (Wildlife) and academicians addressed gathering in a school ground. This has helped us to focus on issues concerning the preservation of biodiversity.

Ministry of Environment & Forests (MoEF) has granted Environmental Clearance (EC) and approval for diversion of forest land for Bajoli Holi HEP in Himachal Pradesh, which is under construction. In response to an appeal by M/s Karam Chand, National Green Tribunal (NGT) held that a tip of reservoir (farthest water holding area) for the project is falling within 10 kms of Dhauladhar Sanctuary boundary, and needs to obtain clearance from the Standing Committee of the National Board for Wild Life. Even District Forest Officer (DFO) has issued a certificate stating that no part of project boundaries fall within 10 kms of sanctuary boundary. In compliance to NGT order, we will initiate the process for obtaining this clearance as per statutory provisions.

Gas & Liquid (G&L) based assets have already developed dense greenbelt over mandated 33% of land.

Project construction activities are still in progress at different stages at GCEL, GKEL, EMCO and GREL. **Total 2,57,930 trees have been planted till FY 2013-14 over total 193 acres of land thereof, out of which 119210 trees were planted during FY 2013-14. Adequate resources have been ensured for our ambitious plan of sustainable farming based greenbelt development in FY 2015 and also to develop mandatory 33% of land under greenery.**

5. Water Management

The availability of water is fundamental for operating thermal power plants. Risks could be due to drought situations or less rainfall in monsoon, or regulated allocation of water. GMR Energy is committed to implement 3R (Reduce, Reuse and Recycle) principle for conservation of water.

GPCL treats 7200 cubic meters of raw sewage per day from Chennai Metropolitan & Sewerage Board to produce 5400 cubic metres of clean water for its own use. The plant had earlier received the coveted Dr. M. S. Swaminathan Award for environmental protection.

Apart from Sewage Treatment Plant (STP) & Effluent Treatment Plant (ETP) at each power station, rain water harvesting systems and medium density ash slurry handling system have been installed at GKEL and GCEL while at EMCO these are in advanced stage of construction. The rain water harvesting structures at GVPGL, GEL, GPCL, GKEL, GGSPL & GCEL would enable capturing and reusing of over 1.09 million cubic meters of rain water per annum during monsoon.



No ground water was used at any operating plants during the reporting year. Other areas for improvement are recycling boiler blow down water, ash water recycling, re-use of treated waste water to suppress coal dust. Group-wide water conservation drive titled 'Project Paani' was launched where best water conservation practices are captured and shared with other plants for implementation. Under 'Project Paani', 8 projects out of 37 having a saving potential of ₹30 Million have already been identified for implementation.

6. Climate Change

Climate change preparedness is required by electric utilities for sustaining in a low-carbon future. GMR Energy is capturing inventory of Scope-1 Green House Gas (GHG) emissions / Carbon footprint. The same will be addressed by strategically enhancing generation from NCES (25-30% power by 2020), environment-friendly procurement, energy conservation and other measures.

We have continuously ventured to promote cleaner fuel operations and renewable energy. Three plants in Andhra Pradesh are based on Combined Cycle Power Plant technology using clean fuel i.e. NG. The supercritical technology power plant is under development at Chhattisgarh. The 25 MW Solar photo-voltaic based power generation and 2.1 MW & 1.25 MW wind turbine generators in Gujarat and Tamil Nadu respectively re-affirms our commitment.

In our continual effort to address global climate change agenda, so far our five established projects (2 NG, 1 solar & 2 wind based) and two hydro electric projects under development at Bajoli-Holi and Alaknanda have been successfully registered under CDM at United Nations Framework Convention on Climate Change (UNFCCC).

These CDM projects have potential of reducing 45,73,045 metric tonnes of CO₂e/annum (Certified Emission Reduction i.e CER) when they are fully operational.

Governance

Although GMR Energy is not listed on stock exchanges, it has six independent directors on the Board of its Holding Company GEL. The Board has four board committees, fulfilling SEBI's Clause 49 requirements. It has inherited a legacy of doing the business the right way driven by GMR Vision and seven GMR Values & Beliefs. Continuous improvement is driven by our Business Excellence (BE) Model based on Malcolm Baldrige criteria. Policies and systems such as Code of Business Conduct & Ethics (CoBCE), Whistle Blower Policy, Sexual Harassment Policy, HR Policy,

e-auction and Information Technology (IT) platform based Supply Management Adaptive & Responsive Tool (SMART) based procurement, Enterprise Risk Management (ERM) and four tier review mechanisms are in place.

Apart from external audits, internal audits, pre-audit and Project Management Audit (PMA) were carried out at all GEL subsidiaries by five auditing firms in compliance with the Institute of Internal Auditors (IIA) standards under the supervision of Management Assurance Group (MAG).

Ethics & Integrity, Anti-corruption

A three tier Ethics Structure is deployed at GMR Energy. A multi-channel, multi-language Ethics Helpline with toll free number, managed by independent third party (KPMG), is in place for all stakeholders to report ethical concerns. Corporate Governance & Business Ethics are mandatory part of employee's induction process. All employees are mandated to self-declare and agree in writing to our CoBCE. Ethics Counsellors have been appointed at plant / project locations for free and frank exchange of concerns locally.

There were no cases of sexual harassment reported in last three years. Three incidences were investigated and resolved under the whistle blower policy during FY 2014. 100% of the business units are analysed for risks related to corruption. Our processes are designed to ensure such practices do not occur under our purview. We discourage any form of corruption, bribery or other negative practices. Ethics & Intelligence (E&I) department conducts investigations against any suspicion of fraud or corruption and initiates disciplinary actions with respect to incidents of conflicts of interest. GMR Energy does not contribute to political parties, politicians and related institutions of any country.

(II) Category - Economic

Economic Performance

GPCL is operating above Annual Operating Plan (AOP) target in revenue and PAT. Recently commissioned units at EMCO and GKEL have started nascent beginning with staggered merchant power demand. There are significant declines in financial performance witnessing low tariff, fuel non-availability & fluctuations in prices after the global financial squeeze and higher costs on account of inflation, reinforcing the message, that better operating performance and effective market penetration is the key to higher profitability going forward. On the other hand, GVPGL, GREL and GEL were starved of NG all through the reporting year.

Despite these challenges, revenue in FY 2014 increased to ₹31165 Million by 37.96% vi-a-vis FY 2013. EBITDA increased to ₹1513 Million by 7.92%. PAT after minority interest & discontinuing operation resulted in loss of ₹13381 Million, up by 83.9% vis-à-vis loss in FY 2013.

There are 17 Continuous Improvement Projects (CIPs) being undertaken under 3 strategic themes viz., liquidity, profitability and structure & process having potential savings of ₹12.5 Million.

Milestones during FY 2013-14

The last three years have been particularly difficult for the energy sector in India, with uncertainty of coal and gas supply. Many power plants have been under-utilized and operating inefficiently.

GMR Energy operationalized 600 MW at EMCO in Maharashtra and 1050 MW at GKEL in Odisha against all odds. Fuel supply has been secured for both projects. EMCO has a long term Power Purchase Agreement (PPA) tie-up of up to 100% of its generation capacity. GKEL has a long term PPA tie-up of up to 86% of its generation capacity.

GPCL obtained a year's extension of PPA. 25 MW solar plant in Gujarat and wind farms in Gujarat and Tamil Nadu are all operating at healthy levels of Plant Load Factor (PLF). We also reduced tariff receivables from ₹7000 Million to ₹200 Million from Tamil Nadu Electricity Board (TNEB). These have sufficiently strengthened our financial position in terms of liquidity.

89% of construction work has been achieved in 1370 MW Chhattisgarh project. Commercial Operation Date (CoD) of Unit-1 & Unit-2 are expected in FY 2015 and early FY 2016 respectively. The 400 kV transmission line for evacuation to central grid has been completed and charged at GCEL. The 270 km long Maru Transmission project was commissioned in October 2013. The 96 km long Aravali transmission project is nearly complete and is awaiting commencement of commercial operations.

180 MW Bajoli Holi HEP achieved Financial Closure (FC) in April 2013 and also got its first disbursement for civil works in March 2014. 300 MW Alaknanda HEP in Uttarakhand is fast reaching FC. We signed Joint Development Agreement (JDA) with International Financial Corporation (IFC) for 600 MW Upper Marsyangdi HEP in Nepal. Environmental Clearance (EC) for both Nepal HEPs are in place and Generation Licenses (GL) have been applied. Techno-Economic Clearance (TEC) have been obtained from Central Electrical Authority (CEA) / Central Water Commission (CWC) for the 225 MW Talong HEP in Arunachal Pradesh.

Our operations in HEG South Africa mines have been successfully wound-up and the proceeds of sale have been received fully, complying with all statutory and regulatory requirements. Our PTBSL mines development in Indonesia has progressed well with requisite land acquisition almost completed and transportation system by barge fully lined up. GEMS Mines (GMR & its affiliates' stake of 30%) is operational. Our coal trading team has been trading coal from GEMS to third parties.

All these have brought greater certainty of future profitability.

Market Presence

GMR Energy Trading Limited (GMR-ETL) has traded in short & medium term bilateral and power exchange market with State electricity utilities, private electricity Distribution Companies (Discoms) and leading bulk industrial consumers in more than 15 States of India in last 2 – 3 years. Out of ~ 20% of power generated by GMR Energy's power plants traded, ~10% of power was traded on two Power Exchanges of India, and rest was supplied to industrial and other consumers in the reporting period. GMR-ETL is consistently ranked in Top Eight largest private power traders in India.

Indirect Economic Impacts

Local communities have benefited indirectly by availing various potential opportunities with GMR Energy's operating plants / projects for growth. Due to our plants / projects in the neighbourhood, there has been growth in purchasing power of the local communities who have also looked at various investment options to secure their funds. There has been increase in residential requirements which has been tapped by local communities by construction activities to augment their income levels. This is facilitating better specialized educational and critical health treatment accessing ability by these communities. Skill up-gradation / trade training programs have benefitted local communities. These opportunities have created a pool of entrepreneurs locally. There has been growth in the market size and the range of products and services has also grown.

Various community development initiatives in and around our plant / project locations have improved access to basic health and education facilities. Growth of public movement requirements has also created market driven transportation facilities which has improved the connectivity to better areas by road. The local youth has also ventured to invest in transportation opportunities offered by GMR Energy to meet its own requirement.

GMR Varalakshmi Foundation (GMRVVF) facilitated formation of 269 Self Help Groups (SHG) involving approximately 3200 women members across all locations.

At Shahdol in Madhya Pradesh, 47 SHG with a total membership of 500 members mobilized consolidated savings of ₹1.15 Million and provided micro-loans worth ₹3.21 million.

Procurement Practices

The Procurement Policy framework sets forth a transparent and common policy governing procurement which covers all aspects of supplier selection and awarding. This framework provides policies on strategic sourcing, purchasing and support processes. It also provides guidelines on reporting misconduct, bribery & corruption, conflict of interest, perceived impropriety, personal gifts & gratuities, supplier relationships, issues of influence, responsibilities to the employee, reciprocity, code of conduct for employees, etc., to ensure ethical behaviour in procurement practices.

(III) Category - Environmental

Materials

Since projects are in a state of just commissioning or stabilization, it impacts our overall resource consumption and emissions. Hence, we are in the process of targeting reduction in intensity as a measure of our progress, demonstrating our continued commitment towards emissions reduction and consumption rationalization. The major raw materials used are coal, Low Sulphur Heavy Stock (LSHS), diesel, NG and Regasified Liquefied Natural Gas (RLNG). GMR Energy does not use any Persistent Organic Pollutants (POP- Polychlorinated Biphenyl) as well as Volatile Organic Compounds (VOC) containing materials in any generation process or equipment across all locations. No recycled input materials have been used during the reporting year.

Energy

GMR Energy is using technological advancements such as supercritical boiler at GCEL to conserve energy and also foraying into NCES. There has been no purchase of electricity for consumption at any operating plants except during the project and commissioning phases.

Indirect Energy Consumption

Under Group-wide energy conservation drive titled 'Project Bijlee', 18 energy conservation projects out of 36 having saving potential of ₹48.7 Million have been identified for implementation.

In FY 2014, there are various initiatives taken by GMR Energy and its employees to reduce indirect energy consumption through optimisation of operations involving cooling tower fan, cooling water pump, direct bunkering, jockey pump, variable frequency drive installation for liquid fuel pumps, energy audits, energy conservation awareness programs, etc. At EMCO, four such projects involving optimisation of cooling tower fan, cooling water pump, direct bunkering and jockey pump resulted in energy savings of 32,04,931 kwh/annum.

The offices are designed for maximum utilization of natural light and provided with sensors triggered automated lighting system. All the employees are also motivated to 'Switch-Off the Lights - When not in Use'. This has not only helped to reduce energy consumption but also has resulted in waste minimization at source.

Emissions

At GMR Energy, an elaborative automated and manual environmental surveillance systems and programs are conducted by dedicated Environment, Health and Safety (EHS) team at each site. Continuous ambient Air Quality Monitoring Stations (CAAQMS) have been installed at GKEL, EMCO and GCEL. These keep a check on various pollutants on a daily basis. GMR Energy maintains Particulate Matter (PM), SO_x, NO_x and other pollutants well below the prescribed stipulated standards at all the locations. These are also reported to the regulatory authorities. Real time data of stack and ambient air quality are simultaneously flashed in the website of the respective State Pollution Control Board (SPCB). GMR Energy doesn't use any Ozone Depleting Substances (ODS) in its operations.

Effluent & Waste

All locations have set up efficient discharge systems comprising ETPs and STPs. The characteristics of treated effluent are maintained below limits prescribed by respective SPCB. Monitoring of water quality parameters is conducted at regular intervals with MoEF certified / SPCB recognised environmental laboratories. At all operating plants, 100% domestic water is treated and recycled back for plantation development or sprayed to minimize fugitive dust emission. The treated effluent is utilised for dust suppression. There are no water bodies of significant bio-diversity and related habitats affected due to surplus treated water discharges and runoffs from few plant sites.

Strategic efforts facilitated better fly ash utilization at 99.4% and 47.9% at EMCO and GKEL respectively in FY 2014. At EMCO, fly ash generated is given to cement manufacturing plants, while 50% of its transportation cost to these cement plants sites is borne by GMR Energy. At GKEL, fly ash generated is supplied to the construction industry and used in land filling as per regulatory guidelines. Most of the other solid wastes generated is sold to third party contractors for its appropriate disposal. A large percentage of non-hazardous waste disposed in this manner is eventually recycled or reused. Hazardous waste is stored and disposed as per Hazardous Wastes (Management, Handling and Transboundary Movement), 2008 & its subsequent amendments. There have been no hazardous wastes under the Basel Convention imported or exported and no such wastes have been shipped internationally. There have been no spills in the reporting year.

Compliance

The year saw the rolling out of "Integrated EHS Framework" and Safety Manuals at GMR Energy to integrate sustainability in the Plant and Project Management Processes. All these have contributed to better systems & processes, which is our strategic focus area. It will continue to guide us towards being a 'greener' power producer. Online Compliance Monitoring System at EMCO, GCEL and Bajoli Holi HEP tracks both legal as well as contractual related compliances. All the operating units are in compliance with EHS regulations. There were no instances of non-compliances, legal notices and fines.

A team from the Compliance Advisor Ombudsman (CAO) of IFC, USA visited GKEL plant site and interacted with GKEL and village community on 12th-13th March 2014. This was in response to complaint dated 15th April 2011 to IFC by two Non-Government Organizations (NGO) highlighting various social and environment concerns of community around GKEL site with respect to six out of eight IFC's Performance Standards (PS). Their assessment report is awaited.

Supplier Environmental Assessment

Major suppliers like Mahanadi Coalfields Limited (MCL), South Eastern Coal Fields Limited (SECL), Indian Oil Corporation Limited (IOCL), etc have implemented Environment Management System (EMS) as per ISO 14001. As a part of our EMS, process has begun to influence the other suppliers for EMS implementation as per ISO 14001 at their sites. Assessment was not done at suppliers' sites.



(IV) Category - Social

(a) Labour Practices and Decent Work

Employment

1033 permanent employees and 13750 contract workers were employed during the reporting period. We endeavour to provide our employees and contract workers the benefits as required by law and as part of our Human Resources (HR) policies and processes.

In our endeavour to nurture our valuable human assets, we have laid great stress on employee engagement and are providing enhanced training opportunities to all our employees. For people to fulfil their potential, our management framework sets out clear personal accountabilities and the processes by which authority is delegated. Our robust performance review mechanism including BE Assessments, IMS (ISO-QMS, EMS, OHSAS) audits, external & internal audits, surveys, reviews by GMR Group Holding Board (GHB), GMR Group Chairman (GCM) & GMR Energy Business Chairman (BCM), audit committees, Board meetings also provide inputs for improving leadership effectiveness.

We are attracting the next generation of talented, diverse employees. Our employees will help us improve, adapt and innovate for the challenges of the future. Going forward, we continue to strengthen our culture of engaged employees and high performance.

Labour / Management Relations

GMR Energy has three types of workforce i.e. Management and Non-Management cadre on permanent rolls and Contract employees. Though GMR Energy respects the right of employees to form associations, as such there is no recognized trade labour union at any of our plant or project sites or offices.

Labour / management relations in GMR Energy focus on a collaborative relationship between the management and the workers to address various aspects of industrial life such as safety & health, discipline, grievance handling, industrial disputes, workers participation in safety meetings, etc.

Compliance monitoring system ensures compliance with labour laws. Compliances are monitored by an Apex committee with top Management's participation. There are internal and external audits to verify compliances at plant / project level. Grievances of individual employees are addressed through reporting to line manager / plant head at plant level. There is a formal promotion policy for employees to ensure career development. There have been no lockouts or strikes at GMR Energy which is an indicator of the cordial relations between company management and its employees.

Occupational Health & Safety

Safety remains our top priority till we attain the target of zero fatality. We achieved Lost Time Incident Frequency Rate (LTIFR) of 0.183 against a goal of 0.2 in the reporting year.

Tragically, two contract workers died at GKEL construction site in FY 2014. We provided assured compensation to protect their families. All other sites demonstrated best ever safety performance with nil fatalities. All operating assets have migrated to unique fool proof Permit to Work (PTW) system driven through SAP. A series of Behaviour Based Safety (BBS) programs were conducted at EMCO throughout the year to deal with individual's safety behaviour. GKEL organised series of Safety Observation System (SOS) training for employees.

There were no cases of occupational diseases reported during the year.

Training & Education

GMR Energy has extensive Learning and Development (L&D) initiatives to aid the growth of employees. These initiatives

cover both functional and behavioural aspects. Employees are deputed to prestigious institutions like Indian Institute of Management (IIM). Training is carried out by both internal and external experts. In-house programs are also conducted through reputed faculty and employee development is encouraged through self-education schemes. Knowledge sharing sessions are organized under various platforms like Knowledge Management (KM), E-Learning, etc., which help in imparting and creating the culture of sustainability.

In FY 2014, we have delivered 31,696 hours of both online and offline training for all our regular staff, averaging 30.7 man hours per employee.

Diversity and Equal Opportunity

GMR Energy practices endorses equal opportunity employment and never discriminates on the basis of caste, religion, gender or disability. The employees are appointed based on their credentials and there is no discrimination due to caste, creed and sex or minority community or other indicators of diversity. It believes in the progress of its neighbouring communities and continuous engagement with them to address their concerns with agility, effectiveness and in partnership thereby achieving synergies and creating an impetus to our growth. GMR Energy adheres to all labour legislations and ensures safe and healthy work environment. The HR division sets out norms, policies and initiatives to ensure a uniform approach across all business and also looks at standardized Industrial Relations (IR) policies.

Equal Remuneration for Women & Men

As an equal opportunity employer, GMR Energy ensures that there is no difference in the salaries of men and women.

Labour Practice Grievance Mechanism

GMR Energy employees strictly follow CoBCE. There is a formal grievances redressal mechanism through a Grievance Policy. All grievances are addressed and resolved through email communication or one to one interaction.

There are no indigenous communities or primitive tribal groups around our project sites.

GMR Energy ensures that the interests of nearby communities are taken care. There have been no incidents of violations involving rights of nearby people.

(b) Human Rights

Our organisation respects the human rights of employees. We have an 'Open Door' policy that encourages all employees to discuss their problems with the management. This policy guarantees that employee concerns are heard, considered and answered without fear of reprisal. GMR Energy advocates conformance to fundamental labour principles including the prohibition of child labour, forced labour in all its forms, protection from discrimination (including employment decisions based on personal beliefs, race, gender, national origin / ancestry, religion & spiritual practice, age, marital status, indigenous status, differently



abled, sexual orientation, HIV/AIDS and political affiliation) and indigenous rights in all its operations by imparting relevant training and aligning the conduct of its employees.

Policies such as CoBCE, sexual harassment, whistle blower, IT, etc. cover all employees, business partners, including contract workmen, third parties, vendors / suppliers. These policies outline the procedures for reporting, handling, investigating and deciding on the course of action to be taken in case inappropriate conduct is noticed or suspected. All grievances are addressed and resolved through email communication or one to one interaction. There were no incidents related to human rights and discrimination during the reporting period.

Security Practices

Our sister concern, Raxa Security Services Ltd., an ISO 9001:2008 certified company provides an integrated security solutions and deploys technical security and fire crew trained through its own Raxa Academy round the clock at all our industrial and business Establishments. We have Group Security Systems and Processes that ensure adequate safeguards and protection mechanisms for personnel and assets. Regarding our investment and procurement practices, our business has procedures to evaluate and select suppliers and contractors. IT Policy and state of the art IT and electronics systems and procedures ensure security of data and documents.

(c) Society

Local Communities

We work hard to sustain our reputation for responsible and proactive work with local communities. We believe in giving back to the communities in which we operate. Some of the ways we do this is by investing in process improvements, new technologies, renewable energy portfolio and partnerships with other business associates, communities, governmental organizations to reduce energy consumption, facility emissions, carbon footprint and landfill disposal and increase re-use, recycling and development of greenbelt, direct & indirect employment, etc.



GMRVF has been instituted in our quest to contribute towards sustainable social transformation to enable inclusive growth and development. Its unique community engagement initiative has helped us build strong bridges with communities around our project sites while implementing projects in Education, Health, Hygiene & Sanitation, Empowerment & Livelihoods and Community Development.

We invested ₹148.8 Million in India towards such CSR programs at our project / office locations in 1 Union Territory (UT) and 11 States of India.

Our project and Corporate Social Responsibility (CSR) staff showed the highest level of commitment and courage and rendered yeoman services in the aftermath of the cloud burst and flash floods in Uttarakhand on 16th - 17th June 2013. Apart from assisting Indo-Tibetan Border Police (ITBP) personnel in rescuing stranded pilgrims, our team distributed food packets, water and basic medicines to the pilgrims and local residents. They supported the local communities in transporting and storing the relief material provided by the Government (Govt.) and other organizations.

Our GMR Aviation team with 2 Bell Helicopters braved in the Rescue Operations in difficult terrains for 11 days to evacuate 210 personnel.

All GMR employees donated their one day salary amounting to ₹9.03 Million and GMR Group made a matching donation of ₹10 Million. For all its efforts, the Chief Minister of Uttarakhand felicitated the GMRVF team graciously. Rented Space, furniture, logistic support and human resource were provided to resume the classes of the damaged schools in the area. Medical support was extended to the disaster affected community at the time of urgent need. Financial support leveraged from like-minded social organizations and financial assistance given to 44 Below Poverty Line (BPL) students of the area. **We are also working with the Govt. Education Department to restart and run two schools in the flood affected area.**

Also, the GMR Group extended its support to the victims of Cyclone Phailin in Odisha by contributing ₹5 Million to the Chief Minister's Relief Fund.

Under Education, GMR Energy has set up English medium CBSE based DAV Public School at GKEL to make quality education facility accessible to local communities.

We partnered with over 100 Govt. schools, 90 Govt. Anganwadis and set up 10 Bala Badis (pre-schools) to reach out to 17,000 children. Besides 24 training programmes to 350 Govt. teachers, 53 Vidya Volunteers are also provided to Govt. schools to ensure quality teaching to 8000 children. Along with IBM India, we initiated 9 Kidsmart Centres or Early Learning Centres (ELC) at seven project locations, targeting 700 children from Govt. schools deprived of technology aided quality education.

In Chennai, Life Skills Training programmes are initiated at 10 Govt. schools reaching out to 6000 children. We set up 20 After School Learning Centres (ASLC) across our energy project locations through which over 1000 children are getting academic support. In 8 coaching centres, we trained 222 children during the year for competitive examinations.

Under health care Services, full-fledged and well-equipped Vivekananda Hospital has been set up in the township at GKEL, Kamalanga, Odisha and is available round the clock to both employees and local community.

22 medical clinics are in operation currently reaching to over 25,000 people every year. 2 Mobile Medical Units (MMU) served over 4400 elderly people on a regular basis. 2 Ambulances catered to 32 emergencies during the year. During FY 2013-14, 152 health awareness programmes were organized across various locations reaching to over 10,000 people.

Medical care, clinical investigations, food & medicine support are being extended continually to 56 sickle cell anemic affected Children, 127 malnourished children and 40 HIV/AIDS affected children.

Under livelihoods support, vocational training has been provided to 350 youth from across energy project locations. Farm and non-farm livelihoods support have been extended to about 1000 families. 269 SHGs are being supported for undertaking thrift, credit and income generation activities.

(d) Product Stewardship

Customer Health & Safety

GMR Energy strives for solutions that support the transformation to a fair, inclusive and low-carbon economy. GMR Energy continually takes challenges to improve the environmental performance of its product. GMR Energy is concerned about a safe environment for the society it dwells in and for its consumers.

Besides long term PPA, GMR-ETL traded ~ 20% of electricity generated from GMR Energy's power stations to State electricity utilities, Discoms and bulk industrial consumers during FY 2014.

Product & Service Labeling

Transmission lines pass through agriculture fields and community areas. GMR Energy is committed to cause zero effect to its surrounding community. The live transmission lines when exposed continuously causes detectable impairments to the exposed individual due to the electromagnetic field close to these live conductors. Hence, all live conductors of these transmission lines passing through the community are erected by maintaining minimum distance to avoid effects of static field and magnetic field noise levels.

GMR Energy has initiated electrical safety education for employees, workers & community in the vicinity of high tension lines for 'safe' living in these areas. No injury or fatality to the public due to GMR Energy's operating assets / projects occurred during the reporting year.

All the mandatory disclosures have been complied with. All electrical installations are labelled as warranted. The information stated in product and service clearly list out the known potential utility risks and mention ways to reduce or eliminate such risks.

There have been no complaints pertaining to the breach of customer privacy, safety and loss of customer data.

Marketing Communications

The reports such as tariff and regulatory orders are communicated via print media and consumer collaterals. To remove all the impediments in communication, GMR Energy has introduced pictorial depiction of signage / safety warnings. Fully integrated systems are in place to conform to all the statutory laws and standards related to marketing communication, promotion and sponsorship. There have been no incidents pertaining to violation of any regulation or voluntary codes pertaining to marketing communication.

Compliance

GMR Energy is in conformance to compliance with regulations of product and service, voluntary codes concerning health & safety, product information and labelling.

Readiness for the Road Ahead

To go on growing profitably, we also need to manage our cost structure ever more rigorously and achieve net profits targeted. Affirming our main core as an infrastructure developer conducive to nation building, we will work towards 'ALAR' strategy.

Work has already commenced on several fronts to create the platform to meet these challenges and along with it create sustainable growth.

Sustainable farming based greenbelt development and GRI - G4 based sustainability surveillance and E-governance are few initiatives planned in FY 2014.



Message from President – Strategy & Development



“The challenges faced by a corporate organization in a complex, demanding and uncertain world, are increasing at an unprecedented pace. Companies are now seamlessly bound to investors, suppliers, employees & society, gifts of nature that we consume & the air, water, soil and living beings of our planet. Business must be conducted keeping pace with the expectations of all stakeholders in a win-win, fair & ethical relationship. GMR Energy firmly believes that it is the only way to corporate sustainability in the long term.”

Aniruddha Ganguly
President – Strategy & Development,
GMR Energy



Organisation Profile

Powering growth across value chain presence

Power generation using various fossil fuels

Harnessing renewable energy

GMR Varalakshmi Foundation – CSR wing

Certification and awards





With an asset base of over US \$ 8.4 billion, the GMR Group is a world renowned infrastructure developer that has an excellent track record of creating mega Infrastructure projects in India and overseas. These span the domains of developing, operating, managing and owning International airports, major energy utilities, modern highways and urban infrastructure facilities.

GMR Energy Limited (GEL) is a wholly owned subsidiary of GMR Infrastructure Limited (GIL), incorporated in the year 1997, with the objective to develop, implement and operate assets in the power value chain. Since its inception, the company has grown significantly to become one of the leading private sector power producers in India.

Capitalizing on the private investment policy of the government in constructing, developing and managing power plants, GMR Energy has established eight operational power plants and is currently developing seven power generation and two power transmission projects.

GMR Energy has a diversified portfolio of thermal and Non-Carbon Emitting Sources (NCES) with significant hydro, wind and solar power projects with a mix of merchant and long term Power Purchase Agreements (PPA).

GMR Energy's strategy is to become a leading low cost integrated energy player, positioned to capitalise on India's rapidly growing energy demand. We have US \$ 3.27 billion of total assets which includes operations and growth projects in the areas of coal mining and power generation and transmission.

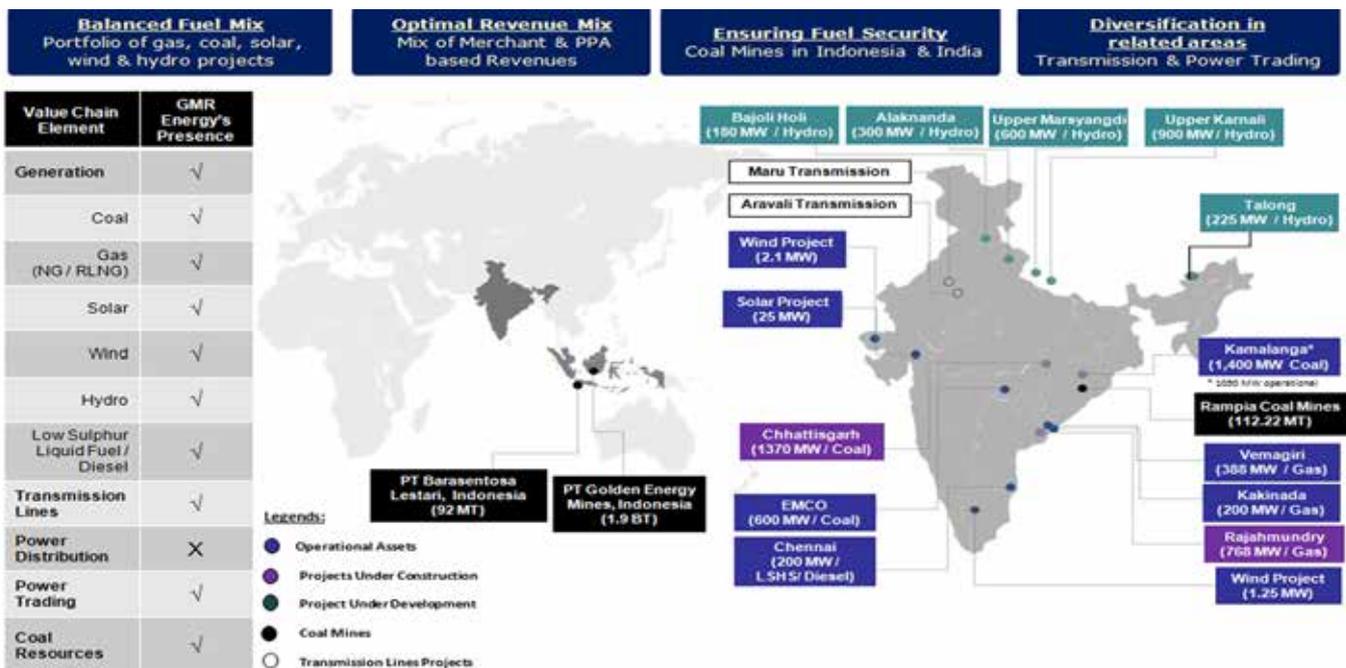
GMR Energy has 2486.35 MW of coal, gas, liquid fuel and renewable energy based power plants under operation in India. It also has 2318 MW under construction and 3575 MW in pipeline in India and Nepal.

Value Creation Process

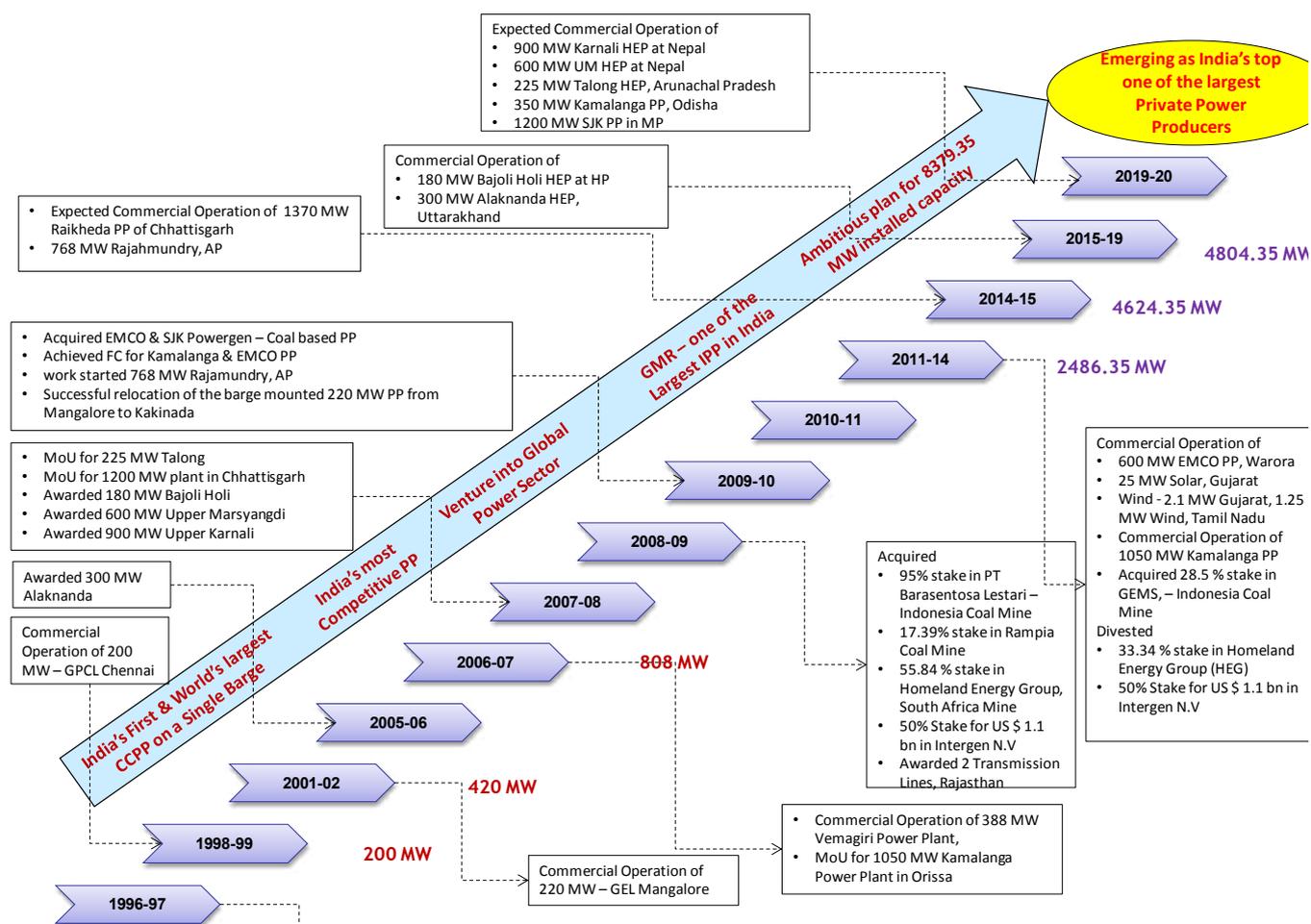
All GMR operations / functions follow a streamlined execution process beginning from project bidding to implementation including procurement and funding. This approach is to ensure value creation in all of GMR activities.

| Bidding | Approvals and Clearances | Competitive Building | Funding | Project Execution | Operations and Growth |
|--------------------------------------|---|--|-----------------------------------|--|--|
| Strong competitive bids for projects | Bankable documents & obtaining clearances | Nurturing developing successful partnerships | Ability to raise equity & finance | Able to deliver projects in time, cost & quality standards | Operating & managing assets for sustainable growth & profits |

Global Presence



The growth path of the organization in terms of key events is captured as below:



Major Accomplishments during FY 2013-14

- PPA with Tamil Nadu Electricity Board (TNEB) for 200 MW low Sulphur liquid fuels based power plant at Chennai was extended for another year till February 2015. Power supply under the extended PPA has already commenced.
- Unit-2 (300 MW) at EMCO was commissioned in September 2013. Both units are now fully operational. EMCO also signed long term PPA with Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) for 150 MW. 100% of the plant capacity is now tied up via long term PPA.
- 3 x 350 MW GKEL has been fully commissioned. GKEL has a long term PPA tie-up of up to 85% of its generation capacity.
- 89% of construction has been completed in GMR Chhattisgarh Energy Limited (GCEL) and Commercial Operation Date (CoD) of both units is expected in FY 2014-15. The 400 kV transmission line for evacuation to central grid has been completed and charged.
- The 270 km long Maru transmission lines project was commissioned in October 2013. The 96 km long Aravali transmission lines project is nearly complete and is awaiting commencement of commercial operations.
- GEMS Mines (GMR Energy & affiliates' stake of 30%) is operational. Our coal trading team has been trading coal from GEMS to third parties successfully.
- 180 MW Bajoli Holi Hydro Electric Power Project (HEP) achieved financial closure in April 2013. Main civil contracts were awarded to Gammon India Ltd. Construction has started in full swing.
- Power Finance Corporation Limited (PFC) has sanctioned the entire debt for 300 MW Badrinath HEP in Uttarakhand. The Financial Closure (FC) is expected to be completed shortly. Project Implementation agreement has been signed with Government of Uttarkhand State in May 2013.
- GMR Energy Ltd and Himtal Hydropower Company Private Ltd signed a Joint Development Agreement (JDA) with the IFC, part of the World Bank Group, to jointly develop the 600 MW Himtal HEP on Upper Marsyangdi river in Nepal in December 2013 and IFC to play the role of 'Lead Lender'.
- Techno-Economic Clearance (TEC) for 225 MW Talong HEP in Arunachal Pradesh has been obtained from Central Electricity Authority (CEA) / Central Water Commission (CWC) in August 2013.

Value Chain Presence

| Coal Fuel | Coal Trading and Logistics | Generation | Transmission | Power Trading and Supply |
|--|---|--|--|--|
|  <p>100% equity stake in PT Barasentosa Lestari (PTBSL), Indonesia having aggregate coal reserve of > 92 MMT. Mines are expected to commence by turn of FY 2014-15.</p> <p>17.39% equity stake in Rampa Coal Mine & Energy Pvt Ltd.; Developing Rampa Coal block in Odisha in JV with 5 corporates. Proportionate share of > 115 MMT coal reserve will be sourced for captive consumption in GKEL, Kamalanga, Odisha.</p> <p>Fuel supply in place with Mahanadi Coalfields Ltd (4.8 MMTPA) and South Eastern Coalfields Limited (2.6 MMTPA), subsidiaries of Coal India Limited for majority of operational & under-execution projects.</p> |  <p>30% equity stake in PT Golden Energy Mines Tbk (PT GEMS) (Sinar Mas Group), Indonesia, having sale agreement for 250 MMTP of thermal coal over 25 years.</p> <p>PT GEMS Mines, Indonesia is in operation. Trading is done from PT GEMS to third parties.</p> |  <p>2486.35 MW of coal, Natural Gas (NG), Regasified Liquefied Natural Gas (RLNG), low Sulphur liquid fuels and renewable energy based power plants in India.</p> <p>2318 MW under construction in India.</p> <p>3575 MW in pipeline in India and Nepal</p> |  <p>270 km long Maru transmissions lines proejct were commissioned in October 2013.</p> <p>96 km Aravali transmissions lines project is nearing completion and awaiting commercial operations.</p> |  <p>Ranked within Top 8 largest private power traders in India.</p> <p>Caters to electricity utilities in more than 15 States including Union Territories (UT) of India such as Rajasthan, Haryana, Maharashtra, Andhra Pradesh, Tamil Nadu, Kerala, Karnataka, etc.</p> <p>Also, caters to private Distribution Companies (Discoms) of Delhi, Mumbai and Noida in India.</p> |

Details of Installed Capacity

| Fuel Source | Location | State | Installed Capacity* (MW) | Management System | Entity |
|--------------|-----------|----------------|--------------------------|--|--------|
| Thermal | Warora | Maharashtra | 600 | ISO 9001:QMS, ISO 14001:EMS, OSHAS 18001 | EMCO |
| | Kamalanga | Odisha | 1050 | ISO 9001:QMS, ISO 14001:EMS, OSHAS 18001 | GKEL |
| NG | Vemagiri | Andhra Pradesh | 388 | ISO 9001:QMS, ISO 14001:EMS, OSHAS 18001 | GVPGL |
| | Kakinada | Andhra Pradesh | 220 | ISO 9001:QMS, ISO 14001:EMS, OSHAS 18001 | GEL |
| LSHS | Chennai | Tamil Nadu | 200 | ISO 9001:QMS, ISO 14001:EMS, OSHAS 18001, ISO 50001, SA 8000 | GPCL |
| Solar | Charanka | Gujarat | 25 | -- | GGSPPL |
| Wind | Kutch | Gujarat | 2.1 | -- | G-REL |
| | Tirupur | Tamil Nadu | 1.25 | -- | GPIL |
| TOTAL | | | 2486.35 | | |

*As on March 31, 2014

Highlights of Thermal Assets



GMR POWER CORPORATION LTD. (GPCL) LSHS / DIESEL based 200 MW, Chennai, Tamil Nadu

- Company holds 51% stake.
- Tamil Nadu's first independent power producer.
- Entire power off-take by TNEB till 2015.
- German technology for two-stroke diesel engine from MAN B&W.
- Established a unique sophisticated Sewage Treatment Plant (STP) that treats 7200 cubic meters of raw sewage per day from Chennai Metropolitan & Sewerage Board to produce 5400 cubic meters of clean water for its captive use in plant operations.
- Incorporation of Reverse Osmosis (RO) technology for the final stage of purification to neutralize harmful pollutants.
- ISO 14001 and OHSAS 18001 certifications from Det Norske Veritas (DNV) for its EHS initiatives.
- M.S. Swaminathan Award for environment protection.
- Operational since November 1999. Successfully completed 15 years of operation & maintenance.



GMR ENERGY LTD. (GEL) NG based 220 MW, Kakinada, Andhra Pradesh

- An environmental friendly gas based plant.
- India's first and the World's largest combined cycle power plant on a single barge.
- US technology for aero-derivative gas turbines from General Electric (GE).
- Operational since November 2001 and redeployed at Kakinada since April 2010.
- Received 5 S Excellence Award – 2006
- National Water Management System – 2007 for excellent water efficient unit.



GMR VEMAGIRI POWER GENERATION LTD. (GVPL) NG / RLNG based 388 MW, Rajahmundry, Andhra Pradesh

- Company's wholly owned subsidiary.
- India's most cost-effective independent power producer.
- Project awarded on the basis of international competitive bidding.
- NG / RLNG fired combined cycle power plant.
- Advanced gas turbines from GE.
- Operational since September 2006



GMR RAJAHMUNDRI ENERGY LTD. (GREL) NG based 768 MW, Rajahmundry, Andhra Pradesh

- Bulk power transmission agreement signed with Power Grid Corporation of India (PGCIL)
- Financial Closure (FC) achieved on September 14, 2010.
- First organization in the industry category in India to be certified for Integrated Management System (IMS) at the construction stage.
- Ready for operation.



GMR KAMALANGA ENERGY LIMITED (GKEL)

Coal based 1400 MW, Kamalanga, Odisha

- GMR group holds 80.81% stake and balance stake by India Infrastructure Fund (IIF) & Infrastructure Development Finance Company (IDFC).
- Strategically located close to the coal belt.
- BTG-EPC contract to Shandong Electric Power Construction Corporation (SEPCO), China.
- Fuel linkage with Mahanadi Coal Fields (MCL), subsidiary of Coal India Limited (CIL) and proposed captive Rampia Coal mines (in JV).
- Long term Power Purchase Agreement with GRIDCO (Odisha), Uttar Haryana Bijli Vitran Nigam, Haryana State (UHBVNL) as well as Bihar State Electricity Board.
- 15% untied capacity to take advantage of the merchant market.



EMCO ENERGY LIMITED

Coal based 600 MW, Warora, Maharashtra

- Strategically located near the industrial belt and high growth-oriented western region.
- Engineering, Procurement and Construction (EPC) contract for Boiler, Turbine, Generator (BTG) with Shanghai Electric Company, China.
- Fuel Supply Agreement (FSA) with South Eastern Coal Fields Limited (SECL) coal mines, subsidiary of CIL.
- Connected to PGCIL Sub-station for power evacuation
- PPA signed for 200 MW each with Dadar & Nagar Haveli Power Distribution Corporation Limited (DNHPDCL) and Maharashtra State Electricity Distribution Company Limited (MSEDCL).
- Optimum mix of long term PPA (400 MW) & merchant power sale (150 MW).
- FC achieved on March 25, 2010.



GMR CHHATTISGARH ENERGY PVT. LTD. (GCEL)

Coal based 1370 MW, Raipur, Chhattisgarh

- Company's wholly owned subsidiary.
- 2 x 685 MW coal-fired super critical technology.
- BTG Island contract with Doosan Projects India Private Ltd.
- PPA signed with Chhattisgarh State Electricity Board (CSEB) for 35% of the capacity.
- FC achieved on December 10, 2010.
- Under advanced stages of construction.
- Expected CoD: Unit-1 by turn of FY 2014-15 and Unit-2 in early FY 2015-16.

Power Trading

GMR Energy Trading Limited (GMR-ETL) was incorporated to carry out the business of power trading in 2008. As per regulatory requirements, GMR-ETL was awarded Category-I trading license on October 10, 2008 from Central Electricity Regulatory Commission (CERC). GMR-ETL is one of the few licensed Power Trading Companies which has acquired Trading and Clearing Membership of both operational Power Exchanges in India promoted by MCX and NSE. GMR-ETL traded ~ 20% of electricity generated from GMR Energy's power stations to State electricity utilities, private discoms and bulk industrial consumers in FY 2014. This included about 10% of power traded on two Power Exchanges in India to meet development of market. It supplied 280 MU to industrial bulk consumers in the reporting period. The key objective is to sell Group's energy assets' power for maximizing the realization through short / medium term transactions and also trade power of Independent Power Plants (IPPs) / utilities / industrial consumers through Bilateral, Power Exchange and Banking. The company has traded with various State electricity utilities in more than 15 States including Union Territories (UT) such as Rajasthan, Haryana, Uttar Pradesh, Punjab, Maharashtra,

GMR-ETL is consistently ranked within Top Eight largest private power traders in India.

Andhra Pradesh, Tamil Nadu, Kerala, Karnataka, etc in India, along with private Discoms of Delhi, Mumbai and Noida including leading industrial consumers all over India in last 2 – 3 years. GMR Energy has established an excellent relationship with its stakeholders. Customer Relationship Manager (CRM) is dedicated for every customer to address concerns on priority and also to provide assured services. GMR-ETL also offers techno-commercial advisory / consultancy services to various developers & consumers in conventional and NCES (solar & non-solar). GMR-ETL has established its strong presence in short & medium term bilateral and power exchange market.

Energy Availability and Reliability - Operating Results

Production Efficiency of Generation of power stations based on energy source used has been highlighted below:

| Net Thermal Production (MUs) | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|---------------------------------|------------|------------|---------------|
| Coal | | | |
| EMCO, Warora, Maharashtra | | 44.5 | 1975.34 |
| GKEL, Kamalanga, Odisha | | | 957 |
| LSHS / Diesel | | | |
| GPCL, Chennai | 889.84 | 633.35 | 835.94 |
| Natural Gas / RLNG | | | |
| GVPGL, Vemagiri, Andhra Pradesh | 1997.13 | 883.73 | 171.97* |
| GEL, Kakinada, Andhra Pradesh | 1200.29 | 395.578* | Not Operated* |
| Net Renewable Production | | | |
| Wind, Gujarat | 2.02 | 4.1 | 4.15 |
| Wind, Tamil Nadu | 0.13 | 2.55 | 1.85 |
| Solar, Gujarat | 2.3 | 40.59 | 42.56 |

Commissioning of Plant : EMCO Unit-1 300 MW in March 2013; GKEL 3 x 350 MW Units and EMCO Unit-2 300 MW during FY 2014; Wind, Gujarat in July 2011; Wind, Tamil Nadu in December 2011; Solar in March 2012;

* Non-availability of NG from Reliance Industries Limited (RIL)

The Average Generation Efficiency / Plant Load Factor (PLF) of power stations based on their energy source is given below:

| Plant Load Factor (%) | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|---------------------------------|------------|------------|---------------|
| Coal | | | |
| EMCO, Warora, Maharashtra | | 53.1 | 53.1 |
| GKEL, Kamalanga, Odisha | | | 24.37 |
| LSHS / Diesel | | | |
| GPCL, Chennai | 50.65 | 36.15 | 47.71 |
| Natural Gas / RLNG | | | |
| GVPGL, Vemagiri, Andhra Pradesh | 60.69 | 26.88 | 5.23* |
| GEL, Kakinada, Andhra Pradesh | 59.4 | 19.53* | Not operated* |
| Net Renewable Production | | | |
| Wind, Gujarat | 15 | 22.2 | 22.5 |
| Wind, Tamil Nadu | 4 | 24 | 17 |
| Solar, Gujarat | 12.4 | 18.6 | 19.3 |

* Due to NG short supply / non-availability from RIL

The Average Plant Availability factor of power stations by energy source is given below:

| Plant Availability (%) | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|---------------------------------|------------|------------|---------------|
| Coal | | | |
| EMCO, Warora, Maharashtra | | 72.0 | 74.2 |
| GKEL, Kamalanga, Odisha | | | 33.28 |
| LSHS / Diesel | | | |
| GPCL, Chennai | 88.54 | 70.82 | 93.76 |
| Natural Gas / RLNG | | | |
| GVPGL, Vemagiri, Andhra Pradesh | 85.91 | 99.78 | 99.94* |
| GEL, Kakinada, Andhra Pradesh | 93.3 | 95.7 | Not operated* |
| Net Renewable Production | | | |
| Wind, Gujarat | 87.56 | 89.46 | 90.87 |
| Wind, Tamil Nadu | 85.23 | 97.56 | 89.68 |
| Solar, Gujarat | 73.81 | 99 | 99.97 |

Renewable Portfolio



GMR Energy is committed to increasing its share of renewable energy based power generation to reduce its overall carbon footprint and reliance on fossil fuels. The strategic intent is to generate 25-30% from NCES by 2020. The details of generation from NCES are given below:

Solar Power: GMR Energy set up its first solar power plant (25 MW DC) on March 4, 2012 at Charanka, Patan district in Gujarat consisting of crystalline solar photovoltaic modules. This is set up in Charanka Solar Park of Government of Gujarat. PPA has been signed with Gujarat Urja Vikas Nigam Limited for 25 Years. It is planned to augment solar power generating capacity significantly by around 20-25% in the next 5-10 years.

Wind Power: GMR acquired an installed wind capacity of 2.1 MW in Kutch in Gujarat State and 1.25 MW in Tirupur in Tamil Nadu State in July 2011 and December 2011 respectively in India. Wind power capacity is expected to be increased very significantly by around 75 - 80% in the next 5-10 years.

Hydro Power: GMR Energy is developing a total hydroelectric generation capacity of 2205 MW in Himachal Pradesh, Uttarakhand, Arunachal Pradesh States of India and also in Nepal on Build, Own and Operate and Transfer (BOOT) basis, all of which are run of the river projects.

Presently, 180 MW HEP at Bajoli Holi on river Ravi at Chamba district in Himachal Pradesh is under construction. Entire design and engineering for this HEP is being done in-house. GMR Energy wholly owns the subsidiary - GMR Bajoli Holi Hydropower Private Limited.

GMR Energy owns 99.9% stake in subsidiary company - GMR Badrinath Hydro Power Generation Private Ltd developing 300 MW Alaknanda HEP on Alaknanda river in Uttarakhand State. The project has been accorded all the major statutory clearances viz., Environmental Clearance (EC) & Forest Clearance from Ministry of Environment and Forest (MoEF) and techno-economic concurrence from CEA. The entire land acquisition is completed. FC is expected in FY 2014-15. The project implementation is delayed on account of on-going study by MoEF as per the direction of Hon'ble Supreme Court of India on the backdrop of unprecedented flood and subsequent devastation that occurred in June 2013 in Uttarakhand State.

Our two HEPs in Nepal are in advanced stage of development as these projects have received majority of the statutory clearances.

Himtal Hydropower Company Private Limited (Himtal), a subsidiary company is developing 600 MW Upper Marsyangdi -2 Hydro Electric Power Project (UMHEP) on the river Marsyangdi in Lamjung and Manang districts of Nepal.

A Joint Development Agreement (JDA) has been executed with IFC as co-developer with 10% equity rights. IFC will also act as lead banker for the Project.

GMR Upper Karnali Hydropower Limited, subsidiary of GMR Energy, is developing 900 MW Upper Karnali Hydro Electric Project (UKHEP) located on river Karnali in Dailekh, Surkhet and Achham districts of Nepal. Project Development Agreement (PDA) negotiations are in final stage.

For these two Nepal HEPs, EC has been granted. Forest land verification is in progress for approval of forest land possession. Generation License (GL) from Government of Nepal is also awaited.

Major part of power generated from both the Nepal projects will be exported to India through two dedicated transmission

lines, which will be developed by GMR Energy, through Nepal based subsidiary Special Purpose Vehicles (SPV).

Discussions are on with IFC for their induction as co-developer for Upper Karnali HEP and two dedicated transmission lines for Nepal HEPs, on similar lines as the JDA executed with IFC for UMHEP.

While Bajoli Holi and Talong (225 MW) projects have concession period for 40 years from CoD, Alaknanda has concession period of 45 Years from date of Signing the Implementation Agreement and both Nepal projects have concession period for 30 years from date of grant of GL.

Upcoming Projects under Construction / in Pipeline

The details of GMR Energy's upcoming projects are given below:

| Fuel Source | Location | State | Capacity (MW) | Management Systems | Project | Entity |
|--------------|---------------------|-------------------|---------------|--|-----------------------|-------------------|
| Thermal | Tilda, Raipur | Chhattisgarh | 1370 | ISO 14001:EMS, OSHAS 18001 | GCEL | GCEL |
| | Kamalanga* | Odisha | 350 | -- | 3 rd Unit | GKEL |
| | Lalpur, Sohagpur* | Madhya Pradesh | 1200 | -- | SJK | SJK Powergen Ltd. |
| NG | Rajamundry | Andhra Pradesh | 768 | ISO 9001:QMS, ISO 14001:EMS, OSHAS 18001 | GREL | GREL |
| Hydro | Bajoli Holi | Himachal Pradesh | 180 | -- | Bajoli Holi HEP** | GBHHPL |
| | Chamoli* | Uttarakhand | 300 | -- | Alaknanda HEP | GBHPL |
| | Talong* | Arunachal Pradesh | 225 | -- | Talong HEP | GLHPL |
| | On river Karnali* | Nepal | 900 | -- | Upper Karnali HEP | GUKHL |
| | On river Marsyandi* | Nepal | 600 | -- | Upper Marsyandi-2 HEP | HHPCL |
| TOTAL | | | 5893 | | | |

* Yet to start construction **HEP – Hydro-Electric Power Project

Power Transmission



GMR Energy has developed two transmission projects in Rajasthan State of India during FY 2014 awarded on a Build, Own, Operate and Maintain (BOOM) basis by Rajasthan Rajya

Vidyt Prasaran Nigam Ltd (RRVPLN). The concession period of these projects is 25 years, including the construction phase. The projects include 366 km of 400 KV transmission lines with two power substations based at Alwar and Deedwana.

Maru Transmission Service Company Limited (MTSCL), the wholly owned subsidiary of GMR Energy, is engaged in implementation of project for 400 kV S/C Bikaner – Deedwana Transmission Line (129 Km), 400 kV S/C Ajmer – Deedwana Transmission Line (106 Km), 220 kV D/C Sujangarh – Deedwana Transmission Line (30 Km) and 2x315 MVA 400/220 kV grid sub-station at Deedwana and other

associated works in Rajasthan State. The 270 km long Maru transmission lines project was commissioned and charged on October 9, 2013.

Aravali Transmission Service Company Limited (ATSCL), the wholly owned subsidiary of GMR Energy, is engaged in implementation of project for 400 kv S/C Hinduan – Alwar transmission line (85 km) and 2 × 315 MVA 400/220 kV grid substation at Alwar and other associated works in Rajasthan State. FC for the project with a total project cost of ₹1300 Million was achieved on September 29, 2011. The 96 km long Aravali transmission lines project is nearing completion with all equipment erection and pre-commissioning activity is over and is awaiting commencement of commercial operations.

GMR Energy will also develop two dedicated transmission lines of total 276.9 km length associated with Nepal HEPs connecting Nepal and Northern region of India for evacuation of power to India. GMR Energy is developing the transmission line projects in Nepal for which necessary Survey Licenses have also been granted by Government of Nepal to these Nepal SPVs. These lines will interconnect with the Indian Grid for evacuation of power. For Upper Marsyangdi – 2 HEP, transmission line has length of 201 km, whereas in case of Upper Karnali HEP transmission line has length of 79.5 km would be under Nepal leg. Each of these transmission lines would be commissioned three to six months before commissioning of the respective power generation project. Many Indian States will benefit from these project.

Coal Mining Assets



Presently, coal FSA with Mahanadi Coalfield Ltd (4.8 MMTPA) and South Eastern Coalfields Limited (SECL) (2.6 MMTPA) coal mines, subsidiaries of CIL are in place for majority of operational assets.

GMR Energy through its overseas subsidiary GMR Coal Resources Pte Ltd and other affiliates has acquired 30% equity stake in thermal coal producer, PT Golden Energy Mines Tbk (PT GEMS), a group company of Sinar Mas Group, Indonesia. PT GEMS is a limited liability company and is listed on the Indonesia Stock Exchange. PT GEMS is carrying out mining operations in Indonesia through its subsidiaries which own coal mining concessions in

South Kalimantan, Central Kalimantan and Sumatra. Coal mines owned by PT GEMS and its subsidiaries have total resources of more than 1.9 billion tonnes and JORC certified reserves of 850 Million Tonnes (MT) of thermal coal. GMR has signed a coal off take agreement with PT GEMS which entitles it to off take coal for 25 years starting from FY 2014 with the annual off take quantity steadily increasing to 10 MT/annum over the coming years. This strategic alliance with Sinar Mas Group will significantly enhance the fuel security of thermal power plants under construction and development by GMR Energy and also provide a coal supply portfolio for coal trading activity.

Our coal trading team has also been trading coal from PT GEMS to third parties successfully.

GMR Energy also acquired a 100% equity stake in PT Barasentosa Lestari (PTBSL), Indonesia in September 2008 which is having 3 coal fields in South Sumatra Province with more than 92 MT aggregate coal resources in ~6567 Hectares. The coal production is expected in FY 2014-15, which will gradually increase from 1 Million Tonnes Per Annum (MTPA) to 3 MTPA over next 3 years. The plan is to export coal to India to meet the domestic fuel supply gap and also trade the coal through our coal trading arm.

Besides that, GMR Energy has a minority stake along with five Joint Venture (JV) partners in Rampia and dip side of Rampia coal blocks at Rampia Coal Mines in Odisha in India allotted by Ministry of Coal (MoC) in 2008. Mines having proportionate share of coal reserve of 112.22 MT for captive consumption for GKEL, Kamalanga, Odisha is yet to be developed. Rampia Coal Mine & Energy Private Ltd (Rampia) is incorporated as a JV company. GMR Energy currently holds 17.39% equity stake in Rampia. The Board of Rampia has authorized GMR Energy to act as one of the lead developers for taking up matters related to Prospecting License (PL) and other formalities with the appropriate authorities. The PL is under process by the Government of Odisha. Forest Right Act (FRA) compliance certificate has been issued by Collector of Sundergarh district. Mine plan for partially explored area has been submitted. Application for 4(1) notification pertaining to land acquisition has been submitted.



GMR Varalakshmi Foundation – CSR Wing

With a belief that corporates have a special and continuing responsibility towards social development, GMR Group has instituted GMR Varalakshmi Foundation (GMRVF) for undertaking Corporate Social Responsibility (CSR) activities on a significant scale in and around site locations of all our operations / activities. It develops innovative and locale-specific initiatives, spanning over four areas – education, health, hygiene & sanitation, empowerment & livelihoods and community development. Site-wise initiatives undertaken in FY 2014 are outlined below:



Our Four Pronged Approach



| Sr. No. | Site | Key Initiatives / Programmes Undertaken in FY 2014 | | | |
|---------|---------------|---|---|---|---|
| | | Education | Health, Hygiene & Sanitation | Empowerment and Livelihoods | Community Development |
| 1. | EMCO (Warora) | 1. Running After School Learning Centers (ASLC) (3) 2. Navodaya coaching (3) 3. Kid Smart Centre (1) 4. E-Learning and Education Centre (4) 5. Pratibha Centre (1) 6. Govt. school support (6 schools) 7. Transportation facilities 8. TOMS shoes distribution | 1. Health clinics (6) 2. Nutrition centers (6) 3. Mobile Medical Unit (1) 4. Special health camps 5. Individual toilets 6. Health awareness programmes | 1. Vocational training to youths at GMRVF Vocational Training Centre, Hyderabad 2. Vocational Training Centre – Warora 3. Tailoring center (3) 4. Income Generation Activities (IGA) – (13 types) 5. Self Help Groups (SHG) (76) 6. Agriculture improvement programmes | 1. Community libraries (6) 2. Gym (4) 3. Celebration of special events and awareness sessions for communities |

| Sr. No. | Site | Key Initiatives / Programmes Undertaken in FY 2014 | | | |
|---------|---------------------|---|---|---|---|
| | | Education | Health, Hygiene & Sanitation | Empowerment and Livelihoods | Community Development |
| 2. | GKEL (Kamalanga) | <ol style="list-style-type: none"> 1. Support to Govt. schools (10) 2. Support to Govt. Anganwadis (AW) (16) 3. Running tuition centers (2) 4. Running Kid Smart Centers (2) 5. Providing educational scholarships | <ol style="list-style-type: none"> 1. Regular health camps for women and children 2. Regular health camps for elders 3. Regular adolescent health camps and school health check-ups | <ol style="list-style-type: none"> 1. Promotion of cash crop cultivation, vegetable production, mushroom cultivation, fish farming, goat farming, poultry, etc. among 700 families 2. Sponsoring youth for vocational trainings 3. Tailoring training for women | <ol style="list-style-type: none"> 1. Community libraries (4) 2. Strengthening cultural groups and institutions 3. Support to youth groups for sports and cultural activities 4. Celebration of designated days |
| 3. | GCEL (Chhattisgarh) | <ol style="list-style-type: none"> 1. Scholarships for needy students 2. Navodaya coaching support 3. Running 2 Kid Smart Centers 4. Provision transport facility for college going girls 5. Support to 6 Govt. schools and Anganwadis | <ol style="list-style-type: none"> 1. Running 6 dispensaries in partnership with Mission Hospital, Tilda, Chhattisgarh 2. Running an ambulance 3. Providing care and support to sickle cell and malnourished children 4. Support to establishment of X-Ray unit at Govt. Hospital 5. Set up Blood Bank at Mission Hospital with support from GCEL 6. Weekly health awareness programs | <ol style="list-style-type: none"> 1. Provided vocational training to over 300 youth in 3 channels 2. Promoted federation of women SHGs and facilitated Cash Credit Limit to 3 SHGs 3. Agricultural equipment bank 4. Trainings on improved agricultural practices for farmers 5. Tailoring training for women 6. Supported 100 families for income generation activities | <ol style="list-style-type: none"> 1. Constructed community halls in two villages 2. Renovated one pond and constructed 4 Nirmal Ghats |
| 4. | GPCL (Chennai) | Supporting 10 Govt. schools and 12 Anganwadi in improving the quality of education | Health camps and health awareness for children, women and community | | |

| Sr. No. | Site | Key Initiatives / Programmes Undertaken in FY 2014 | | | |
|---------|----------------------------|--|---|---|--|
| | | Education | Health, Hygiene & Sanitation | Empowerment and Livelihoods | Community Development |
| 5. | GEL (Kakinada) | <ol style="list-style-type: none"> 1. On-going support to Govt. schools and students for improvement of education quality 2. Provided educational support to 64 HIV orphans/semi-orphans 3. Supported about 670 students with notebooks sponsored by colleagues of GEL, Kakinada 4. Established balvadi's and on-going Support to pre-school education | <ol style="list-style-type: none"> 1. Running free health clinic 2. Conducted medical camps 3. Supplementary nutrition food support to 10 HIV infected children 4. Facilitated cataract surgeries for 28 people from 2 fisher folk villages | | <ol style="list-style-type: none"> 1. Support to 132 fire victim families 2. Computer based Functional Literacy Program |
| 6. | GVPGL / GREL (Rajahmundry) | <ol style="list-style-type: none"> 1. Education support to 842 children from 8 Govt. schools across 5 villages with several educational initiatives 2. 92 children are reached out through 4 Bala Badis in 3 villages provided 3. Education support to 113 HIV infected and affected children 4. Distributed TOMS shoes among 840 children 5. Running 3 school gardens and 6 reading rooms benefiting 460 children 6. Kid Smart Early Learning Center (ELC) set up at one Govt. school helping 120 children to learn better 7. Distributed specially designed workbooks to 650 children | <ol style="list-style-type: none"> 1. Supported 28 HIV infected children with regular nutrition and counseling services 2. Provided door step health care services to 830 senior citizens 3. Oriented 600 women on Reproductive and Child Health care issues 4. 1300 people from Vemagiri village benefited from the Suvidha Pubic Toilet 5. Supported 75 pregnant and lactating women with regular nutrition supplements and health awareness through 2 Nutrition Centers | | <ol style="list-style-type: none"> 1. 1800 readers visited 2 Community Libraries set up at Vemagiri and Kadiyapulanka villages 2. Assisted 24 fire victim families from 4 villages |
| 7. | GEL (Mangalore) | Supporting 3 Govt . schools and 6 Anganwadi in improving the quality of education - 2000 children | Health camps and health awareness for community - 9 villages - 5000 / health insurance for 346 community members | 52 SHGs, 542 members and 192 micro- enterprises | Youth and Children's club - 235 members |

| Sr. No. | Site | Key Initiatives / Programmes Undertaken in FY 2014 | | | |
|---------|--|--|--|--|--|
| | | Education | Health, Hygiene & Sanitation | Empowerment and Livelihoods | Community Development |
| 8 | SJK Powergen (Shahdol, Madhya Pradesh) | Pre-School Education - AWCs, Tuition centers, Creative events, Summer camp, Library & Infrastructure support | Medical clinic, General & specialized health camps, Health awareness for women & children, School health check-up, Adolescent girls awareness | Hand pump repair, Repair of Health Sub-center, Promotion of village level institutions | SHGs, Bank & NRLM Linkage, Agriculture Development Trainings, Crop Demonstrations, Livelihoods in Poultry & Patchwork, NABARD linkages for Farmers Clubs, Sponsoring of village youth |
| 9 | GBEL (Tikamgarh) | <ol style="list-style-type: none"> 1. Running ASLCs (3) 2. Navodaya coaching (3) 3. Govt. school support (6 schools) 4. TOMS shoes distribution | <ol style="list-style-type: none"> 1. Health clinics (3) 2. Health awareness programmes | <ol style="list-style-type: none"> 1. Tailoring centers (2) 2. Income Generation Activities (3 types) 3. SHGs (26) 4. Agriculture improvement programmes (35 farmers) | <ol style="list-style-type: none"> 1. Community libraries (3) 2. Gym (2) 3. Celebration of special events and awareness sessions for communities |
| 10 | Bajoli Holi (Hydro HEP) | <ol style="list-style-type: none"> 1. 6 CCCs in Govt. schools 2. Community Library & Community Resource Centre 3. ITI coaching 4. Navodaya coaching classes 5. ELC /Kid smart Centre (KSC) 6. TLM support to GSS school Holi and GPS Holi 7. Utensils support to all school 8. Govt. Primary and Middle schools 9. Iron kitchen shed 10. Installation of 2 smokeless Chulah in GSSS Holi 11. TLMs and material support to AWCs 12. 12 Dental health & hygiene camp 13. 3 special days celebration | <ol style="list-style-type: none"> 1. Support 1 x-Ray unit 2. 1 ECG machine unit to Community Health Centre (CHC) 3. Medicine Support to CHC Holi 4. Support in 2 round pulse polio campaign 5. Maternity and Child Health Centre in Deol 6. 2 Physiotherapy and 3 general health camp in Deol, Bajol and Holi 7. Outreach medical service 8. 3 Emergency medical support 9. 1 Eye camp at CHC Jabbal | <ol style="list-style-type: none"> 1. 3 Sewing schools in Holi, Deol and Nayagram 2. Craft center Holi (knitting, decoration, weaving) 3. 2 Green House support to promote Agri Business (off-season) 4. 2 Value Addition Training at Nayagram and Deol (1 women & 2 youths) 5. Material support to start their own business from Holi and Kuleth 6. Construction of concrete way for Mahila Mandal, Deol 7. Tent House support to Mahila Mandal Bantoooh benefited 25 women 8. Sports Kit to 4 youth group 9. Support to 2 cultural groups | <ol style="list-style-type: none"> 1. Road safety signage 2. Disability Certification of 23 disabled persons 3. 5 Solar light units Nayagram and Bajol 4. Public toilet repaired in Holi 5. 2 Horticulture training for farmers 6. Stakeholders Management Committee |

| Sr. No. | Site | Key Initiatives / Programmes Undertaken in FY 2014 | | | |
|---------|-----------------------------|--|---|--|---|
| | | Education | Health, Hygiene & Sanitation | Empowerment and Livelihoods | Community Development |
| 11 | Alaknanda (Hydro HEP) | <ol style="list-style-type: none"> 1. Running ASLCs 2. Community library 3. Computer centre 4. Transportation facility (School bus) 5. Navodaya school Entrance tuition classes 6. Special days celebrations 7. Need based support to the Govt. schools and Aganwadies 8. Creative Activities and interschool competitions | <ol style="list-style-type: none"> 1. Medical clinic 2. Ambulance 3. Outreach health Services 4. Special health camps 5. Awareness cum training programs on various issues like "Reproductive Child Health Care" | <ol style="list-style-type: none"> 1. Vocational Training to unemployed youth 2. Financial support for sports activities 3. Financial support to promote self-enterprises 4. Marketing and Technical support to women SHGs 5. Training Programmes and IGAs for women SHGs | <ol style="list-style-type: none"> 1. Small Infrastructural support to the community 2. Need based support to the community |
| 12 | Talong (Hydro HEP) | <ol style="list-style-type: none"> 1. 4 Bala Badis (Pre-schools education) with regular creativity development activities and nutritional support 2. Support to hostellers in Attarao Middle School | <ol style="list-style-type: none"> 1. Qualified Nurse was appointed on part time basis for providing basic health care services in 9 project affected villages | | |
| 13 | Upper Marsyangdi - 2, Nepal | <ol style="list-style-type: none"> 1. Support teacher in 3 Govt. schools 2. Other activities like competitions, etc. to ensure quality education | <ol style="list-style-type: none"> 1. 2 Health volunteer (ANM) in Tal & Ghermu health post. 2. Free medical counseling 3. ANC check-up service 4. Providing essential Medicine every 6 months. | <ol style="list-style-type: none"> 1. Supported Amma Samuh in establishing Rice Mill at Mipra village 2. Organized 2 days training on Elaichi farming and vegetable cultivation for 32 villagers from Tagring and Ghermu Village Development Committees (VDCs). 3. Supported a fire victim family in Lili Lamjung with relief material. | <ol style="list-style-type: none"> 1. Distributed 40 mats to 3 SHGs in Tallo Chipla, Uppalo Chipla and Jitai Jagat villages 2. Supported youth club of Upper Tagring Lamjung with sport material to conduct football tournament |

| Sr. No. | Site | Key Initiatives / Programmes Undertaken in FY 2014 | | | |
|---------|---|---|---|---|--|
| | | Education | Health, Hygiene & Sanitation | Empowerment and Livelihoods | Community Development |
| 14 | Upper Karnali, Nepal | <ol style="list-style-type: none"> 1. 2 Bala Badis are running in the project area 2. Infrastructure support to 15 Govt. schools | <ol style="list-style-type: none"> 1. Running Govt. approved health post in village Ramaghad 2. Trained male and female health staff for health check-up 3. Free medicine to the villagers 4. Organized various health camps like immunization and Vitamin A supplement camp. | <ol style="list-style-type: none"> 1. Mobilized and selected 20 youth from the project villages for vocational training at GMR Varalakshmi Centre for Empowerment and Livelihoods at Delhi. 2. Provided agriculture support and veterinary support like distribution of pesticides and treatment to animals, etc. benefiting 56 farmers. 3. Conducted an intensive agriculture mapping drive in project to understand farmers' challenges and problems towards farming of various crops. | |
| 15 | Bengaluru (Corporate Office) | <ol style="list-style-type: none"> 1. Running 15 tent schools for migrant labor children 2. Running ASLC | <ol style="list-style-type: none"> 1. Regular health camps in migrant labor settlements 2. Regular health awareness programs | <ol style="list-style-type: none"> 1. Running 1 vocational training center | |
| 16 | Delhi (New Shakthi Bhawan, New GMR Energy Office) | <ol style="list-style-type: none"> 1. Supporting 2 Govt. schools 2. Running 2 Bala Badis 3. Running Bridge course for dropout girls 4. Running ASLC | <ol style="list-style-type: none"> 1. Running 1 regular medical clinic and one weekly gynecological clinic 2. Conducting regular health awareness programs | <ol style="list-style-type: none"> 1. Running 1 vocational training center 2. Running 1 tailoring training-cum-production center 3. Managing EMPOWER shop at Delhi Airport to market the products made by women SHGs | <ol style="list-style-type: none"> 1. Running Children Creativity Centers |

Shareholding Pattern

The shareholding pattern for GMR Energy as on March 31, 2014 is provided below:

| Particulars | Equity Shares | |
|-----------------------------------|----------------------|---------------|
| | No. of Shares | Percentage |
| Promoters | | |
| - Bodies Corporate | 1,428,211,102 | 84.26 |
| - Foreign Bodies | 141,211,225 | 8.33 |
| - Directors and their relatives | 18,720 | 0.001 |
| Financial Institutions / Banks | 4,112,828 | 0.24 |
| Trusts | 15,000,000 | 0.88 |
| Venture Capital Funds | 24,677,972 | 1.46 |
| Foreign Venture Capital Investors | 77,652,220 | 4.58 |
| Portfolio Managers | 4,112,828 | 0.24 |
| Total | 1,694,996,895 | 100.00 |

Certifications & Awards

Although we take great pride in the certifications and awards that we win, we keep ourselves grounded by treating these awards and recognitions as milestones; milestones that tell us how far we have come and how far we need to go to achieve our long-term goal.

All manufacturing units of GMR Energy hold the following valid certifications:

1. ISO 14001 : Environment Management Systems
2. OHSAS 18001 : Occupational Health & Safety Management Systems
3. ISO 9001 : Quality Management System

Additionally, GPCL, Chennai also hold ISO-50001: Energy Management System and SA-8000: Social Accountability certifications.

The awards received are:

| Company | Area | Details | Instituted by | Year |
|---------------------------------|------------------------|--|--|------|
| GCEL, Tilda, Chattisgarh | CSR | Best CSR Practice Award | Think Media Inc | 2014 |
| GKEL, Kamalanga, Odisha | Sports | 3 rd Amity Cup Cricket Tournament | Regional Association of Industries, Angul & Dhenkanal districts, Odisha | 2014 |
| GKEL, Kamalanga, Odisha | CSR & EHS | All-Round Development of Periphery Villages | Institute of Quality & Environmental Management Services (P) Ltd and Rotary Club of Bhubaneswar Heritage, Odisha | 2013 |
| GKEL, Kamalanga, Odisha | CSR | Best CSR Practices Award | Think Media Inc | 2013 |
| Gujarat Solar Power Plant | Operational Efficiency | Solar Power Project Developer Appreciation | Government of Gujarat, Ministry of Energy & Petrochemicals | 2012 |
| GPCL, Chennai | Environment | Green Award | Govt. of Tamil Nadu | 2012 |
| GVPGL, Vemagiri, Andhra Pradesh | Environment | Environmental Best Practices Award | Confederation of Indian Industries (CII) Southern Region | 2011 |
| Corporate | CSR | 6 th Edition, CNBC-TV18 India Business Leader Award | CNBC-TV18 | 2010 |
| GVPGL, Vemagiri, Andhra Pradesh | Operational Efficiency | National Energy Conservation | Union Ministry of Power, Govt. of India (GoI) | 2010 |

| Company | Area | Details | Instituted by | Year |
|--------------------------------|---|---|--|------|
| GEL, Kakinadar, Andhra Pradesh | EHS | Leadership and Excellence Award in Safety, Health & Environment | CII Southern Region | 2010 |
| Corporate | CSR, Enterprise Resource Planning (ERP) | TERI Corporate Award | The Energy and Research Institute (TERI) | 2009 |
| Corporate | SAP-ERP | SAP Awards for Customer Excellence. Best GRC Implementation Award | SAP India | 2008 |
| Corporate (GIL) | Corporate Governance | One of the Top 25 Companies adopting Good Corporate Governance practices in India | Institute of Company Secretaries of India (ICSI) | 2008 |
| GEL, Kakinadar, Andhra Pradesh | Water Management | National Water Management System for Excellent Water Efficiency Unit | CII | 2007 |
| GEL, Kakinadar, Andhra Pradesh | Housekeeping | 5 S Housekeeping Excellence Award | CII Southern Region | 2006 |
| GPCL, Chennai | Environment | MS Swaminathan Environment Award | MS Swaminathan Foundation | 1999 |

Awards & Accolades - Snapshots



GVPL, Vemagiri
National Energy Conservation Award - 2010
Ministry of Power, GoI



GVPL, Vemagiri
National Energy Conservation Award - 2011
Ministry of Power, GoI



GEL, Kakinada
Excellent Water Efficient Unit, National
Water Management Award - 2007
Confederation of Indian Industries



GVPL, Vemagiri
Environment Best Practices Award - 2011
Confederation of Indian Industry, Southern
Region



GVPL, Vemagiri - First ever to receive 5 S Model Company Award in the Power Sector
Special Awards - 2010, 2011, 2012
ABOK AOTS DOSAKAI, Tamil Nadu Centre, Chennai



GPCL, Chennai
Green Award - 2012
Tamil Nadu State Pollution Control Board

Corporate Governance

Building an institution of tomorrow

Three-tiered governance structure

Clearly defined roles & responsibilities

Comprehensive strategic planning & risk management

Ethics & compliance centric approach



Corporate Governance at GMR Energy is driven by a simple principle - 'Achieve right results through right means'. GMR Energy is concerned with maximizing shareholder returns, optimizing operational performance, attracting talent, clients & partners and making a positive impact on the lives and businesses we operate. GMR Energy is focused on enhancement of long term value creation for all stakeholders without compromising on integrity, social obligations, environment and regulatory compliances.

Although the GMR Energy is not listed on Stock Exchanges of India, it is adhering to good Corporate Governance practices meeting SEBI's Clause 49 requirements.

Driving Forces: Vision, Values & Beliefs

The underlying philosophy of GMR Group is captured in its Vision statement. This is strengthened through structured Code of Conduct and Business Excellence Model of continuous all-round improvement based on Malcolm Baldrige criteria.

Vision

GMR Group will be an Institution in perpetuity that will build Entrepreneurial Organizations, making a difference to Society through creation of Value.

Values & Beliefs

GMR Group in its quest for growth has evolved a set of seven Values & Beliefs

GMR Group firmly believes that its distinct organizational characteristics will be driven through its strong values and beliefs. These values in turn drive the organization's culture, lay the foundation for institution-building and help define its goals.

Strategy & Planning

The 12th five year plan (2012-2017) of India's Planning Commission has set a target of adding over 88000 MW of power generation capacity. It also aims at adding 30000 MW of renewable energy generation capacity that accounts for 12% of renewable energy in total energy mix. The plan targets to reduce the emission intensity with the target of 20-25% reductions by 2020.

By 2020, GMR Energy will accomplish 8379.35 MW total power generation up by 237% from current level, with 25-30% from non-carbon emitting sources and significant fuel security with its own coal assets having more than 450 MMT of minable coal resources.

Strategy & planning is carried out by centralized corporate team for the group and decentralized sector teams for businesses. Annual portfolio review is carried out to identify the degree of value creation by assets and projects. Portfolio analysis and Long range scenario planning exercise leads to three year corporate and business strategy and annual operating plans.

Based on internal and external assessment, the core competencies of the Company, along with strategic advantages and challenges have been determined. In FY 2012-13, GMR Group adopted 'Asset Light- Asset Right' (ALAR) strategy to ensure a long term sustainable business model with the theme of, 'Develop, Build, Create value, Divest and Reinvest'. Consequently Energy Sector, after due deliberation, identified following strategic Themes: 1) Profitability 2) Liquidity 3) Structure & Process, in alignment with the Group Strategic direction.

| | | | |
|--|--|---|--|
|  Deliver the promise We value a deep sense of responsibility & self discipline, to meet & exceed on commitment |  Entrepreneurship We seek opportunities. They are everywhere. |  Humility We value intellectual modesty and dislike false pride and arrogance. |  Learning Nurturing active curiosity - to question, share and improve. |
|  Teamwork & Relationships Going beyond the individual - encouraging boundary less behaviour. |  Respect for individual We will treat others with dignity, sensitivity and honour. |  Social responsibility Anticipating and meeting relevant and emerging needs of society. | |

Leadership Development

| Step | Deployment of Leadership Systems | Actions / Instances during FY 2013-14 |
|------|--|--|
| 1 | Feedback from Stakeholders on Vision & Mission | Voice of Stakeholders, Investor Meets, Customer Meetings, Community Meets, 360 Deg Feedback, Employee Engagement and Ethical Culture (EEEC) Outcomes, Customer Satisfaction Outcomes, Action points emerging from various communication forum e.g. Town Halls, Skip Levels, People Konnect |
| 2 | Strategic Direction | Focus on ALAR, Sector Key Strategic Themes – Liquidity, Profitability, Structure and Process |
| 3 | Communicate Direction to Stakeholders | AGMs, GCM Newsletter, BCM Newsletter, Town Halls, Investor Meets, Customer Visits / Meetings, Supplier Meets, eCircular, Discussion with Government Institutions / Ministries, Corporate Communication, Community Meetings |
| 4 | Plan & Align | Energy Sector got re-structured to Strategic Business Units (SBU), Formation of new department: PPA management, Capability Center, Strategy Deployment through PDM & A3 across SBU's, Revised RASCI & Delegation of Power (DoP) |
| 5 | Capability & Capacity Building measures for plan execution | Measures across SBU's, Revised DoP & RASCI for all SBU's, Allocation of resources (in-house, outsourcing e.g. creation of Shared Service Center (SSC) to manage Transactional Processes) |
| 6 | Drive High Performance | Reviews by GHB, GCM, BCM, SBU Heads, Plant Head/Project Head, Contractor' performance Review, Vendor Performance Review, External consultant McKinsey facilitated "Bhavyatha" a GMR Way of Project Execution Excellence Framework, Best In Class Benchmarking framework for Gas & Liquid (G&L) Assets |
| 7 | Develop People | Profit & Loss (P&L) training for Plant Heads/Project Heads, Emerging Leaders' Program, Integrated Management System (IMS) Training for Lead Auditor, Internal Auditor and Management Representative (MR), Business Excellence (BE) Practitioners' workshop for Senior Leaders, BE Assessors' Certification program, Employees' Rewards & Recognition: Spot Award, Best Continuous Improvement Projects (CIP), Theme based Idea Factory : Winning Site & Top Contributors awards, GMR Executive Development Centre (EDC), e-Modules through Virtual Management Development Center (MDC) (4 Pillars – Lead Self, Lead Others, Lead Business & Lead Change and 11 Competencies), Bhavyatha Workshops, Behaviour based Safety training, Original Equipment Manufacturer (OEM) Training, Operation & Maintenance (O&M) Training |
| 8 | Enhance Capability of Processes & Operations | Implementation of Super Critical Boiler Technology at GCEL, Implementation of IMS (Quality, Environment & OHSAS) at GKEL, EMCO & GCEL, Capability Center Roadmap, SAP Implementation at thermal coal assets; Integrated Environment, Health & Safety (EHS) approach; EHS Framework |
| 9 | Learn & Innovate to achieve stretched targets through Best Practices | GCM and BCM directed Projects Key Learning's exercise : Sharing of Key Learning from EMCO, M/s Intergen Divestment & Island Power (Singapore Power Project), Take lead role in Strategy formulation, Communication to Stakeholders, Promote Culture of Continuous improvement, Strong Focus on GMR Values & Beliefs, Nurture Innovation & Risk taking, Promote culture of comparison through Best Practice and Benchmarking (Best in Class framework at G&L Assets) |

GMR Energy is re-defining its growth and performance parameters in a number of ways to become a global player in value creation and corporate citizenship. It ensures a total commitment to its ethical business practices and a people oriented vision. We have made the difference through our people, delivery of promise and service quality and innovative approach in business conduct.

Enterprise Risk Management

GMR Energy is committed to strengthen its risk management capability in order to protect and enhance shareholder value. Our Enterprise Risk Management (ERM) Framework ensures consistency in methods used for assessing, monitoring and communicating risks throughout the Group and alignment of risk management efforts with the Company's vision, mission,

strategic and business objectives. We have an ERM Policy that outlines the framework and procedures adopted by the Company to assess and mitigate the impact of risks, and to update the Board and the senior management on a periodic basis on the risk assessed, actions taken for mitigation and efficacy of mitigation measures.

ERM's Philosophy

To integrate the process for managing risk across GMR Group, throughout its business and lifecycle, to enable protection and enhancement of stakeholder value.

Robust ERM processes have been put in place to address risks across the life-cycle of the company's assets i.e. Pre-Bid - Bid - Project - Asset. This process lays emphasis on both qualitative identification of risks as well as the quantification of risks through usage of relevant tools and techniques to provide decision support to the management. The process is continuously reviewed and strengthened. For example, a Group wide portfolio analysis is carried out every year based on an external environment scan and various risk factors to the Group's objectives, which enables the management to take informed decisions and also set out the future course of action. ERM also provides an independent no-go / go decision support to Board for all strategic decisions with detailed quantitative analysis. Risk identification is done through various scenario analysis for all bids, projects and budgets.

The ERM framework consisting of Bid risk assessment framework, Project Risk Management Framework, Asset / Annual Operating Plan (AOP) Risk Management, Contractual Risk Review Framework, etc. are reviewed from time to time to keep it relevant to the changing business requirements and environment.

This apart, GMR Energy has also strengthened its processes to build resiliency to deal with eventualities through Business Continuity Planning (BCP) and Disaster Recovery Planning (DRP) exercises for its key locations assets. Besides, a Physical Risk Benchmarking exercise is being initiated to assess the current state of readiness of operating plants to deal with physical risks. This has been helping the organisation to enhance its strategic and tactical capabilities to plan for and respond to the changing business dynamics.

Following risk factors are monitored continuously.

- Regulation & legal
- Environment, Health & Safety (EHS)
- Competition, strategy & growth
- Fuel availability
- Project development, acquisition and management
- Investments, Credit risk, Interest rate, Foreign currency exchange rate, Input costs
- Social media, Social activism
- New Companies Act, Lokpal Bill
- Supply Chain Disruption
- Business resilience, IT security, BCP, DRP, Cloud computing
- Macroeconomic risk factors
- Technology, Assets, Projects, Catastrophe
- Human Resources, Governance

The ERM framework provides the foundation for designing, implementing, monitoring, reviewing and continually improving risk management. It is in alignment with international standard - ISO 31000:2009: Risk Management - Principles and Guidelines developed by the International Organization for Standardization (Risk Management Principles and Guidelines). It is aimed at institutionalizing a culture of risk awareness and facilitating

risk based decision making across the Group by establishing a suitable balance between harnessing opportunities and mitigating risks. It has defined roles for every key stakeholder (decision makers). GMR Energy's risk management framework is in line with the current best practices and effectively addresses the emerging challenges in a dynamic business environment.



The ERM Team presents the risk assessment and minimization procedures adopted to assess the reliability of the risk management structure and efficiency of the process to the Management and the Audit Committee of the Board.

The Board of Directors (BoD) of the Company and its subsidiaries are regularly informed on the status of key risks, risk assessment and treatment procedures in place thus ensuring the effectiveness of the oversight mechanism. These procedures are subjected to a periodical review to ensure that the management controls the risk through means of a properly defined framework. The ERM Framework and Deployment across the Group is independently assessed by internal team i.e. Management Assurance Group (MAG), Audit Committees and the Board as well as External Panel of Experts. Their inputs and recommendations serve as opportunities for improvements and also help create better alignment and learning across the Group.

Management Assurance Group

Mission

The mission of MAG is to provide independent, objective assurance and consulting services and add value and improve the Group's operations by improving the effectiveness of controls, governance processes and risk management.

Scope of Work

The scope of work of MAG is to determine whether the Group's network of controls, governance processes, and compliance requirements as designed and represented by the management is adequate and functioning in a manner to ensure:

- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Risks are appropriately identified and managed.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently and adequately protected.
- Programs, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's control process.

Significant legislative or regulatory issues impacting the Group are recognized and addressed appropriately.

Accountability

MAG is accountable to the Management and the Audit Committees to:

- Provide annually an assessment on the adequacy and effectiveness of the Group's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes and provide information concerning such issues through resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of Department resources.
- Coordinate with and provide oversight of other control and monitoring functions i.e. risk management, compliance, security, legal, ethics, environmental, external audit, etc.
- Oversee the work of outsourced auditors and provide annually an assessment of work performed by outsourced auditors.

Independence

The independence of the internal audit is secured through the following means:

- Group Head - MAG has direct reporting to the Audit Committees and administratively reports to the Business Chairman (BCM) - Institution Building & Governance and Group Chairman (GCM).
- Group Head - MAG is present in every Audit Committee meeting to present an independent report on the audits performed.

- Group Head - MAG has right to be in direct contact with Audit Committees when needed and the Audit Committees respectively have the right to be in direct contact with the Group Head - MAG.
- MAG has full access to all information relating to the businesses of the Group.
- The Audit Committee has at least once a year a closed session with the Group Head - MAG.
- The employees of MAG report directly to the Group Head - MAG.

Responsibility

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by the management, and submit that plan to the Audit Committee for review and approval as well as submit periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by the Management and Audit Committees.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Establish a quality assurance program by which MAG assures the operation of internal audit activities.
- Perform consulting services beyond internal auditing assurance services to assist the management in meeting its objectives.
- Ensure that all units of the Group are at regular intervals covered by some type of audit / control visits.
- Evaluate and assess significant merging / consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation and/or expansion.
- Issue periodic reports to the Audit Committee and management summarizing the results of audit activities.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Audit Committees.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the Audit Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- Recommend appointment of external and outsourced auditors to Audit Committees and Management.

Authority

MAG is authorized to:

- Have unrestricted access to all functions, records, files, property, major personnel, etc.
- Have full and free access to Audit Committees.
- Allocate resources, set frequencies, select subjects, determine the scope of work and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the Group where they perform audits, as well as other specialized services from within or outside the Group.
- Perform any operational duties or line functions of the Group or its affiliates.
- Initiate or approve accounting transactions external to MAG.
- Direct the activities of an employee of the organization not employed by MAG, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the staff of MAG.

Processes and controls have been embedded and integrated within the SAP system across the Group since 2008.

The Group was felicitated with the 'SAP Awards for Customer Excellence 2008 for Best Governance Risk & Compliance (GRC) Implementation' in an annual benchmark event organized by SAP India to celebrate customer excellence.

MAG in GMR Energy

MAG supports the energy business by providing assurance, governance and compliance services. Also, MAG looks into other allied activities such as Risk Management, Strategies, Project Management and technical reviews, etc. While providing these services MAG also avails the services of consultants / outsourced agencies on a need basis with matching competencies, skill sets, etc.

Significant features of the internal control systems include the following:

- Delegation of power and responsibility matrix with authority limits defined for incurring capital and revenue expenditure.
- Corporate policies on accounting and major processes.
- Well-defined processes for formulating and reviewing annual and long-term business plans.
- Preparation and monitoring of annual budgets for all operating activities, projects and service functions.

- A well-established multi-disciplinary internal audit team.
- Audit Committees of the Boards of Directors regularly reviews the audit plans.
- Regular audits are being carried out for all operations, IT systems including projects and international entities.
- Audit of Human Resources (HR) & Facility Management Systems (FMS) carried out across Group levels.
- Bid documents / records of all new projects including Mergers & Acquisitions (M&A) deals are being critically reviewed for probable risks.
- Effective project management audits are being carried out.
- Safety and security including environment related controls are continuously reviewed for operational effectiveness and efficiency.
- Strict compliance to all regulations and corporate governance issues.
- Documentation of major business processes, including financial closing, computer controls.
- Entity-level controls and testing of key controls as a part of compliance to applicable rules and regulations.
- Identifying and mitigating key business risks through an Enterprise Risk Management programme.

The operating effectiveness of risk responses is periodically reviewed and validated by MAG as part of its management assurance plans. Outputs of risk assessments are incorporated in developing management assurance plans and output of management assurance are considered in developing risk treatment plans for the Group. Management of risks is prioritized by Management and Audit Committees and is incorporated for review into management assurance plans. Besides external audits, internal audits are carried out for all GEL subsidiaries by the auditing firms under the supervision of MAG complying with Indian Internal Auditors (IIA) standards.

PKF Sridhar & Sanatham and T. R. Chadha & Company conducted internal audit & project management assurance. While three audit firms viz., T. R. Chadha & Company, Ashish Khetan & Company, MK & MK Associates conducted pre-audits during FY 13-14. This resulted in financial gain of ₹20.1 Million.

Governance Framework

GMR Holdings Private Limited (GHPL)

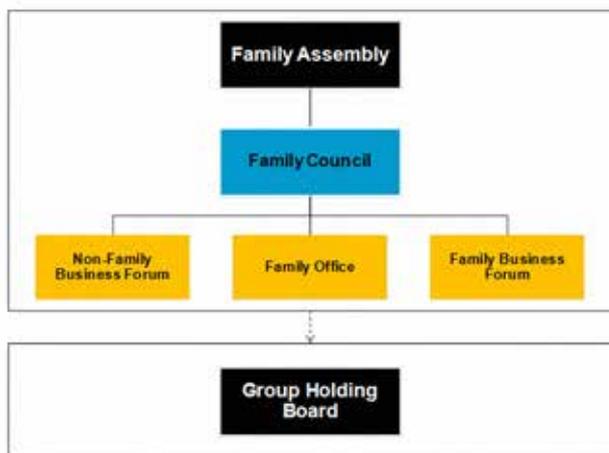
Family Constitution

The Promoters have adopted a unique family governance so as to ensure a family vision is perfectly in sync with the business vision. Its salient features are as below:

- It describes the family governance structure through a family constitution.
- It defines clearly rights and responsibilities of each family member in business and outside of business.
- It codifies agreed ways of decision making within the family.
- It strikes a fine balance between family and corporate governance.

Transition of the Board

Learning from failures of other family run business enterprises, arising out of disputes among partners and lack of a framework for family governance, way back in 2003, a big transition happened migrating from Family Holding



GMR Energy Organization Structure

The Board of Directors are the apex governing body in GMR Energy responsible for developing and executing Corporate Governance. However, for smooth business operations the Board entrust the operational power to Sector Business Chairman (BCM) and oversees the management decisions. At the Annual Strategy Meet, the BCM formulates new strategies and reviews the progress of the business strategies implemented at various departments. The Heads of various Strategic Business Unit (SBU) verticals and chiefs of departments are responsible for Strategy Deployment; thus cascading the strategies to the next levels and the Heads at

Board to GMR Group Holding Board (GHB). Though all the appropriate management policies are in place since inception of the group, the concept of 'Corporate Governance' was formalized in the year 2003.

GMR Holdings Private Limited (GHPL) is an entity privately held by the promoters and holding company of GMR Group & its subsidiaries. Its two subsidiary companies - GMR Infrastructure Limited (GIL) is listed on Indian Stock Exchanges. The GHB is the apex decision making body for the Group consisting of the Group Chairman, the Corporate Chairman and the Business Chairmen. It focuses and drives strategic initiatives, approves business and annual operating plans besides ensuring the development of a pool of leaders for the future.

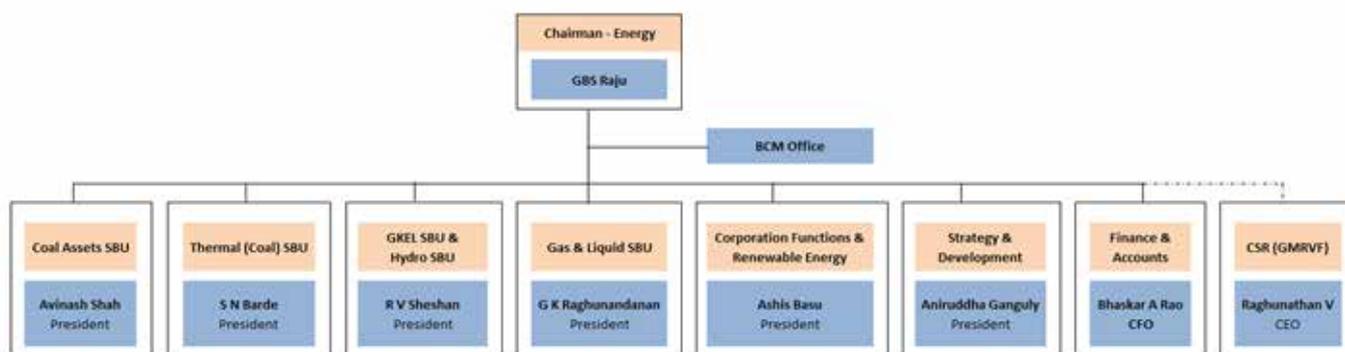
GMR infrastructure Limited (GIL) is an infrastructure holding company of the GMR Group and a standalone entity formed to fund the capital requirements of various infrastructure projects in the Energy, Urban Infra & Highways, Airport and Engineering, Procurement and Construction (EPC) businesses.



* Charitable Organisation under Section 8 of Companies Act

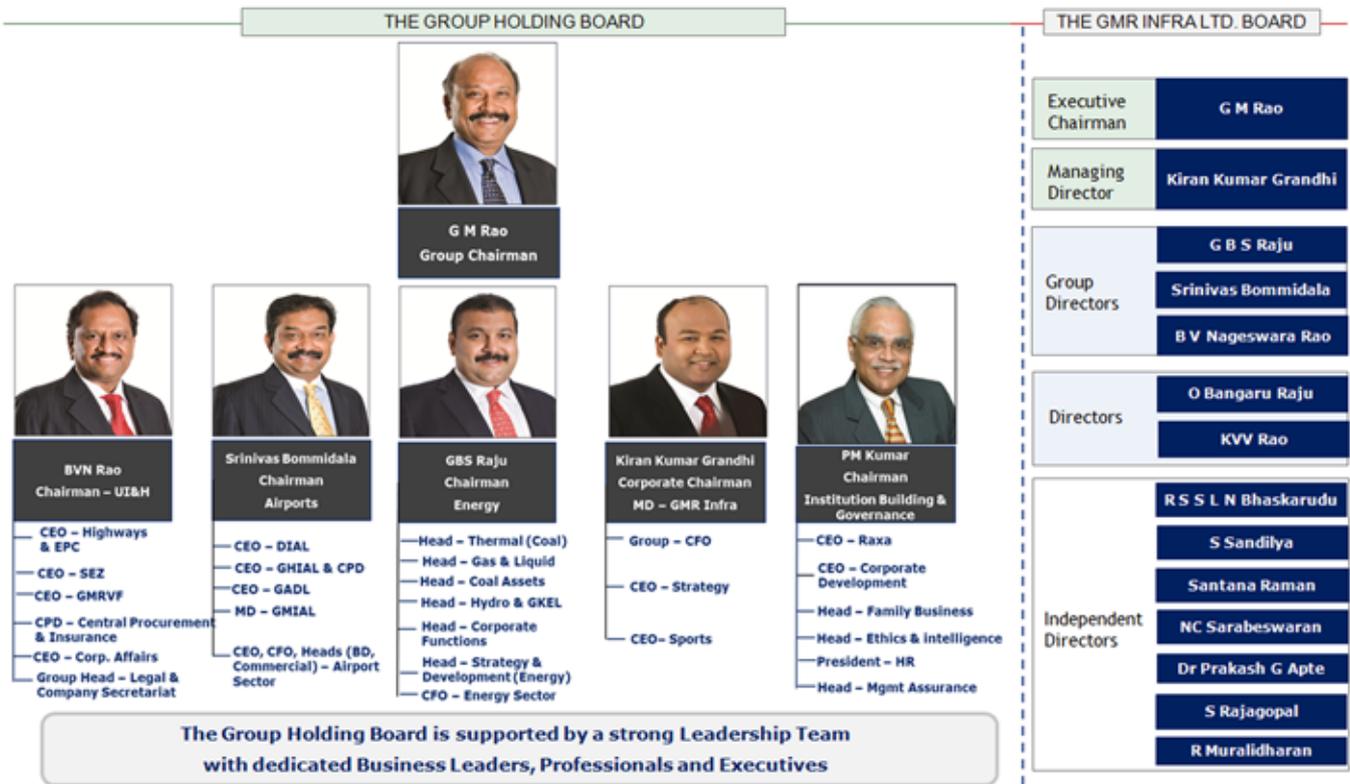
the Corporate as well as generating stations ensures smooth functioning of the day to day activities as per their BSC.

During the reporting period, the Energy Sector adopted a flatter SBU oriented structure for higher level of decentralization & empowerment and faster decision making.



GMR Group Holding Board

The GHB drives the strategy for strengthening the Group’s competitive position at the same time making a positive difference to society.



Group Performance Advisory Council

The performance of any Company primarily depends on the broad directions given by the Board of Directors at the macro level, reducing those directions into business plans at the management level and execution of those plans effectively in operations at the micro level. To evaluate and measure the effectiveness and performance of the Company’s business and its subsidiaries and thereby to evaluate the effectiveness and performance of the Board and its members, a mechanism has been established through the Group Performance Advisory Council (GPAC).

GPAC is an independent panel comprising six eminent industry leaders. GPAC helps to get an outside-in view of our business & our performance. This council evaluates and measures the effectiveness and performance of the board and its members. The review is based on a Balanced Score Card (BSC) approach. The Council meets every quarter to assess and advise on the group performance, including in-person meetings. Recommendations are discussed with the Board and suitable actions are taken.

GPAC has identified six core processes the Group needs to excel viz.,

- Setup Corporate Governance Standards that ensure fairness, transparency, accountability and responsibility and reflect the Group’s Values and Beliefs.
- Develop and build talent pipeline to lead the organization and build the institution to deliver the Group’s 2020 aspirations.

- Win and develop new projects to expand the business in current and planned areas.
- Maintain and operate assets in a sustainable manner and as per world class standards.
- Sustain and improve relationship with stakeholders and build a strong and sustainable brand image for the Group.
- Incorporate Risk Analysis and Scenario Planning in investment and strategic decisions.

These processes are assessed at Group level and are essential parameters used by GPAC to determine Group performance which becomes one of the significant basis for determining Executive’s compensation.

Decision Making Process

The ‘Responsible, Approve, Support, Consult and Inform’ (RASCI) framework is adopted to capture key processes and the decision rights matrix. RASCI goes beyond conventional financial powers and looks at key business process decisions that have long term implications. RASCI helps to ensure that all key stakeholders whose involvement is necessary to ensure quality decision making, are mandatorily brought in during the decision making process. All businesses have a Business Steering Committee chaired by the CEOs and have heads of various functions as members. All important operational decisions are taken at these steering committee

GMR Infrastructure Limited

Management Committee (GIL)

| S.No. | Name of Committee Member | Designation |
|-------|--------------------------|-------------|
| 1 | Mr. G.M. Rao | Chairman |
| 2 | Mr. Srinivas Bommidala | Member |
| 3 | Mr. G.B.S. Raju | Member |
| 4 | Mr. Kiran Kumar Grandhi | Member |
| 5 | Mr. B.V. Nageswara Rao | Member |

The terms of reference of the Management Committee are as under:

- Decision-making relating to operational matters such as investments in new projects, financial matters, borrowings, capital expenditure, purchases and contracts – non-capital (including services), sales and marketing, long-term contracts, stores, HR related matters, establishment and administration, writing-off of assets, etc.
- Decision-making relating to private placements / Qualified Institutional Placement (QIP) / Initial Public Offer (IPO) matters like quantum of issue, issue price, appointment of lead managers and other intermediaries, registrars to the issue, bankers to the issue, listing of shares, execution of all the documents pertaining to IPO, etc. The Board of Directors from time to time also delegate specific powers to the Management Committee.

Debenture Allotment Committee (GIL)

| S.No. | Name of Committee Member | Designation |
|-------|--------------------------|-------------|
| 1 | Mr. B.V. Nageswara Rao | Chairman |
| 2 | Mr. G.B.S. Raju | Member |
| 3 | Mr. Srinivas Bommidala | Member |

Corporate Governance Committee (GIL)

| S.No. | Name of Committee Member | Designation |
|-------|---------------------------|-------------|
| 1 | Mr. N.C. Sarabeswaran | Chairman |
| 2 | Mr. R.S.S.L.N. Bhaskarudu | Member |
| 3 | Mr. Prakash G. Apte | Member |

The terms of reference of the Corporate Governance Committee are as follows:

- To review and recommend best corporate governance practices including Board processes, disclosure practices, policy on ethics / code of conduct etc.
- To continuously review and reinforce the corporate governance practices within the Company.
- To lay down process for induction of directors after due diligence.

Corporate Social Responsibility Committee (GIL)

| S.No. | Name of Committee Member | Designation |
|-------|---------------------------|-------------|
| 1 | Mr. R.S.S.L.N. Bhaskarudu | Chairman |
| 2 | Mr. B.V. Nageswara Rao | Member |
| 3 | Mr. O.B. Raju | Member |

Ethics & Compliance Committee (GIL)

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended (the Regulations), the Board of Directors of the Company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other employees. The Code is based on the principle that Directors, Officers and employees of a GMR Company owe a fiduciary duty to, among others, the Members of the Company to place the interest of the Members above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Code contains regulations for preservation of price sensitive information, pre-clearance of trade and monitoring and implementation of the Code. In terms of this Code, a Committee has been constituted called 'Ethics and Compliance Committee' comprising of a Non-Executive Director (NED) – Independent Director as Chairman and 1 Executive Director (ED). The Executive Director (Finance) is the Compliance Officer to ensure compliance and effective implementation of the Regulations and also this Code across the Company.

Any other matter as the Committee may deem appropriate after approval of the BoD or as may be directed by the BoD from time to time.

GMR Energy Business Sector

Board of Directors

As on March 31, 2014, the GMR Energy's BoD constitutes 10 members, out of which 3 are non-independent and Executive Directors represented by GMR Energy, 1 is representative of private equity Investors and 6 are Independent and non-executive directors, which constitutes more than 50% of our Board of Directors (in compliance with SEBI's Clause 49 requirements). The Chairman of the Board is Mr. GBS Raju, Business Chairman, GMR Energy Sector. The age of 2 Board members lies between the band of 30-50 years and 8 members' age is above 50 years. The board members are appointment based on their credentials and there is no discrimination due to caste, creed and sex or minority community or other indicators of diversity. These Directors bring in a wide range of skills and experience to the Board. Presently, there is no female representation on the Board. However, GMR Energy's Company Secretary is a female.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director.

NEDs are eligible for sitting fee of ₹0.02 Million for attending each Board meetings up to the limits prescribed by the Companies Act and the rules made thereunder.

The Company pays remuneration to Executive Directors within the overall ceilings stipulated in Section 198 and 309 of the Companies Act, 1956 as recommended by Remuneration Committee and approved by the Board and shareholders.

| | | | |
|--|--|--|---|
| | <p>G.B.S. Raju, Chairman, Energy Sector</p> <ul style="list-style-type: none"> On the Board of GEL from 1998 to 2007 and re-joined the Board in 2008 Responsible for overseeing initiatives for energy business Education: B.Com, University of Madras, Chennai | | <p>RR Nair, Independent Director</p> <ul style="list-style-type: none"> Is a consultant to businesses on HR strategy and Leadership and Organization Development Has a Masters Degree in Psychology and Post Masters Diploma in Industrial Management from IIT, Kharagpur |
| | <p>B. V. Nageswara Rao, Director</p> <ul style="list-style-type: none"> On the Board of GEL since 2001 Currently, heading human resources, finance, corporate strategic planning department, legal, corporate communications, and information technology Over 13 years of experience in the banking sector, industrial finance, international trade, etc. | | <p>N.C. Sarabeswaran, Independent Director</p> <ul style="list-style-type: none"> On the Board of GEL since 2004 Founding partner of Jagannathan & Sarabeswaran, an audit firm; he was also the Nominee Director of Reserve Bank of India Education: Chartered Accountant |
| | <p>Madhva Bhimacharya Terdal, Group Chief Financial Officer</p> <ul style="list-style-type: none"> Responsible for the complete finance functions of the GMR Group Instrumental in introducing the Group to the Primary market through GIL IPO in 2006, Successfully led the largest QIP transaction of US\$ 1bn in India for the Group in 2007 Led the group's foray into the international arena – ISGIA (2007) & InterGen (2008) | | <p>Sri Tatwamasi Dixit, Independent Director</p> <ul style="list-style-type: none"> A successful business advisor specializing in family businesses. He founded FABRIC (Family Business Research International Centre), a boutique consulting firm working with family businesses and entrepreneurs He has uniquely mastered the integration of Vedic principles with contemporary psychology and business management |
| | <p>Satish Kumar Mandhana, Director</p> <ul style="list-style-type: none"> Over 25 years of private equity, corporate finance and business strategy experience. C Member of the Planning Commission's Working Group on Power & the CII Committee on Economic Affairs & Taxation Education: MBA from the FMS, Delhi and BE in Industrial Engineering from IIT, Roorkee | | <p>S. Rajagopal, Independent Director</p> <ul style="list-style-type: none"> Over 36 years of experience in banking industry On the boards of several corporate institutions and development funds in India and overseas Education: Masters' degree in arts (Economics), Gujarat University; professional qualification from the Indian Institute of Bankers |
| | | | <p>KP Rao, Independent Director</p> <ul style="list-style-type: none"> Over 35 years of experience in banking industry Was Zonal Manager in Corporation Bank, Director on the Board of Karur Vysya Bank Education: Post Graduation Degree in commerce from Andhra University |
| | | | <p>Mr. V. Santhana Raman</p> <ul style="list-style-type: none"> Over 39 years of experience in banking industry Retired as an ED in Bank of Baroda. Was an Independent Director on the Board of Karur Vysya Bank Ltd. was a member of 'Advisory Board on Bank, Commercial and Financial frauds' (ABBCFF) constituted by Central Vigilance Commission |

Committees of GMR Energy's Board

The Committees of the Board of Directors focus on certain specific areas and make informed decisions in line with the delegated authority. Each Committee of the Board functions according to its role and defined scope.

Audit Committee of Directors

The composition of the Audit Committee is consisting of a Non-Executive, Independent Director as Chairman and 4 other Non-Executive, Independent Directors. These members have requisite expertise of Business / accounting / related financial management. The current composition of the Audit Committee is as follows:

| S.No. | Name of Committee Member | Designation |
|-------|--|-------------|
| 1 | Mr. N. C. Sarabeswaran, Independent Director | Chairman |
| 2 | Mr. S. Rajagopal, Independent Director | Member |
| 3 | Mr. Satish Kumar Mandhana, Investor Director | Member |
| 4 | Mr. K. Parameshwara Rao | Member |
| 5 | Mr. Ramakrishna Rajasekharan Nair | Member |

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges. The Company also complies with the provisions of Section 292 A of the Companies Act, 1956 (the Act) pertaining to Audit Committee and its functioning.

The terms of reference of the Audit Committee are as under:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of statutory auditors, fixation of audit fees and also approval for payment for any other services.
- Reviewing annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by the management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - Compliance with accounting standards.
 - Compliance with listing and other legal requirements concerning financial statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.
- Reviewing, with the management, statutory and internal auditors, the adequacy of internal control systems.

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing the adequacy of internal audit function, 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.
- Discussion with internal auditors any significant findings and follow-up there on.
- 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.
- Discussion with the external auditors before the audit commences, nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- 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.
- Reviewing, with the management, the statement of uses/application funds raised through an issue (public issue, rights issues, preferential issue etc.), the statement of funds utilized for the purpose other than those stated in the offer document /prospectus /notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing whistle blower mechanism.
- Approval of appointment of Chief Financial Officer (CFO) (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

Shareholders' Transfer & Grievance Committee

The composition of this Committee is consisting of a Non-Executive, Independent Director as Chairman and 3 Executive Director as members. The committee members of this Committee consists of Mr. N.C. Sarabeswaran (Chairman), Mr. G. B. S. Raju, Mr. B. V. N. Rao and Mr. Madhva B Terdal In accordance with Clause 49(IV)(G)(iv) of the Listing Agreements with the Stock Exchanges, the Board has authorised Company Secretary and Compliance Officer, and Head - Corporate Legal, to severally approve share transfers / transmissions, in addition to the powers with the members of the committee.

The terms of reference of the Shareholders' Transfer and Grievance Committee are as under:

- Allotment of all types of securities to be issued by the Company.

- Transfer, transposition and transmission of securities.
- Issuance of duplicate shares or other securities.
- Dealing with complaints about non-receipt of declared dividend, non-receipt of Annual Reports, etc.
- Investigate into other investors' complaints and take necessary steps for redressal thereof.
- 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 the stock exchanges and guidelines issued by the SEBI or any other regulatory authority.
- Authorize Company Secretary or other persons to take necessary action on the above matters.
- Appointment and fixation of remuneration of the Registrar and Share transfer Agent and Depositories and to review their performance.

Remuneration Committee

The composition of the Remuneration Committee is consisting of a Non-Executive, Independent Director as Chairman and 3 other members are Non-Executive, Non-Independent Directors. The current composition of the Remuneration Committee is as follows:

| S. No. | Name of Committee Member | Designation |
|--------|--|-------------|
| 1 | Mr. S. Rajagopal, Independent Director | Chairman |
| 2 | Mr. N. C. Sarabeswaran, Independent Director | Member |
| 3 | Mr. Satish Kumar Mandhana, Investor Director | Member |
| 4 | Mr. Ramakrishna Rajasekharan Nair, Independent Director | Member |

The terms of reference of the Remuneration Committee are as under:

- Meetings of the Committee shall be held whenever matters pertaining to the remuneration payable, including any revision in remuneration payable to Executive / NEDs are to be made.
- Payment of remuneration shall be approved by a resolution passed by the Remuneration Committee.
- All information about the Directors /Managing Directors / Whole time Directors i.e., background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders.
- The Committee shall take into consideration and ensure the compliance of provisions of Schedule XIII of the Companies Act, 1956 for appointing and fixing remuneration of Managing Directors / Whole time Directors.
- 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.

- The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and the shareholders.

IPO Committee

The members of the current IPO Committee consists of Mr. G. B. S. Raju (Chairman), Mr. B. V. N. Rao, Mr. Madhva B. Terdal, Mr. N. C. Sarabeswaran and Mr. Satish Kumar Mandhana.

The terms of reference of the IPO Committee include:

- 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, Depository Participants and other expert advisors / agencies or persons or intermediaries to the Issue and to negotiate and finalise the terms of their appointment, etc.
- To prepare and finalise the Draft Red Herring Prospectus.
- To execute any forms, documents, letters, agreements and liaise with the book running lead managers, SEBI, Reserve Bank of India (RBI), Foreign Investment Promotion Board (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.
- To make applications to FIFB, RBI 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.
- To deal with and represent before all statutory bodies, governing agencies such as SEBI, Stock Exchanges, Depositories, Registrar of Companies, etc.
- To authorise and approve the incurring of expenditure and payment of fees in connection with the initial public offer.

- 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.
- 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.
- To open with the bankers to the public issue such accounts as are required by the regulations issued by SEBI.
- 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.
- 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 (NSDL), the Central Depository Services (India) Limited (CSDL) and such other agencies, authorities or bodies as may be required in this connection.
- 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).



GMR Business Excellence Model (GBEM)



GMR Energy has been on the Business Excellence (BE) journey since 2008. The BE Model based on Malcolm Baldrige criteria has been adopted as a step towards creating a robust institution geared up to face the challenges of tomorrow and also to create a culture of continuous improvement and knowledge sharing. The Company has also keenly participated in the GMR BE Model (GBEM) assessments over the years. The BE concerns itself with using quality management principles to improve business performance. This model has been driving BE in the organisation and seeks to enhance quality standards and sustain the organizational efficiency. The elements of GBEM are as below:

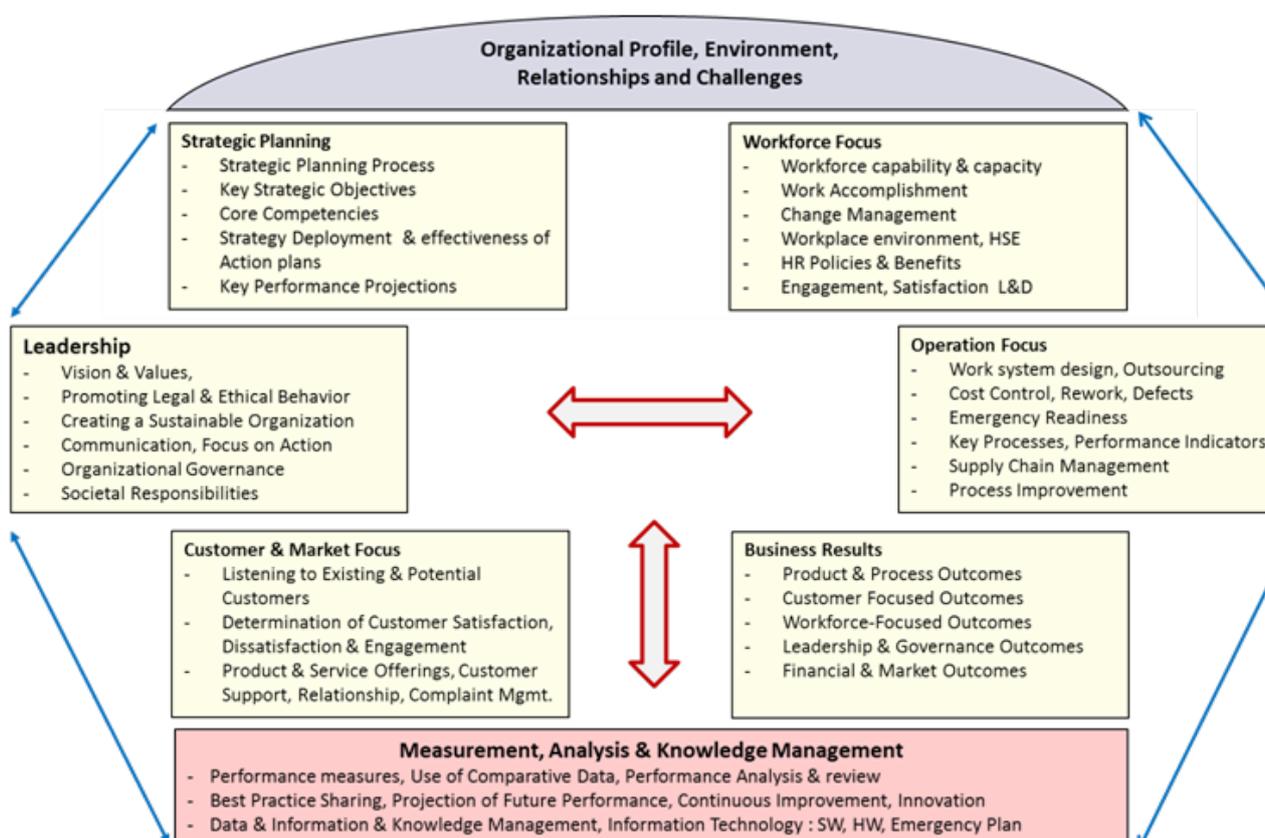
This is a niche initiative and we have launched the following under this model:

- The BE program
- Enterprise Risk Management framework development programmes on leadership for senior executives
- Significant progress in performance management and talent review
- Powerful development programs on leadership for senior executives
- Significant progress in performance management and talent review
- Knowledge Management which has gained significant momentum

The long journey is on to identify and drive improvement projects, with ground level involvement. Process improvement is being assessed by independent assessors across the Board. Visible result impacts are realized in various areas such as energy conservation, water conservation, etc. In just two years, the Group has moved from “Early Results” to “Early Improvement” band in the model.

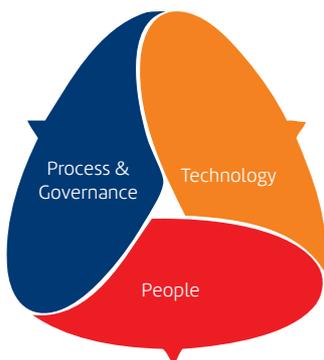
In progressing from Institution Building towards BE we have integrated and streamlined the following:

- Strategic Finance department : Raising funds at competitive rates & managing investor relations effectively.
- Information & Technology (IT) department : Utilization of IT backbone more efficiently.
- Corporate Strategic Planning Department (CSPD) & ERM : Corporate strategy & Enterprise Risk re-aligning decision support & planning processes to address new business challenges.
- Corporate Integration Group (CIG): Optimizing capital structure, improving cash flow & corporate governance.
- Legal: Increasing reliance on in-house legal expertise.
- Corporate Communication: Managing stakeholder perceptions more effectively & improving corporate identity.
- Central Procurement Department (CPD) : Improving procurement efficiency.
- Corporate Human Resources : Leveraging talent capital & enhancing productivity, while honing the leadership skills.



ESSENTIAL ELEMENTS ARE IN PLACE FOR INSTITUTION BUILDING

- Family Governance guided by Family Constitution
- Management Assurance , Ethics, Governance Council
- Group Performance Advisory Council (GPAC)
- Business Excellence
- Strategy & Risk Management
- Corporate Centre of Excellence for processes procurement, HR, legal



- Centralized infrastructure and ERP with real-time intelligence
- Business automation with real-time war rooms, toll monitoring, video audits, laser mapping
- Process automation through ERP and an e-enabled shared services organization for back-office transactions

- Vision, Values & Beliefs
- Leadership Development and talent Management
- Empowered Organization

Corporate Functions

GMR Energy Corporate drives key functional aspects as a common platform across the group. Corporate functions follow a Centre of Excellence model, incubating ideas and supporting creation of business value.

| Group Corporate and Governance Functions | |
|---|--|
| Corporate Finance | Information Technology (IT) |
| Legal & Secretarial | Management Assurance Group (MAG) |
| Central Procurement Department (CPD) | Ethics & Intelligence (E&I) |
| Corporate Strategy Planning Department (CSPD) | Business Excellence (BE) & Knowledge Management (KM) |
| Enterprise Risk Management (ERM) | Environment Health & Safety (EHS) |
| Corporate Human Resources (CHR) | Corporate Communication (CC) |
| Corporate Development (CD) | Corporate Relations (CR) |
| GMR Varalakshmi Foundation (GMRVF) | Shared Service Centre (SSC) |
| Facility Management Services (FMS) | - |

GMR Councils

The management of GMR has devised certain modes in an effort to translate the principles of Corporate Governance, whether statutory or otherwise, into reality and obtains the Board's expert advice as well as approval prior to implementation of the Corporate Governance initiatives. The Board advises improvement in the Corporate Governance initiatives on a continuous basis. The Group also has set up a number of functional forums where members from corporate and businesses come together on a periodic basis to discuss policy formulation and implementation. Some of these are HR Council, IT Council, Legal Council, CC, FMS Council, EHS Council, etc.



| Council | Roles & Responsibilities | Council Members |
|-------------------------------|--|---|
| Corporate Secretarial Council | <ul style="list-style-type: none"> • To continuously strive for improvement in the Systems, Processes and Practices in relation to Corporate Secretarial Affairs across the Group through effective co-ordination and co-operation amongst the members. • To formulate, update and ensure implementation of world class Standard Secretarial Practices with a view to achieve bench marking levels in Global and Indian Corporate Secretarial Practices. • To act as an effective catalyst to form and implement Best Corporate Governance Practices in the Group with an ultimate goal to achieve best rating in Corporate Governance. • To review the activities of all members periodically for achieving stabilization and improvement. • To continuously share the knowledge & experience amongst members. | <p>GMR Energy currently has over 8 Associate / Fellow Members of The Institute of Company Secretaries of India (ICSI) working for the various Secretarial departments of the Group as on March 31, 2014. We understand that Corporate Secretaries are catalysts for Corporate Governance improvement and therefore, the members then formed the "Corporate Affairs Council". The GMR Group Council comprises 45 members from across the Group (from Bengaluru, New Delhi, etc.) who share knowledge, experiences on various professional and operational matters including developments in Corporate Governance areas, capital markets, world economics, etc. As part of this knowledge enhancement and learning, experts from outside of GMR also share their experiences with the Council. The Council takes initiatives to prepare, review and finalize Secretarial Processes on various facets to bring standardization in execution of the works and compliances thereof across the Group Companies. Till date, the Council has adopted 43 Standard Secretarial Process documents.</p> |
| Finance Council | <ul style="list-style-type: none"> • To bring together CFOs and Finance Controllers across all business sectors & functional verticals to instill synergy and team bonding. • To discuss, debate and conclude various critical compliance issues related to F&A, Secretarial, Taxation and Process Management. • To create awareness & debate on new Regulations / Policies introduced by the Government in all of the business sectors. • To apprise the group on latest Funding Structure - Debt & Equity and Investment options. • To discuss & launch new initiatives in the area of Finance and related segments. • To discuss & debate on the "Best-in-class" processes for adoption. | <p>This council consists of all CFOs, Finance Controllers and Departmental Heads of the Accounts & Finance Department of the GMR Group. The Finance Council comprises of over 16 members.</p> |
| HR Council | <ul style="list-style-type: none"> • To bring together CHR & BHR Heads across business sector to instill synergy and team bonding. • To discuss & debate on various critical policy & compliance issues related to HR Policies and Process Management. • To create awareness & debate on new Regulations/ Policies introduced by the government in any of the business sectors. • To apprise the group on latest Corporate Initiatives. • To discuss & debate on the "Best-in-class" processes for adoption. | <p>The HR Council (HRC) consists of members from Corporate HR (CHR), Business HR (BHR), Corporate Strategic & Planning Department (CSPD) representatives & Internal Auditors of GMR Group. The members of HRC are 15 currently.</p> |

| Council | Roles & Responsibilities | Council Members |
|---------------|---|--|
| Legal Council | <ul style="list-style-type: none"> To interact and adopt well informed positions on major / critical legal issues concerning the GMR Group's business activities. To share and benefit from cross functional experiences/efficiencies . Discuss and adopt internal policies and initiatives intended to achieve the operational efficiency. To provide for an internal platform for regular meeting of senior legal functionaries of GMR. To adopt common approaches wherever essential / feasible. To achieve the operational efficiency of the legal function within the GMR Group. | The composition of the Legal Council includes head of the legal of each business sectors and currently has 12 members. |
| EHS Council | <ul style="list-style-type: none"> To interact & align Site EHS teams to implement Corporate EHS Policy to instill synergy and team bonding. To discuss & debate on various critical policy & compliance issues related to EHS and Process Management. To create awareness & debate on new Regulations / Policies introduced by the Govt. To discuss & debate on the "Best-in-class" system & practices for adoption. | The EHS Council consists of members from Energy Sector EHS, Strategic Planning Group (SPG), BE & EHS team of all sites. The members of EHS Council are around 22 currently. |
| CSR Council | <ul style="list-style-type: none"> To regularly interact with Site CSR teams to implement identified projects effectively. To create mutual sharing and learning amongst teams. To provide motivation, mobilize resources, advise and support for result oriented engagement. | The CSR Council chaired by CEO and Director - Community Services of GMRVF consists of CSR and EHS team members from all sites. The members of CSR Council are around 32 currently. |

GMR Standard Secretarial Practices

GMR Group recognizes the need for improvement in the systems, processes and practices in relation to Corporate Secretarial Affairs across the group has formed the GMR Standard Secretarial Practices (GMR SSPs) in compliance with statutory provisions under the Companies Act, 1956, Clause 49 of the Listing Agreement and Secretarial Standards issued by ICSI with an object to implement best Secretarial Practices.

Standard Secretarial Practices

Presently, there are 43 Standard Secretarial Practices (SSP) being followed at GMR. Few of them are as below:

- Minutes of Board Committee Meetings
- Incorporation of Companies
- Preparation of Agenda of Board Meeting
- Insider Trading
- Declaration / disclosure by a director at the time of appointment and continual disclosure.

- Providing information to Audit Committee
- Appointment of Directors
- Transfer of Physical & Demat Shares
- Process for Dealing with Share Application Money
- Loans, Guarantee and Investments
- Managerial Remuneration
- Foreign Investment in India
- Compliances under Listing Agreement
- Passing Resolution by Circulation
- Amalgamations, Mergers and Demergers

GMR Infrastructure Limited (GIL) was recognised as one of the Top 25 Companies adopting Good Corporate Governance practices in India by the Institute of Company Secretaries of India (ICSI) in the year 2008.

Details on the Board and the committees are also available at: http://www.gmrgroup.in/Investors/Annual_Reports.html

Standard Accounting Practices

GMR Group has formulated a standard accounting process to improve the systems and processes in relation to its accounting practices. During the process of SAP implementation, Model Business Processes (MBPs) were prepared for all Financial (Finance, Controlling & Treasury modules) and non-Financial processes (covering other modules in SAP). MBPs are comprehensive documentation of all SAP configured processes (as Standard Operating Procedures), which integrate the functional aspects of the process with the SAP features to explain the user how a particular process can be run through SAP.

Standard Operating Process

Standard Operating Process for the various departments such as procurement of materials & services, processing of vendor invoices and employee reimbursement is in place. These processes ensure payments are done as per the agreed timelines. This is an attempt by GMR to improve the stakeholder value enhancement

'Attainment of the right results with right means' summarizes GMR's way of corporate governance. Transcending this limited legal form and gauging into the hearts and minds of all the stakeholders gives us the substance and spirit of this 'means-to-ends process' Our seven core values and beliefs are making the genetic code of the organization, vibrate and resonate with the spirit of principles of governance.

Corporate Communications

We have a dedicated Corporate Communications (CC) team that endeavours to generate awareness and build reputation about the Group and its businesses amongst all our target audiences. It manages the brand identity of the Group and helps with all the communication needs of the organization.



The main functions of the CC team are:

In terms of branding, we ensure that our brand identity is adhered to and followed in all instances of reproduction and in terms of all collaterals; signages, GMR logo usage and all other applications. The group also undertakes and organizes brand research or perception index evaluation exercises every year to understand how the brand is perceived across various demographics.

In terms of advocacy and networking, the CC team of the Group organizes network meetings with top executives in the industry for building the brand image of the group and also creates national networking forums for various sectors

wherein the GMR group shares ideas and common practices. GMR through its corporate communications team interacts regularly with various industry associations, such as FICCI, ASSOCHAM, etc. and also participates in key advocacy areas.

The CC team at GMR identifies opportunities for GMR professionals to speak at various national and international events, thus providing a platform to build the brand of the organization. Apart from having a network with industry associations, the Group also maintains a cordial relationship with media. GMR constantly interacts and maintains regular communications with journalists as well.

Further, to communicate and inform the progress of various projects to stakeholders and opinion makers and to obtain feedback and incorporate in strategic and tactical planning process, GMR maintains cordial relationships with its investor community.

As part of GMR's societal relationship, the corporate communication team uses integrated marketing, PR and communications solutions to deliver and promote corporate social responsibility initiatives of GMR Group through:

- Cause-related marketing
- Social marketing
- Corporate reputation management
- CSR and sustainability reporting
- Stakeholder engagement

To bring the above to effect, we have detailed a CC manual that serves as a user guide to provide information on various services rendered by CC and the processes to be followed. The Group adheres to all required guidelines in terms of advertisements, as per the Advertising Council of India.

The following are some of the key roles of the CC team, in terms of advertisements:

- All advertisements will be released by the CC team through the empanelled Advertising and Design agencies.
- In case an advertisement (related to recruitment, public notice, financial results, etc.) is to be released by a particular department, the approval for the same from the sector head needs to be sent in writing to the CC team.
- CC in discussion with the concerned department and advertising agency will design an advertisement to meet the agreed specifications.

The CC team is provided with a 'Handbook on understanding and working with the media' that serves as a guide for all GMR personnel in working with the media with its "Media Policy Guidelines".

The CC team also regularly follows any news pertaining to GMR in the public domain, which serves as an indicator on how stakeholders perceive the group and its growth. This information / news is reported along with inputs from the communication team to the management.

In the reporting period GMR was in the news and was quoted with both highlights and lowlights of performance and activities of the Group.

The CC team is essentially the single point of contact where from all communications are routed through.

Although GMR does not collect customer specific data, wherever it is collected, GMR ensures that it maintains customer privacy at all times. Any details pertaining to GMR's shareholders are maintained at the secretarial department. However, data related to national security required by the airlines / carriers would not be under the purview of GMR. The CC team is also given the responsibility to source and procure gifts for distribution which is laid down in a formal guide document "Indicative Guidelines - Corporate Gifting".

Website Improvement

Keeping in view the stakeholders of the Group and for user friendly access of company related information, the website of the Group (<http://www.gmrgroup.in/energy>) is continuously improved. All mail enquiries sent through the website is accessed by CC team, which are then forwarded to the concerned department in Energy Sector for appropriate action.



"We emphasize on developing harmonious relationships with various key stakeholders. Over the years, this has proven to be mutually adding value to business and society at large as well. We have evolved as a mature and respected organization in conformity with related regulatory and voluntary codes. The underlying philosophy is to continuously enhance the corporate image through transparent processes, systems and governance"

G. Subbarao
CEO - Corporate Affairs
GMR Group

GMR Varalakshmi Foundation

GMR Varalakshmi Foundation (GMRVF), a not-for-profit organisation under Section 8 of Companies Act 2013, reaffirms the Group's grass root presence as change agents of society in the field of Corporate Social Responsibility (CSR). The Foundation through its Education and Community Services wing is actively engaged in the areas of education, health, hygiene & sanitation, empowerment & livelihoods and community development. Towards this, GMRVF works with the communities neighbouring GMR Group's businesses for their economic and social development thus making them to grow along with the business. Presently, high impact projects are underway at 22 locations in India and 2 locations in Nepal. The Foundation is managed by dedicated professionals who have a large social experience and they oversee and manage all projects of the foundation that is spread across various existing and upcoming project locations.

We are committed to
"Giving back to the Community" through
GMR Varalakshmi Foundation.

Furtherance to family tradition of "Giving back to society", GMR Group's charitable and philanthropic activities started from Rajam, Andhra Pradesh State in South India in 1991. As the group grew and emerged as one of the leading infrastructure companies in the country, with a belief that corporates have a special and continuing responsibility towards social development, the Group formed a separate institution called GMRVF for undertaking CSR activities on a significant scale. The Vision of GMR Group's CSR activities is to make sustainable impact on the human development of under-served communities through initiatives in education, health, hygiene & sanitation, empowerment & livelihoods and community development.

Mr. G M Rao, Group Chairman pledged his personal contribution to the Foundation corpus. Family Constitution also ensures donation by the family members to the Foundation. Sector Business contribute to the Foundation to undertake various CSR activities.



Corporate Governance Policies

The Corporate Governance policies are comprehensive and forward-looking. These policies cover areas ranging from Media Policy to Human Rights to Procurement Policy. All the policies are reviewed on an annual basis. List of major policies are enumerated below:

- Code of Business Conduct & Ethics (CoBCE)
- HR Policies
- Environment, Health & Safety and Quality (EHSQ) Policy
- Information Security Policy
- IT Policies
- Sexual Harassment
- Whistle Blower
- Gift Policy
- Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices
- Procurement Policy

Ethics & Compliance

Our Senior Leadership Team promotes an organization that fosters results & requires legal & ethical behaviour by setting up un-compromising standards, through their personal behaviour and actions. Legal and ethical misconduct is viewed seriously and acted upon.

Ethics & Intelligence (E&I) department plays a vital role in preventing & detecting fraud.

Key Focus Areas of E&I

- Embedding ethics in business processes and developing principle-centred leadership.

- Establishing Ethics Apex Council for GMR Group.
- Developing E&I department on the Business Excellence model.
- Raising standard of fraud prevention by conducting ethics awareness & Knowledge management sessions
- Address challenges to the Management emerging out of threats to reputation and image
- Maintaining effective internal control systems and ensuring that the group's resources are properly utilized in the manner intended.
- Ensuring strict compliance with the corporate policies, processes and procedures.
- Identifying the risks to which system and procedures are exposed to and suggesting counter measures for mitigating the risk.

Role of E&I

- Playing a proactive role in promoting high ethical culture in an atmosphere of mutual trust and cooperation. E&I Teams conduct Ethics Awareness Program across the group to sensitize employees and to enhance Ethical Culture and measure the same by conducting Surveys.
- Collaborating with CEOs and HODs to together to contain fraud or misconduct on the part of employees.
- Undertaking both proactive and reactive anti-fraud initiatives with an aim to create a 'zero tolerance culture' for fraud.
- Identifying potential fraudulent behaviour and its impact on business, and preparation mitigation plans in case of an event.
- Conducting periodic reviews and introduction of best ethical practices.

Group Ethics Apex Council – Charter

Purpose / Mission

The purpose / mission of setting up this council is to set the tone for an ethics culture supported by appropriate policies, processes, education, prevention and controls. To achieve this purpose, the ethics council will:

- Recommend progressive and deterrent policy to GHB for their approval.
- Actively advocate across the Group, both as individual members of the council and collectively, high standards of ethics in all aspects of the Group.
- Review implementation effectiveness through various matrixes set up from time to time.
- Direct improvement actions and monitor constantly improving standards of ethics.

The Council may call upon any project head, business head and other functionaries to make detailed presentation on the state of ethics in their business.

Constitution of GMR Energy Ethics Apex Council

The constitution consists of:

1. BCM - Energy
2. Group Head - Ethics & Intelligence (Convener)
3. Group President - HR
4. Group General Counsel & President- Legal & Secretarial
5. CFO Group
6. CEO-CPD
7. Group Head - MAG
8. External Specialist or any other person as invitee

Meetings

- The Council meets once in every 6 months. The quorum for the meetings shall comprise at least 50% of the existing members.
- The agenda for each meeting is set by the Convener at least a week in advance with inputs from the Chairperson and other members of the Council.
- The sole purpose of interactions is to ensure improved ethical standards, better adherence to the internal controls, and to make managers act as role-models in adhering to the Code of Conduct & Ethics.

Communication

Important action points decided in the Council meetings are circulated to all the concerned by the convener. Actions taken are reviewed at the beginning of the next meeting.

Three tiers Ethics Structure at GMR Energy is as below:

| Tier | Senior Leadership Involvement - roles & responsibilities |
|---|---|
| 1 st - Group Governance Council & Ombudsperson | Providing guidance for the Ethics & Intelligence (E&I) plans, Resolution of Ethical concerns, Review of E&I processes and its effectiveness, Protecting Whistle blowers, Addressing Suppliers concerns, Role Model for Employees & other Stakeholders |
| 2 nd - Location Ethics Counsellors | Selection of Location Ethics Counsellors, Oversee performance and effectiveness of Location Ethics Counselling |
| 3 rd - Ethics Helpline | Nominating third Party for managing Ethic Helpline, Assess performance of Ethic Helpline and Agency involved |

Code of Business Conduct & Ethics (CoBCE) has been in place & commitment to this is reinforced by various policies like Whistle Blower policy, Sexual Harassment policy, governed by Ethics & Intelligence department at Group level. HR has formulated a mandatory program on CoBCE that needs to

be undertaken by all employees. Actions have been taken to ensure that each employee has read and accepted the GMR's CoBCE through the e-enabled system. A multi-channel, multi-language Ethics Helpline with toll free number, managed by independent third party (KPMG), has been launched to provide a safe and secure way for employees, vendors and suppliers to report Ethical concerns. This can be accessed by any stakeholders over phone, e-mail, fax, etc. Employees can access e-enabled CoBCE. Also, considering the resource limitations, and direct reach of Ethics and Intelligence department, Ethics Counsellors have been appointed at projects / assets locations to provide a secure forum for free and frank exchange of concerns locally.

A Compliance / Legal portal for Energy sector has been developed which hosts information/update on all the legal cases for ready reference of Leadership Team to enable quick decision making. Additionally, in FY 2014-15, e-Governance portal for enhanced EHS & Sustainability manageability is being planned. During the various reviews chaired by SBU Heads / BCM the regulatory compliance and deviations, if any are reviewed, including implementation of IMS as per ISO 9001:2008, ISO 14001, OHSAS 18001. In addition, periodic audits are undertaken by MAG to assess the compliance level.

Improvements in Legal / Ethical Behaviour

| Areas | Till FY 2012-13 | FY 2013-14 |
|----------------|---|--|
| Legal & Ethics | CoBCE Framework, Whistle Blower policy, Sexual Harassment policy, Compliance Portal for G&L assets (GPCL, GVPGL, GREL, GEL) | Third Party managed Ethics Helpline (Accessible over call, email, fax for all stakeholders), e-enabled CoBCE acceptance by all employees, Energy Sector Compliance portal (including coal based plants / projects viz., GKEL, EMCO & GCEL and Bajoli Holi HEP) |

In the reporting year, three complaints under whistle blower policy were received from employees and all were resolved. There was no complaint on child labour, forced labour or involuntary labour. There were no cases of sexual harassment and discriminatory employment during last three years.

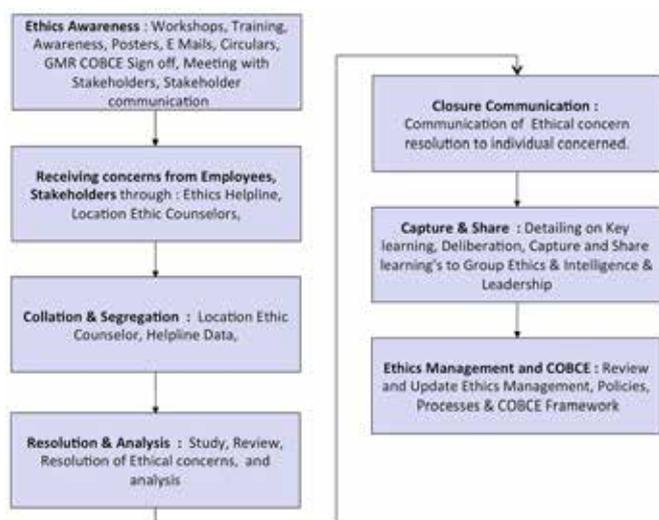
CoBCE is also applicable to all GMR Energy and its subsidiaries, its executive directors, employees, contract employees and also to all the third parties representing / dealing with GMR Energy, thus covering 100% of its operations. CoBCE also incorporates clauses pertaining to corruption, bribery, etc. and employees are trained on these clauses from time to time. This comprehensive document lays down guidelines on to insider trading and disclosures to be made while handling Company shares. These codes are in line with the requirements of SEBI.

The Board has also laid down separate Codes of Conduct for non-Executive Directors and Senior Management personnel of the Company. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. The GCM has confirmed and certified the same. All employees of GMR Energy are governed by CoBCE and every business transaction has to be performed maintaining ethical standards. Apex Committee on Ethics meets at regular intervals to provide guidelines for implementation of CoBCE and resolve ethical concerns.

GMR Energy has appointed the Chief Ethics Officer who is responsible for the role delineation for the top leadership team. The ethics officer assures, on behalf of the Company, compliance with the code not just in letter but also in spirit and sets up the tone of organizational integrity from the top to bottom. There are also designated Ethics counsellors in each location. Ethics Ambassadors have been appointed for increasing communication with the younger generation. These counsellors and ambassadors are responsible in assisting the senior leadership in discharging their responsibilities pertaining to CoBCE. They identify, monitor and control measures of ethical system effectiveness.

Management of Business Ethics

GMR Group believes that for an organization to succeed, grow and excel, it needs to be anchored to its Values and Beliefs and motivate all its employees to consistently display these values in the course of their interactions. The CoBCE embodies the Group's Values and Beliefs and endeavors to lay down guidelines for employees / suppliers / partners of the Group to follow to in their day to day work life.



CoBCE is intended to provide guidelines for the Professional, Ethical, Legal and Socially Responsible behaviour that the Group expects from its employees. All employees on regular rolls of the Company including Full Time Directors, Advisors, External Consultants, Expatriates and employees on contract are governed by this Policy. CoBCE has been further reinforced by various policies like Whistle Blower policy, Sexual Harassment policy. All employees need to read and imbibe the CoBCE and follow it in letter and spirit, so as to maintain the highest standards of values in their conduct to

achieve organizational objectives. Actions have been taken to ensure that each employee has read and accepted the GMR's CoBCE through the E-enabled system. Approaches like Ethics Helpline; Location Ethics Counsellors provides a secure forum for employees / vendors / suppliers to report Ethical Concerns.

No sexual harassment cases were reported during last 3 years.

During the meetings with various stakeholders, endeavour is made to make them aware of the expected ethical behaviour. Periodic communication & e-acceptance is sought from employees to reinforce ethical behaviour. New recruits & employees are given communication & mandatory training on CoBCE through Induction & e-enabled module. Clause on Compliance to CoBCE is included in all Agreements / Service Orders / Purchase Orders executed with customers / vendors / partners as appropriate. All processes of stakeholder transactions are audited.

Anti-Corruption Policies

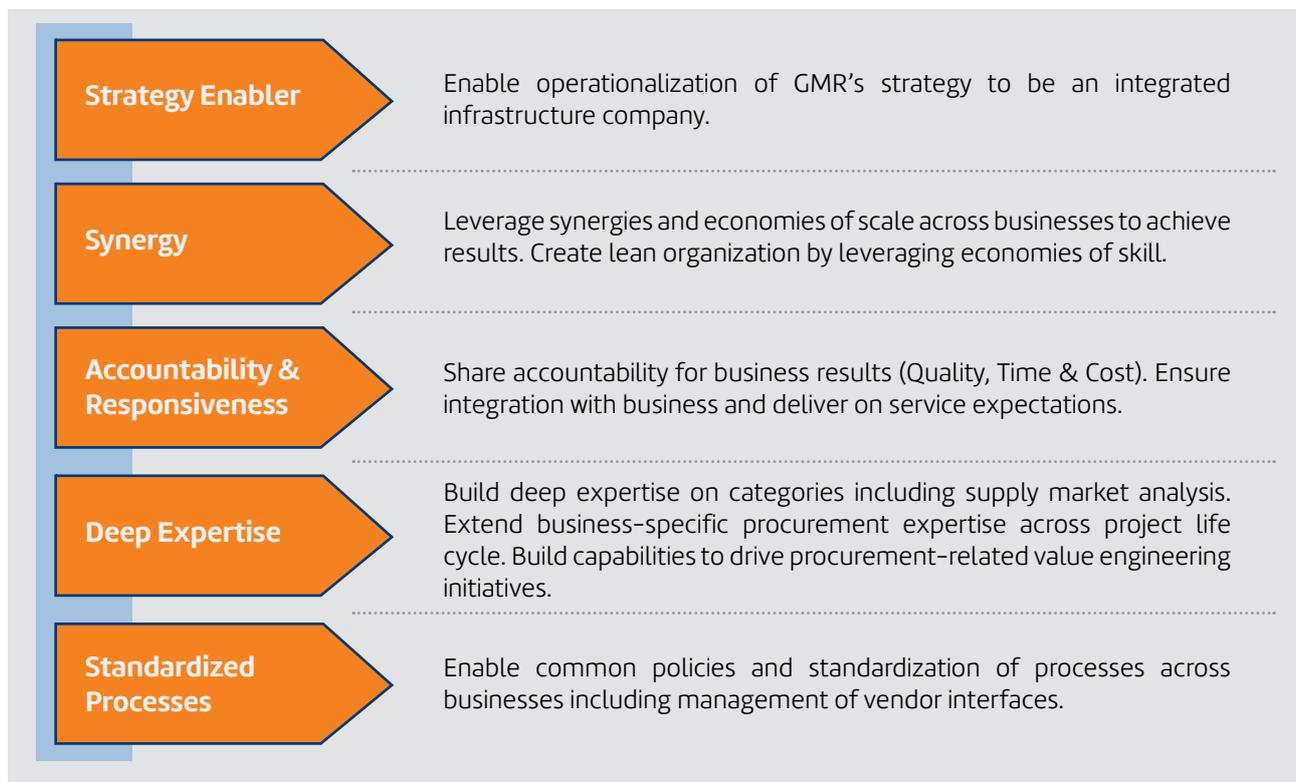
In terms of our commitment to the addressal of anti-corruption and anti-trust behaviours, it is engrained in our CoBCE and HR policy that governs corruption issues and anti-trust behaviour respectively. In terms of an advocacy role, we do champion and hold many public policy positions as being an infrastructure leader in the country. It is deemed any act of corruption to be non-negotiable and strict action is taken against anyone found indulging in such unethical acts.

Three incidences under whistle blower policy during FY 2013-14 were investigated and resolved.

Corporate Governance and Business Ethics are mandatory part of employee's induction process. 100% business units are analysed for risks related to corruption. Our processes are designed to ensure such practices do not occur under our purview. We discourage any form of corruption, bribery or other negative practices. E&I conduct investigations against any suspicion of fraud or corruption and initiates in-disciplinary actions w.r.t. incidents of conflicts of interest. GMR Energy does not contribute to political parties, politicians and related institutions of any country.

Procurement Practices

Procurement system is devised on following principles:



The Procurement Policy has been put in place. Its objective is to aid procurement of materials, services, packages and equipment in a manner that helps achieve good business performance through attainment of the business objectives of quality, time and cost. This policy is applicable to all materials, services, packages and equipment procured by the GMR Group and the purpose of this Policy is to ensure that all procurement activities carried out by GMR:

- provide best possible value.
- are conducted in a fair, objective and transparent manner.
- are compliant with the regulatory framework of all relevant legislation, Standing Orders, Scheme of Delegation and other related policies.
- use best practice in the application of ethical standards.

The policy for procurement is to ensure that effective procurement and the benefits that flow from it are delivered. This will be achieved via leadership, knowledge, expertise, strategic positioning and facilitation of the procurement process. The policy framework sets forth a transparent and common policy governing procurement which covers all aspects of supplier selection and awarding.

This policy details on:

- Strategic Sourcing Policy Framework.
- Purchasing Policy Framework.
- Support Processes Policy Framework including guidelines (Reporting Misconduct, Bribery & Corruption, Conflict & Interest, Perceived impropriety, Personal gifts and gratuities, Supplier Relationships, Issues of Influence, Responsibilities to the Employee, Reciprocity, etc.) thus making sure ethical behaviour in procurement is practiced across the Group.
- Code of conduct for employees.

Information Technology (IT) Practices

GMR Energy has implemented key SAP modules and other customized IT applications across project sites, assets, corporate office and remote offices. This has resulted in ensuring seamless access to Enterprise Resource Planning (ERP) for enhanced availability, accuracy, reliability, security and confidentiality of Data and Information. Information on CoBCE, whistle blower policy and other statutory requirements are communicated to suppliers, vendors and partners in form of Request for Procurement (RFP), Agreements and Purchase Orders (PO) / Service Orders (SO).

| IT Solutions (ERP Modules) | Key Deliverables |
|--|--|
| SAP FI/CO/TR | These modules cater to all the requirements of Finance Departments to handle Key F&A Processes : Budget Management / Accounts Payable / Accounts Receivable / Asset Accounting / Treasury activities, etc. |
| SAP MM Module | Caters to all activities of procurement including enquiries, quotes, ordering and Store management activities : Receipts, Issues, Stock Analysis, Reporting, Inventory Control |
| SAP SD Module | This module handles all sales related activities of Energy Direct Sales, Trading, Scrap Sales, Consultancy Services Billing etc. |
| SAP PS Module | Project Management Package of SAP catering from Concept to Commission, total integration with other SAP Modules – FI, CO, MM, SD, Reports on Project Progress, Cost Monitoring (Project / Package / WBS Level – Plan Vs. Actual) |
| SAP PM Module | This module covers all the aspects of Plant Maintenance including the PM Schedule, Notifications, Maintenance Activities (Planned Maintenance, Preventive Maintenance, Breakdown Maintenance), Maintenance History, Trends, Maintenance Costs, Permit to work – Safety Work Permit. |
| SAP HCM Module | This module handles the HR Function of Organization Management, Employee Records, PMP Process, Payrolls, Recruitment, Time Management, etc. |
| SAP DMS Module | Caters to the electronic storage for key business critical documents, e.g. Bids, Contracts, Negotiation details, Minutes of Meeting (MoM), Contracts, Copies of PO. Has inbuilt features of access controls and version maintenance. |
| SAP GRC | This Governance Risk Compliance module controls the access given to each user based on the roles performed by the individual within organization elements strictly following Sector & SBU DoP and RASCI. |
| SAP BPC | This Business Planning and Consolidation application provides platform for Enterprise wide Budget Plan, Review, Forecasting, Approval, Monitoring and Archival. This has inbuilt features e.g. Revisiting and Adjusting expense plans, forecasting, Expediting book closures, enable sound decision making based on Data, trends, MIS. |
| EDMS | This Engineering Document Management System is a Network wide archival platform for all technical & engineering related information e.g. Approved Drawings, GA Layouts, PI Diagrams, etc. In-built features like access control, version maintenance |
| Compliance Portal | This portal provides enterprise wide platform for all Operating Assets, Projects, Corporate Offices and other entities to Define, Adhere, Monitor including escalation of Compliance Adherence / Gaps. |
| Legal Portal | Details pertaining Legal Aspects across GMR Energy, Monitoring, Escalation, Resolution. |
| Share Point Document Management System | A solution that enables project teams (Smaller groups) to keep track of various documents also enables sorting, filtering, access control, versioning and easy retrieval of documents. |
| Correspondence Management | Provides online track of correspondences like post, email, and phone. The incoming and outgoing correspondences section in the solution enables the admin to keep a track of the status of incoming as well as outgoing correspondences based on a unique correspondence ID. |
| GMR EPC Contract Management System | Developed internally to handle the EPC contract and C&C Activities of inspection, Management, Certificate generation, Accounting of Material Receipts at various stages, Title transfers etc. The project Head can get all required progress report of the materials handled and the payment progress. This is a web based solution, provides a collaborative platform for cross functional teams engaged in Project EPC Activities. |

Processes deployed to ensure properties of Data, Information & Knowledge are as below:

| Properties | Data | Information | Knowledge |
|-----------------|---|---|--|
| Accuracy | Real time data captured through DCS/SAP/BPC, Maker / Checker concept adopted for all critical transactions. | Creation and Approval through multiple levels (As per DoP), Periodic Audits by MAG, MIS Based on SAP / DCS / System generated reports. | Validation by Domain Experts / Functional Heads, Multiple reviews across the level. |
| Integrity | SAP Master Data Control, Access controls managed and monitored through GRC module of SAP. | Process Standardization and Transaction level authorization matrix. | Authorization of Knowledge Document on KM Portal, Process Flow mapped in SAP (Release Strategy). |
| Reliability | Scheduled data back up on SAP modules/BPC/KM Portal/gNet. Built in Redundancy of IT Software (Mailing Solution, SharePoint application, Business Critical Application), Hardware & Network Infrastructure, Business Briefcase (Back up for Individual Business Critical Information). | | |
| Timeliness | Seamless availability of SAP Modules and other business critical applications across GMR Locations supported by state of art LAN / WAN / VPN. Multiple mode of communication for providing timely exchange of information – MS Office Communicator (Lync), VoIP, Video Conferencing. | | KM Portal Accessible across from within and outside of GMR Network (Over Intranet & Internet through VPN). |
| Security | Antivirus, Firewall, Endpoint Security, Physical Security, Data Back-up (Differential & Full), Authorization, Password Control. | Finger print based Access Control, Fire proof cabinets, Data Loss Prevention system, Digital Rights Management System. | Data Loss Prevention system, Digital Rights Management System, Access Control. |
| Confidentiality | Data transfer restriction on User PCs to avoid data leakage & virus entry in GMR Network (USB, Bluetooth, SD Cards), Encryption over WAN Links, End Point Encryption system, Intrusion Prevention & Detection System. | Non-Disclosure Agreements, Multiple level Authentication based access controls at Data center, Server Farms, and Network, ISMS compliant to ISO 27001 and BS 25999. | Non-Disclosure Agreements, Data Loss Prevention System. |

For ease of management and maintaining availability and reliability, Group IT has standardized the hardware, software, databases, security, and development platforms. GMR Group hosts all application on its Central Data Center. Enterprise wide SAP and other critical applications along with Network segments, and Database are configured with multiple redundancy levels based on principle of “No Single Point of Failure”. The reliability, security, user friendliness and environment friendliness of IT Hardware, Software and Systems are as below:

| Attribute | IT Infrastructure – Hardware | IT Applications – Software | Performance Measures |
|-------------|--|--|-------------------------------------|
| Security | FY12 – Compliance to International Standards, FY13 – USB Blocking, Fire walls, DLP, FY14 – Security Operations Center | FY12 – IT Audits, No NC’s FY13 – VAPD Conducted FY14 – Enhanced Application Security Control Implemented | Compliance to IT Security Standards |
| Reliability | FY12 – ISO 27001 for Data Centers and BS 25999 Certification for Business Continuity Management FY13 – Implementation of BMC Helpdesk tool following ITIL practice FY14 – Improvement in IT Operations through as per ITIL Framework | FY12 – Application DR Drills, FY13 – Application and Infrastructure DR Drills FY14 – Continued DR drills aligned to Enterprise Risk Management Framework | System Availability |

| Attribute | IT Infrastructure – Hardware | IT Applications – Software | Performance Measures |
|----------------------|--|--|-----------------------|
| User Friendliness | FY12 – Streamlined Helpdesk Operations FY13 – Productivity Hub FY14 – SLA based Service Delivery | FY12 – Customized Reports for Users, FY13 – Business Process Automation FY14 – E-mail enabled Approvals, Reports, Dashboards | Employee Satisfaction |
| Environment Friendly | FY12 – Virtualization of Servers leading to Energy Savings FY13 – Increased Compute performance, reducing number of servers hence Energy Consumption Reduction, FY14 – Refreshed SAP Landscape to reduce DC Server Count | FY13 – EHS Dashboards FY14 – EHS Automation | Green Initiatives |

To ensure seamless availability of IT Infrastructure during Emergency, GMR Energy has implemented the Disaster Recovery System and Business Continuity Plan (BCP). For all Critical Applications and Servers, 24x7 Support Contracts have been in place with IT service providers. To ensure user data availability, Business Briefcase concepts have been designed and deployed where in all users across GMR sites can access a dedicated Network Storage Space assigned to archive and seamlessly access Business Critical Information from anywhere.

Tata Consultancy Services (TCS) is our Business IT Partner in managing end to end IT Services / Solutions.

Physical Security Practices

Our sister concern, Raxa Security Services Ltd., an ISO 9001:2008 certified company offers us integrated security solutions and deploys technical security and fire crew trained through its own RAXA Academy round the clock at all our industrial and business Establishments.



We have Group Security Systems and Processes that ensure adequate safeguards and protection mechanisms for personnel and assets. In view of the potential security threats, strict monitoring is done at all entry points. Closed-Circuit Television (CCTV) cameras, Access Control system

and Visitor Management system have been installed at all operating plants and projects. Security for all locations has been assigned to RAXA. Emergency mock drills are conducted regularly to ascertain our preparedness for unforeseen security, fire, explosion and rescue emergencies.

Information Security

Information Security Policy, state of the art IT and electronics systems & procedures ensure security of data and documents as elaborated above in 'IT Practices' section in this Chapter – Organisation Profile.

Periodic back of all systems as defined back up procedure is carried out. All critical applications like MS Exchange, SAP are implemented on hardware cluster with "Auto Failover" system design feature to ensure high availability of user interfacing applications. For primary use, Central Data Center at Bengaluru is kept under operation. In case of Emergency at Primary Data Center, all IT operations and support seamlessly moves on to the Secondary Data Center (DR & Back-up) at Chennai. A copy of back up media is kept offsite to ensure the data security and timely retrieval in case of emergency.

Data security is ensured through various software systems such as Antivirus, Firewall, Endpoint Security, Physical Security, Data Back-up (Differential & Full), authorization and password control. Information and knowledge is secured through Finger print based Access Control in the premises, Fire proof cabinets, Data loss Prevention system and Digital Rights Management System. Access to all SAP applications is secured through SAP access control and single sign on. For non-SAP Applications access is ensured through user ID, Application log in IDs maintained in Active Directory and passwords. Original Business Critical Documents, Employee Records, Other critical Information (In both hard copies & soft form), Engineering Information etc. are maintained and preserved in Electronic and Physical vaults as appropriate. Selected critical documents are scanned and uploaded along with other available soft copies on SAP DMS Server and Engineering Document Management Systems (EDMS).

Compliance

GMR Energy is in accordance with all the requirements of regulatory authorities. During the reporting period, there were no instances of non-compliance and demonstration of anti-competitive behaviour, antitrust and monopoly practices by GMR Energy. Online tracking of compliance is implemented at EMCO, GCEL and Bajoli Holi HEP. All the operating units are in compliance with EHS regulations.

Team from Compliance Advisor Ombudsman (CAO) of International Finance Corporation (IFC), USA visited GKEL site and interacted with GKEL and village community on 12th-13th March 2014. This is in response to a complaint dated April 15, 2011 to IFC by two Non-Government Organisations (NGO), highlighting various social and environment concerns of community around GKEL plant with respect to 6 out of 8 IFC Performance Standards. Their assessment report is awaited.

There were no legal notices, fines incurred from any regulatory authority for non-compliance of laws.

Ministry of Environment & Forests (MoEF) has granted Environmental Clearance (EC) and approval for diversion of forest land for Bajoli Holi HEP in Himachal Pradesh, which is under construction. In response to an appeal by M/s Karam Chand, National Green Tribunal (NGT) held that a tip of reservoir (farthest water holding area) for the project is falling within 10 kms of Dhauladhar Sanctuary boundary, and needs to obtain clearance from the Standing Committee of the National Board for Wild Life. Even District Forest Officer (DFO) has issued a certificate stating that no part of project boundaries fall within 10 kms of Sanctuary boundary. In compliance to NGT order, we will initiate the process for obtaining this clearance as per statutory provisions.

Public Policy Advocacy

GMR Energy is a member of various institutions/ non-government organisation, industry associations, and chambers, etc to keep update on various issues related to industry as well as for the welfare of the staff. The Company has memberships of the following:

- Confederation of Indian Industry (CII)
- Federation of Indian Chamber of Commerce and Industry (FICCI)
- The Associated Chamber of Commerce & Industry of India (ASSOCHAM)
- Bombay Chamber of Industry & Commerce (BCIC), Mumbai
- Bangalore Chamber of Industry & Commerce (BCIC), Bengaluru
- Indo-Japan Chamber of Commerce & Industry (Karnataka) (IJCCI)
- PHD Chamber of Commerce and Industry (PHDCCI), New Delhi
- The Institute of Company Secretaries of India (ICSI)
- The Institute of Chartered Accountants of India (ICAI)
- National Safety Council (NSC)
- IEEMA Journal Association of Power Producer
- Bloomberg Data Services India Ltd
- India Infrastructure Publishing
- All India Management Association
- The Institute of Internal Auditors
- Association of Power Producers

GMR Energy actively contributes to public policy by engaging with trade and industry associations. However, the Company doesn't involve in any lobbying activities. Our top management participates in public policy advocacy.



Sustainability Approach

Strategic challenges & mitigation

Long term business sustenance

Addressing materiality aspects

Sustainability steering measures

Response to external charters



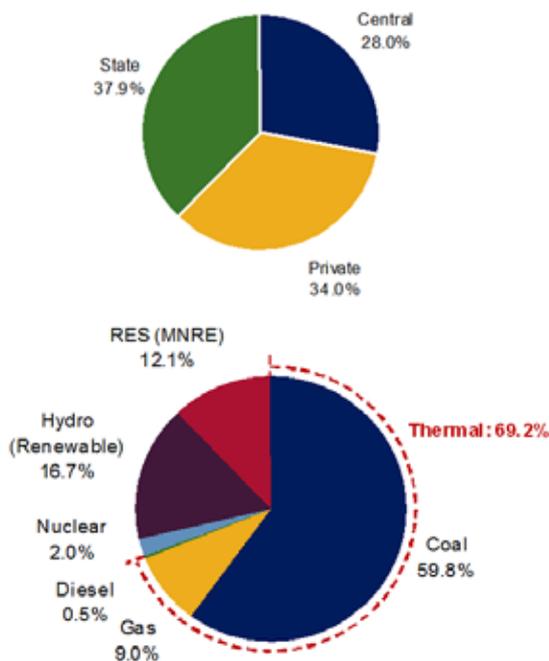
KEY IMPACTS, RISKS AND OPPORTUNITIES

The Power Sector Scenario in India

Generation Capacity

In India, about 67% of the total installed 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 include Wind, Solar and Bio-fuel among others, contribute the remaining. Within thermal, coal is the dominant fuel with 59% share of the total capacity.

Break-up of All India Installed Capacity (As on 31.03.2014) Total Capacity: 243 GW



Source: Central Electricity Authority (CEA) Monthly report March 2014

Five-Year Plans

During last three 9th, 10th and 11th Five-Year Plans covering fiscal years 1997 through 2012, less than 68% 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 10th and 11th Five-Year Plan (2007-12) periods respectively. India continues to have an energy deficit due to slow progress in the development of additional energy capacity.

Source: The White Paper, CEA Power Scenario November 2012, CEA Monthly Report March 2013

Future Capacity Additions - Supply and Demand

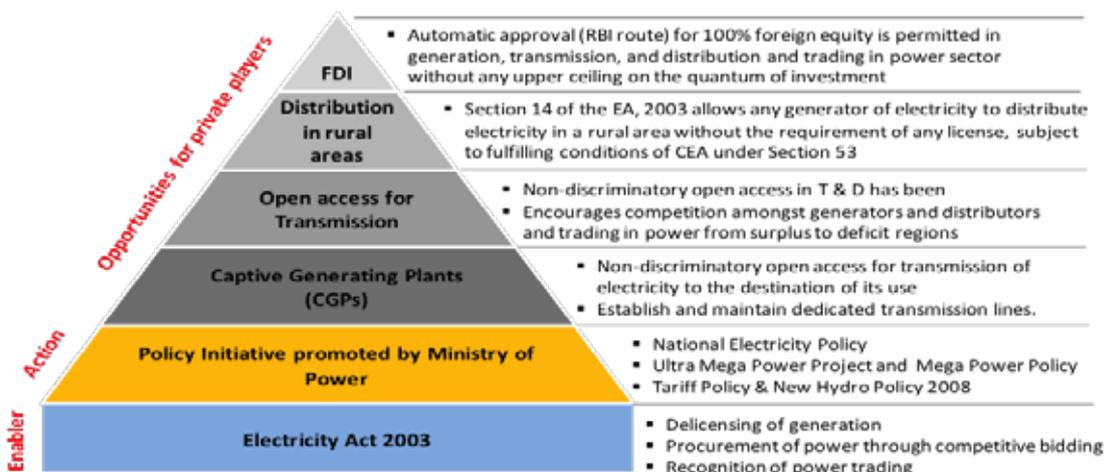
On the supply side, the total planned capacity addition for the 12th Plan period is 118.5 GW including 30 GW from Renewable Energy Sources. Capacity at the end of the 12th plan is expected to be 1.6x times that at the end of the 11th plan. Net capacity of about 38.4 GW has already been added up to March 2014 during the 12th plan, of which conventional energy and renewable energy sources comprise 29.8 GW and 5.0 GW respectively

According to Draft 12th 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 12th and 13th Five-Year Plans respectively

Private Sector Participation in Power Sector

The Electricity Act, 2003 is the prime enabler which has brought transformation in stature of Indian power sector from a local to a global presence. The Act encourages public and private participation and has given extensive opportunities for the private sector especially in the generation segment. The private sector participation in energy sector has evolved over the past few years and it has outpaced additions in State and Central Sector.



Source: Ministry of Power, GoI

Fuel Supply Scenario: Coal

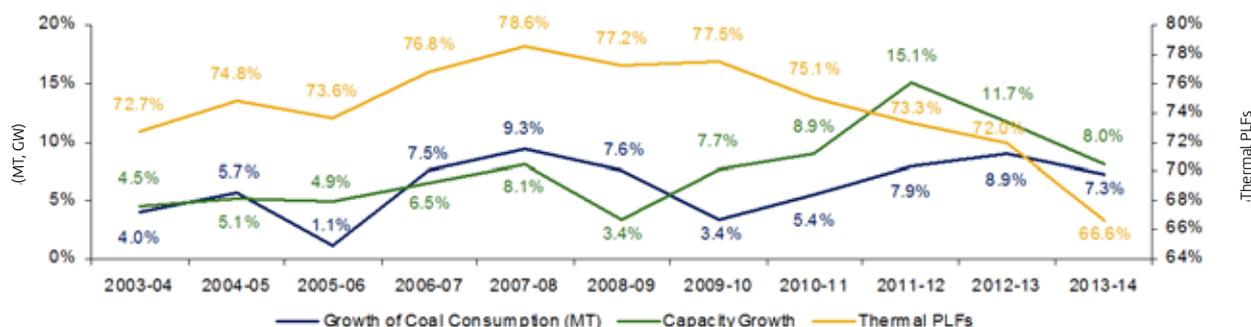
In the past few years, CIL has been unable to satisfy the growing needs of the Indian Power Sector where capacity has been growing at a higher rate compared to the growth in CIL's production. Capacity additions have taken place at a faster pace as compared to the coal supply especially over the last few years. This in turn has resulted in a fall in PLFs

from 78.6% in 2007-08 to 66.6% in FY 2013-14. 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

Trends in Capacity Addition, Coal Consumption Growth and Thermal PLFs



Source: CEA Annual Report 2012-2013; CEA Annual Report 2013-2014, CEA Monthly Report April 2009

dependent on linkage coal from CIL, the Prime Minister's Office (PMO) in June 2012, directed CIL to sign 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 FY 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 March 31, 2009.

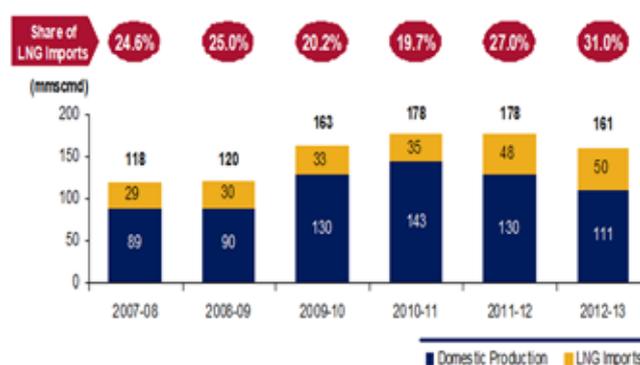
This is a significant development as CIL had not signed FSAs with its customers since March 2009 anticipating production constraints. Instead, CIL signed Memorandum of Understanding (MoUs) with power plants, which are not firm commitments and do not have any penalties for non-performance.

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.

Fuel Supply Scenario: Gas

The average indigenous production of NG in the country in FY 2012-13 was around 111.3 Million metric standard cubic meter per day (MMSCMD). ONGC is India's largest gas producing company, accounting for about 58% of the total domestic gas production in FY 2012-13. Going forward, production from its mature fields like Mumbai High Basin 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 FY 2016-17, its flagship natural gas field in the Kaveri-Godavari (KG) basin, KG-DWN-98/2 with a

peak production capacity of about 30 MMSCMD is expected to commence production. Consequently, its natural gas production is expected to increase to 83 MMSCMD in FY 2016-17 from 64.5 MMSCMD in FY 2012-13.



Source: Petroleum Planning and Analysis Cell

The Ministry of Petroleum and Natural Gas (MoPNG) 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 FY 2010-11 by FY 2016-17 post the sharp decline in FY 2012-13.

Domestic NG Production Estimates for FY 2014 to FY 2017 (MMSCMD)

| Entity | 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 |
| Total | 105.3 | 129.2 | 139.2 | 175.0 |

Source: Allocation & Pricing of Gas, 19th report, MoPNG dated October 2013

Given constraints in domestic gas availability, a major portion of gas requirements is being met by Liquefied Natural Gas (LNG) imports. LNG is transported in specially built ships, received at the LNG receiving terminals and is re-gasified 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 GoI has kept import of LNG under Open General License (OGL) category and has permitted 100% FDI. 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. India currently has three LNG regasification facilities, at Dahej, Hazira and Kochi with a combined 18.6 million tonnes per annum (MTPA) of regasification capacity. These LNG terminals operated at around 100% utilization rates in FY 2011-12 as declining domestic production led to higher demand for LNG. India's total installed regasification capacity is expected to increase to 35 MTPA by the end of FY 2016-17.

Recent & Planned Additions in LNG Regasification Facilities until FY 2016-17

| Location | Entity | Capacity (mtpa) |
|------------------------------|----------------------------------|-----------------|
| Dabhol | Ratnagiri Gas & Power Pvt Ltd | 5.0 |
| Ennore | Indian Oil Corporation | 5.0 |
| Hazira | Shell (Expansion) | 1.4 |
| Dahej | Petronet LNG Limited (Expansion) | 5.0 |
| Total Increment / Expansions | | 16.4 |

Source: CRISIL Research

Domestic Gas Price Increase

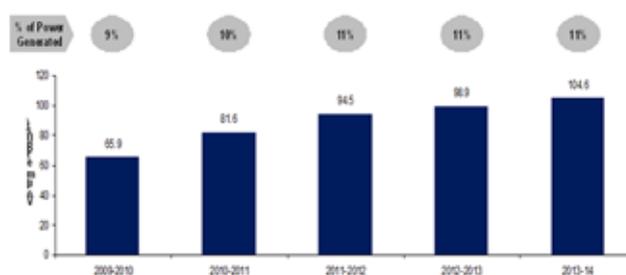
In June 2013, Cabinet Committee on Economic Affairs (CCEA) approved a new pricing formula (the "Rangrajan formula") for determining the natural gas prices which came into effect from April 1, 2014 (applicable for 5 years). The Rangrajan formula uses long-term and spot LNG import contracts as well as 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. Once the new formula comes into effect in FY15, the gas price for Q1 FY15 would be around US \$ 8.4 / mmbtu and the same would be revised on a quarterly basis.

(Source: CRISIL Research)

Power Trading

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 FY 2009-10 to 98.9 BU in FY 2012-13. The annual growth in volume was 24% from 2 FY 009-10 to FY 2010-11, 16% from FY 2010-11 to FY 2011-12 and 5% from FY 2011-12 to FY 2012-13. At the same time, volume of short-term transactions as percentage of total electricity generation has also increased from 9% in FY 2009-10 to 11% in FY 2012-13. Bilateral trades (through trading licensees or direct) continue to constitute the majority of power traded under short term arrangements.

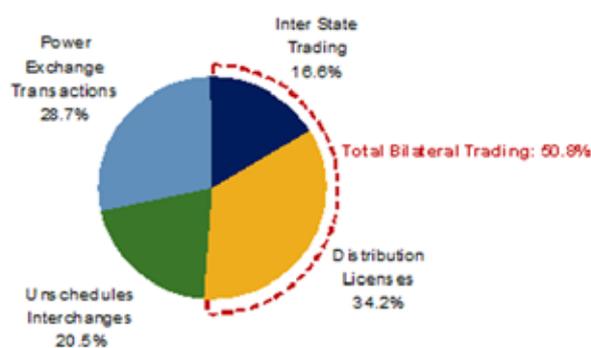
Total Volume of Electricity Transacted in Short Term Market



Source: CERC Report on Short-term Power Market in India: 2012-13, CERC Monthly Reports for FY 2013-2014

Mode-Wise Split of Short Term Transactions in FY 2013-14

Total Short Term Volume: 104.6 BU



Source: CERC Monthly Reports for FY 2013-2014

Recent Policy & Regulatory Developments

| Policy / Regulation | Recommendations & Implications |
|---|--|
| Financial Restructuring of State DISCOMs | <ul style="list-style-type: none"> The objective of Financial Restructuring Package (FRP) is to improve Discoms liquidity position in the initial years and in long term, a turnaround support in redemption of bonds based on achieving pre-determined goals. Five States – Tamil Nadu (TN), Rajasthan, Uttar Pradesh (UP), Haryana and Himachal Pradesh (HP) have accepted the FRP. Later, with special provision from CCEA, 3 more States – Andhra Pradesh (AP), Bihar and Jharkhand have entered the scheme. TN, Rajasthan, UP and Haryana, the states with the maximum accumulated losses have already issued bonds. As a part of the restructuring scheme, Jharkhand and Bihar are in the process of unbundling their Discoms. Lenders are expected to ratify plan to recast around ₹100 Billion worth of Short Term Loans (STLs) of AP, Bihar and Jharkhand. |
| Coal India Ltd. (CIL)'s FSAs and PPA conditions | <ul style="list-style-type: none"> CIL willing to give MoU coal to plant having long term PPA but no Letter of Assurances (LoAs) subject to availability. CCEA allows import of coal by Developers to meet any shortfall in coal supplied by CIL. Coal cost to be passed through after respective Energy Regulatory Commission (ERC) approves. Only long term PPAs are eligible for coal supply under FSA / MoU route. However, no such condition was made out during issue of LoAs. Host State not willing to take power under cost plus basis. Only interested in taking power at variable cost. |
| CERC Tariff guidelines for 2014-19 | <ul style="list-style-type: none"> Station Heat Rate, Auxiliary Consumption, Secondary fuel oil consumption are considered as controllable factors and gain on these accounts would be shared in 75:25 between Generator and Beneficiaries. Plant COD is acceptable after successful running of generation station at max. continuous rating for continuous 72 hours. Incentive to plant for PLF above 85% at the rate of ₹0.50 per unit for actual generation. |
| MoPNG – Increase in Domestic Gas Prices | <ul style="list-style-type: none"> MoPNG has revised the domestic gas prices with effective from 1st April 2014 for all domestic gas production. While this will give impetus to gas production, the next round of NELP is expected to attract a greater number of foreign players and is hence a positive signal for the gas sector. |
| New Mega Power Policy | <ul style="list-style-type: none"> In July 2013, the cabinet approved the new Mega Power Policy. Custom Duty @ 5%, Countervailing Duty (CVD) @ 12% (as applicable and equal to excise duty on domestic industry from time to time) & Special Additional Duty of Customs (SAD) @ 4% to be uniformly applicable to the imported equipment of all categories of Power generation projects viz., Mega Power Projects (including UMPPs) and non-Mega Power Projects. All projects certified as: a) mega power project and b) provisional mega projects before the date of Cabinet decision will be exempted from the duty structure proposed in the above and they will continue to get all the benefits available under Mega Power Policy. The developer must tie up at least 65% of installed capacity/ net capacity through competitive bidding and up to 35% of installed capacity/ net capacity under regulated tariff as per the specific host State policy, approved by the respective Regulators under long term 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. 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. |
| New Land Acquisition Bill | <ul style="list-style-type: none"> The new law proposes that farmers and landowners be paid up to four times the market value for land acquired in rural areas and two times the market value in urban areas. Another key feature of the act is that the consent of 80% of land owners is needed for acquiring land for private projects and of 70% landowners for public-private projects. The retrospective clause would also be applicable in cases where land acquisition was begun under the old law but five years have passed and compensation amount has not been announced or in cases where a majority of farmers have not been paid the compensation money. |

Renewable Energy

India's renewable energy capacity has gone up from 7,761 MW 2007 to 27,542 MW now – a growth of over 250% in just six years. The Ministry of New and Renewable Energy (MNRE) has plans of adding 29800 MW of grid-interactive renewable power comprising 15000 MW wind power, 2100 MW small hydro power, 10000 MW solar power and 2700 MW biomass-power during the 12th Five-year Plan. The total estimated potential for power generation from renewable energy sources is about 48500 MW for wind energy and 25,000 MW for solar. Besides, hydroelectric capacity is estimated at 148,700 MW, of which so far only 25% has become operational. Government of India (GoI) has taken several steps to encourage development of renewable energy sector as below:

- Jawaharlal Nehru National Solar Mission was launched in November 2009 with a target of deploying 20,000 MW of grid connected solar power by 2022.
- Preferential tariff for grid interactive renewable power in most potential States.
- Foreign Direct Investment (FDI) up to 100% under the automatic route is permitted subject to provisions of Electricity Act, 2003.
- Imposition of carbon cess of ₹50 per tonne (i.e. ₹0.00005 Million) for all domestic and imported coal based projects.
- Under National Mission for enhanced Energy, Perform, Achieve and Trade (PAT) scheme to promote diverse energy conservation initiatives across sectors.
- CERC has issued Renewable Energy Certificate (REC) Regulations, 2010 for increasing the share of renewable energy in the total generation capacity of the country. CERC has also created a framework for issuance and trading of Renewable Energy Certificates (RECs). State Electricity Regulatory Commission (SERC) of different states have notified the Renewable Purchase Obligations (RPO) i.e. the minimum share of its total purchase to be met from renewable sources for the distribution companies.

Our Belief

Being in the infrastructure domain and priding ourselves as the forerunners in the country in terms of assisting the country's development needs, GMR Energy firmly believes in integrating sustainable practices internally to address sustainable growth there by also contributing towards sustainable development and inclusive growth targets of the country. We aim get into a rigorous internal monitoring and continual improvement cycle towards addressing sustainability across our business operations.



"I believe the purpose of doing business is not confined to financial gains. There is a higher purpose which must be fulfilled by making an enduring impact to the society at large. I believe that Business is service to the society and the prosperity of any

business will be in proportion to the value delivered to the society."

G M Rao

Founder-Group Chairman
GMR Group

VISION

GMR Group will be an Institution in perpetuity that will build Entrepreneurial Organizations, making a difference to Society through creation of Value.

Our Competitive Strengths

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

- Robust project management expertise through a proven track record for developing and operating power
- Ready collaboration with existing vendors and equipment suppliers for our future power projects.
- A diversified mix of thermal, hydroelectric and renewable based power projects to manage risk.
- 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.
- Benefits from our relationship with our promoter company (GIL) by giving us a significant leverage in attracting investments from leading financial sponsors such as Temasek Holdings and IDFC Group; and also in entering into joint venture arrangements, undertake and attract strategic investments in PT GEMS and IFC investment in the Upper Marsyangdi-2 HEP in Nepal.
- An experienced leadership team having an average age of 38 in power sector and a skilled workforce with a track record of project execution.
- In-house design and engineering and project management teams to provide consultancy services to our thermal and HEPs under development services such as Bajoli Holi, Alaknanda, Talong, Upper Marsyangdi-2 and Upper Karnali HEPs.

Our Business Strategy

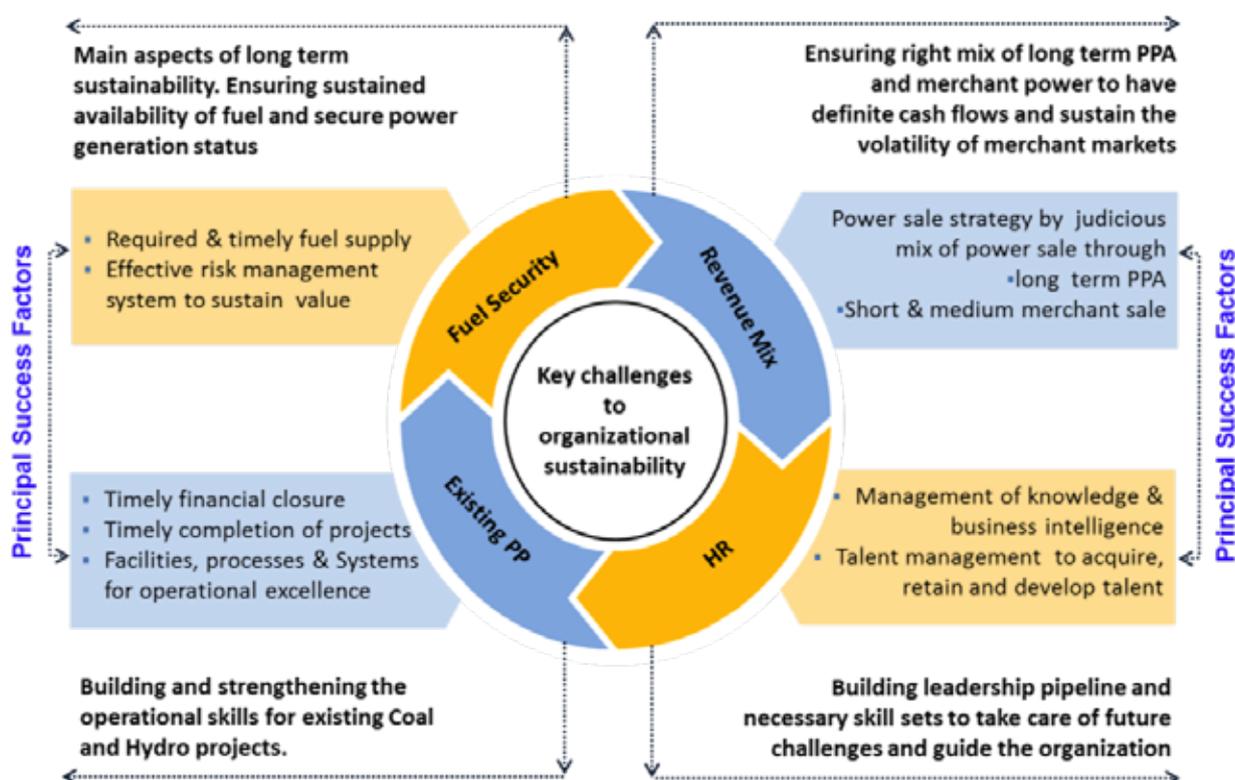
Long Term Strategic View – Immediate Response to Sectoral Shift

Understanding the core issues and risks laid down by the ever transforming Indian Power Sector, GMR Energy has taken a long term strategic view to align with the dynamic sectorial shift and address the various constraints. Prime focus is given to four segments which include: 1) Revenue mix, 2) Fuel mix, 3) Fuel security and 4) Diversification. This long term strategic view ensures sustained growth of the operating assets amidst challenging sectorial shift and extends view on sustainable growth of the company in a longer run.



Key Strategic Challenges related to Organizational Sustainability and Principle Success Factor

GMR Energy with the vision to become an integrated power player has analysed the strategic key challenges and the related principal success factors. Through its inclusive project management functions controlled by a strong senior leadership team, GMR Energy addresses the strategic key challenges to coincide with the growth characteristics of the sector.



GMR's Long Term Strategic View – Strategic Challenges and initiatives to address at segments of projects

GMR Energy also has taken a long term strategic view to focus on all segments of project management which includes planning, operational assets, business development and all support functions. The key implementation challenges connected to each segment and strategic initiatives to address these challenges have been clearly identified.

The gaps in meeting the action plan and opportunities for improvement are evaluated and effectively implemented through periodic functional performance reviews by the Senior Leadership Team (SLT).

| Area | Strategic Challenge | Initiatives to address the challenge |
|----------------------|--|--|
| Projects | 1. Completion of projects within the schedule and budget | <ul style="list-style-type: none"> • Develop & implement strong project management processes • Go for quality & dependable vendors • High level of management intervention to ensure timely actions • Implementation of ERM process to proactively address the execution risks |
| | 2. Ensuring fuel availability for projects under construction / development | <ul style="list-style-type: none"> • Ensure complete preparedness of the projects in terms of coal allocation • Evaluate & prepare business plan for using imported coal & e-auction coal • Active follow-up with CEA / Ministry of Power (MoP) / Ministry of Commerce (MoC), GAIL (India) Limited (GAIL) & Ministry of Petroleum & Natural Gas (MoPNG) • Assessment of gas availability & infrastructure through expert studies |
| | 3. Timely availability of power evacuation facilities | <ul style="list-style-type: none"> • Develop evacuation plan & strong transmission team for each project • Active co-ordination with Central Transmission Utility (CTU) & State Transmission Utility (STU) |
| | 4. Funding the projects – arranging debt and equity | <ul style="list-style-type: none"> • Jointly work with GIL Senior Leadership Team, Group Chairman & Group Chief Financial Officer (GCFO) and leverage on brand value & relationship with banks to achieve financial closure of projects • Bring in private equity / IPO • Generation of funds through cash flow of operating assets |
| Operational | Focus on long term PPA tie-ups | <ul style="list-style-type: none"> • Build / Enhance relationship with State Distribution Companies (DISCOMs) • Target bulk private customers & plan long term tie-ups for risk mitigation |
| Business Development | 1. Availability of suitable opportunities for ensuring pipeline of projects | <ul style="list-style-type: none"> • Creation of opportunities through competitive bidding / MOU route wherever possible • Tie-up with coal mine allottees (State Utilities & Mineral Development Corporation (MDCs)) for development of power plant • Scan & pursue good acquisition opportunities in target States |
| | 2. Aggressive competition | <ul style="list-style-type: none"> • Project cost optimization through negotiation & tie-up for Hydro HEP and other projects • Acquisition of international coal assets to enhance our competitiveness for imported coal based MPP |
| HR | Talent acquisition & retention to meet business requirements and developing leadership pipeline | <ul style="list-style-type: none"> • Implementation of processes for 1) Talent acquisition, 2) Learning & Development, 3) Professional Development Dialogue (PDD) / Comprehensive Individual Developmental Plan (CIDP) / NextGen, etc. • Building bench strength through Graduate Engineer Trainees (GETs) & Management Trainees (MTs) • Succession planning |
| IT | Integrated data & information management Enhanced availability, accuracy, reliability, security and confidentiality of Data & Information Data security & recovery | <ul style="list-style-type: none"> • Real time data captured through DCS / SAP / BPC • Antivirus, Firewall, Endpoint Security, Physical Security, Data Back-up (Differential & Full), Authorization, Password Control, Digital Rights Management System, Access Control • Data Loss Prevention system • Disaster Recovery System and Business Continuity Plan (BCP) |

| | |
|--------------|---|
| Strategy # 1 | Focus on the completion of 2318 MW power projects under construction |
| Mitigation | <p>We expect to commence commercial operations of 2 x 685 MW GCEL by FY 2014-15. In addition, we are constructing the 768 MW GREL, and its commercial operations are expected to commence once we secure NG fuel for the power project. Construction of 180 MW Bajoli Holi HEP is also underway.</p> <p>We are in the process of putting in place committed fuel supply, off-take 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.</p> |
| Materiality | Project commissioning, Safety, Delays in execution, Cost escalations, Supply chain management & security (Coal & NG accessibility & supplies) |
| Strategy # 2 | Increasing the operational efficiency and profitability of our power projects |
| Mitigation | <p>We have commenced commercial operations of 2 units of Warora power plant (EMCO) and three units of Phase-I Kamalanaga power plant (GKEL) with a combined generating capacity of 1,650 MW. We are in the process of stabilizing its operations to operate at full efficiency. A SAP based maintenance system is introduced at these plants. A centralized online monitoring system is installed at all our power plants.</p> <p>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. We have established a "Capability Centre" for the maintenance of our power plants in order to optimize their operational performance. GCEL - a super critical power project will enable us to generate greater output of electrical energy for a given amount of energy input, resulting in increased efficiency.</p> |
| Materiality | Cost of product, Throughput, Operational EBIDTA, Continuity and pricing of Coal & NG, Water management, Market context, Statutory compliance |
| Strategy # 3 | Benefit from India's growth in the power generation sector and demand for power |
| Mitigation | <p>According to the CEA, India's aggregate peak shortage of power was estimated to be 9% of the electricity demand in FY 2013 and 4.2% in FY 2014. The Draft 12th Five-Year Plan of India envisages the addition of 118.5 GW in capacity during the period from FY 2012 to FY 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.</p> <p>Having significant experience in development, operation and management of power projects, we have successfully commissioned 2486.35 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.</p> |
| Materiality | Political situation, Government & regulatory policies, Fund availability |
| Strategy # 4 | Expand our power asset base by expanding our areas of operation geographically and diversifying our fuel type |
| Mitigation | <p>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 & 3.35 MW from two wind power plants. 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.</p> |
| Materiality | Brand building, Climate change, Bio-diversity, Tariff, Fuel use & costs, Asset liquidity, Stakeholder engagement, Community welfare, Land acquisition |

| | |
|--------------|--|
| Strategy # 5 | Maintain an optimal balance between long-term and short-term off-take arrangements |
| Mitigation | We continue to balance our long-term and short-term off-take arrangements to optimize our revenues in light of the prevailing tariffs. We also determine the mix of long-term off-take arrangements and short-term off-take 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. 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 NG and renewable energy based power projects, we enjoy a greater discretion in the choice of our off-take arrangements. For our Kakinada Power Plant, we currently have short-term sale arrangements with GMR-ETL, 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 off-take arrangements and open market sales. |
| Materiality | Tariff, Rate of return, Market context |
| Strategy # 6 | Pursue development and acquisition opportunities to expand as well as to streamline our business and portfolio of assets |
| Mitigation | In line with ALAR program, We seek to divest, in whole or in part, our assets opportunistically to increase value to our shareholders. We may also seek to selectively evaluate and consider opportunities for acquiring new units that are complementary to our power business in future. We focus on areas where we see value enhancement opportunities. We have acquired interests in coal mining assets in India and Indonesia in order to mitigate our fuel risk. 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 HEP, a 180 MW run-of-the-river power facility being constructed in the state of Himachal Pradesh. We have entered into a joint development agreement with the IFC to develop the Upper Marsyangdi-2 HEP, a 600 MW run-of-the-river power facility to be constructed in Nepal. We will re-initiate working on the financial closure of our Alaknanda HEP, a 300 MW run-of-the-river power facility to be constructed in the state of Uttarakhand. |
| Materiality | Brand building, Stakeholder engagement, Community welfare |



We envisage developing projects based on optimum multiple fuel mix and with a view to significantly increasing the share of renewable energy in our portfolio from where it stands currently. Our strategies focus on sustainable business growth, business continuance and process

orientation for creating a sustainable organisation. We are progressing on the above road map and are focussed to achieve the goals.

Ashis Basu

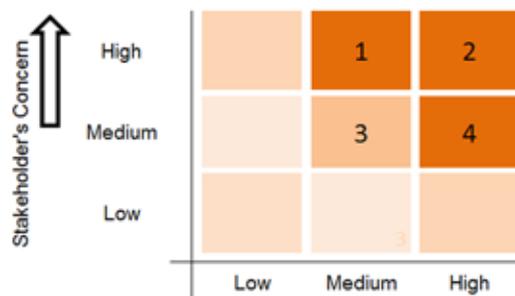
President - Corporate Functions & Renewable Energy SBU

Materiality

Our materiality matrix is aligned with our business and operational risks. Out of eighteen critical aspects, following six have been identified as immediate concerns in the short term:

1. Asset Liquidity

Due to non-availability of NG, combined capacities of 1376 MW from two gas based plants viz., GVPGL and GEL in Andhra Pradesh are underutilized. GMR Energy has adopted ALAR strategy to explore monetizing some of its assets. Power transmission constraints have prevented fulfilment of planned power evacuation and sale for EMCO and GKEL, though that is getting eased gradually. Our GPCL, solar and wind power plants have provided good upside in liquidity and cash, while EMCO and GKEL are well on their path of ramping up and stabilization.



Current potential effect on company's economic, social or environmental performance →

1. Fuel Pricing; Water Management; Climate Change; Cost of product; Rate of return; Statutory compliance; Biodiversity management; Land Acquisition.
2. Project Commissioning; Asset Liquidity; Tariff; EBITDA; Coal & NG accessibility & Supplies; Market context
3. Community welfare, Government & Regulatory Policies
4. Stakeholder engagement; Contractor's safety, Brand building

2. Coal Accessibility

Ensuring a stable, dependable and cost effective fuel supply is a high priority for power sector. Raw Materials constitute the largest share of GMR Energy's total spend on procurement. Presently, coal fuel supply agreement with Mahanadi Coal mines and SECL Coal mines, subsidiaries of CIL are in place for majority of operational assets. Imported merchant coal can also be readily accessed. GMR Energy and its affiliates have 30% equity stake in PT GEMS, 100% stake in PT BSL, 17.39% stake in Rampia Coal Mines, Odisha, thereby having access to > 450 MT of minable coal reserves. It is inherent element of coal business exposed to the risk of various variables such as volatility in prices, country specific supply risks, natural calamities, labour issues and port congestions.



“Our emerging mining business will be one of the key contributors to the success of our Company's integrated model. We will continue our exploration efforts and procurement of imported coal to maintain a diversified pool of coal resources and reserves representing at least 25 years of production. A judicious blend of domestic coal & imported coal will help enhance operating efficiencies at the power plants and also better ash management. An annual operating performance plan is in place to operate all thermal assets at its optimal capacity utilization and cost effectiveness. Going forward, we will strengthen the implementation of the processes related to long term sustainability issues, enhancing shareholder and societal capital.”

Avinash Shah
President – Coal Assets SBU

3. Community Development

GMRVF helped to build strong bridges with communities around 12 plant / project sites while implementing projects in Education, Health, Hygiene & Sanitation, Empowerment & Livelihoods and Community Development. Under 'Community Connect' program, GKEL and EMCO senior management paid a visit to a project affected villages for reviewing activities and interacting with local community. GCEL organized a one day conclave on “Responsible Business” addressing issues and best practices on Safety and Community services with industrial giants in the Cement and Power sectors located in and around Raipur. GCEL organized CSR orientation programs for 96 employees. 'Joy of Giving' week was celebrated across the organization during 2nd - 8th October 2013 by distributing fruits, sweets, clothes & provisions and donating generously by fulfilling 'Wish Cards in the Tree' to physically challenged and needy children. 503 employees have contributed over 2200 volunteering hours on various 104 social programs.

4. Biodiversity

There are no operating plants adjacent to the protected areas, sanctuaries, reserve forests or area of importance of biodiversity. There are no habitants in the International Union for Conservation of Nature (IUCN) Red list identified in the vicinity of our plant's operations. No biodiversity is affected due to GMR Energy's present operations.

However, biodiversity studies were conducted with the help of external agencies to address biodiversity issues at EMCO to provide sustainable environment for the endangered bird species of Great Indian Bustard (GIB).

Approval of wildlife conservation plan has been accorded by State wildlife authorities. Required statutory fee of ₹2.49 Million has been remitted to Compensatory Afforestation Fund Management & Planning Agency (CAMPA).



The Great Indian Bustard or Indian Bustard is a bustard found in India and the adjoining regions of Pakistan. The species has been classified as “critically endangered” as it has undergone an extremely rapid decline owing to a multitude of threats, including habitat loss, degradation and disturbance. It now requires an urgent acceleration in targeted conservation actions in order to prevent it from becoming functionally extinct.



Ministry of Environment & Forests (MoEF) has granted Environmental Clearance (EC) and approval for diversion of forest land for Bajoli Holi HEP in Himachal Pradesh, which is under construction. In response to an appeal by M/s Karam Chand, National Green Tribunal (NGT) held that a tip of reservoir (farthest water holding area) for the project is falling within 10 kms of Dhauladhar Sanctuary boundary, and needs to obtain clearance from the Standing Committee of the National Board for Wild Life. Even District Forest Officer (DFO) has issued a certificate stating that no part of project boundaries fall within 10 kms of Sanctuary boundary. In compliance to NGT order, we will initiate the process for obtaining this clearance as per statutory provisions.

At Alaknanda HEP, catchment area of the project represents a pristine ecosystem naturally and falls in the buffer zone of Nada Devi Biosphere Reserve. However, it is largely influenced by the pilgrimage and tourism activities from May to October. However, in the vicinity of the project area there are no endangered plant species or animal species in the region that comes under Wildlife Protection Act (WPA) 1972, the vegetation in the project area is mixed temperate, sub-alpine to alpine type. No endemic and threatened species of flora were observed in the project area. After careful examination of the project proposal, MoEF has granted EC in March, 2008. Forest Clearance was granted in November 2011. 60.515 Hectare of forest land has been taken over for project construction purposes.

G&L based projects have already developed dense greenbelt over mandated 33% of land. While construction is still in progress at GCEL, GKEL, EMCO & GREL, 2,57,930 numbers of trees have been planted till FY 2013-14 over total 193 acres of land thereof, out of which 119210 trees were planted during the reporting period. Adequate resources have been ensured for our ambitious plan of sustainable farming based greenbelt development in FY 2015 and also to bring mandatory 33% of land under greenery.

Wildlife Week Celebrations at EMCO, Warora

In continuation to its efforts to promote wildlife, EMCO has been promoting the campaign to save Great Indian Bustard since quite some time. EMCO in association with Lokshikshan Sanstha, Warora, also organised a weeklong wildlife awareness week at Warora from 2nd – 8th October 2013. The theme for the current year was – ‘Save Great Indian Bustard’, an endangered species.

The inaugural program for weeklong celebrations was held at Lokmanya Vidyalaya (school) ground, Warora. The Chief Conservator of Forests (Wildlife), Mr. B R Pande, Principal - Lokmanya Vidyalaya were the guests on the occasion. Appreciating these efforts, Mr. Thakre awarded a Certificate to the EMCO team at the inaugural program.

The celebrations commenced with a rally covering various streets of Warora and culminating at Lokmanya Vidyalaya ground. 30 employees from EMCO participated in the campaign carrying placards disseminating messages to save GIB. This has helped us focus on issues concerning the preservation of biodiversity.





5. Water Management



The availability of water is fundamental for operating thermal power plants. Risks could be due to drought situations or less rainfall in monsoon, or regulated allocation of water. GMR Energy is committed to implement the 3R's (Reuse, Reduce and Recycle) principle for the preservation of environment. GPCL plant treats 7200 cubic meter of raw sewage per day from Chennai Metropolitan & Sewerage Board to produce

5400 cubic metres of clean water for its own use. The plant had earlier received the coveted Dr. M. S. Swaminathan Award for environmental protection. Apart from Sewage Treatment Plant (STP) & Effluent Treatment Plant (ETP) at all locations, rain water harvesting systems and medium density ash slurry handling system have been installed at GKEL and GCEL. The rain water harvesting structures would enable capturing and reusing rain water of 1.09 Million cum of water per annum during monsoon. No ground water was used at any operating plants during the reporting year. Other areas for improvement are recycling boiler blow down water, ash water recycling, re-use of waste water to suppress coal dust. Group-wide water conservation drive namely 'Project Paani' was launched where best water conservation practices were captured and shared with other plants for implementation. Under 'Project Paani', 8 projects having a saving potential of ₹30 Million have been identified for implementation.

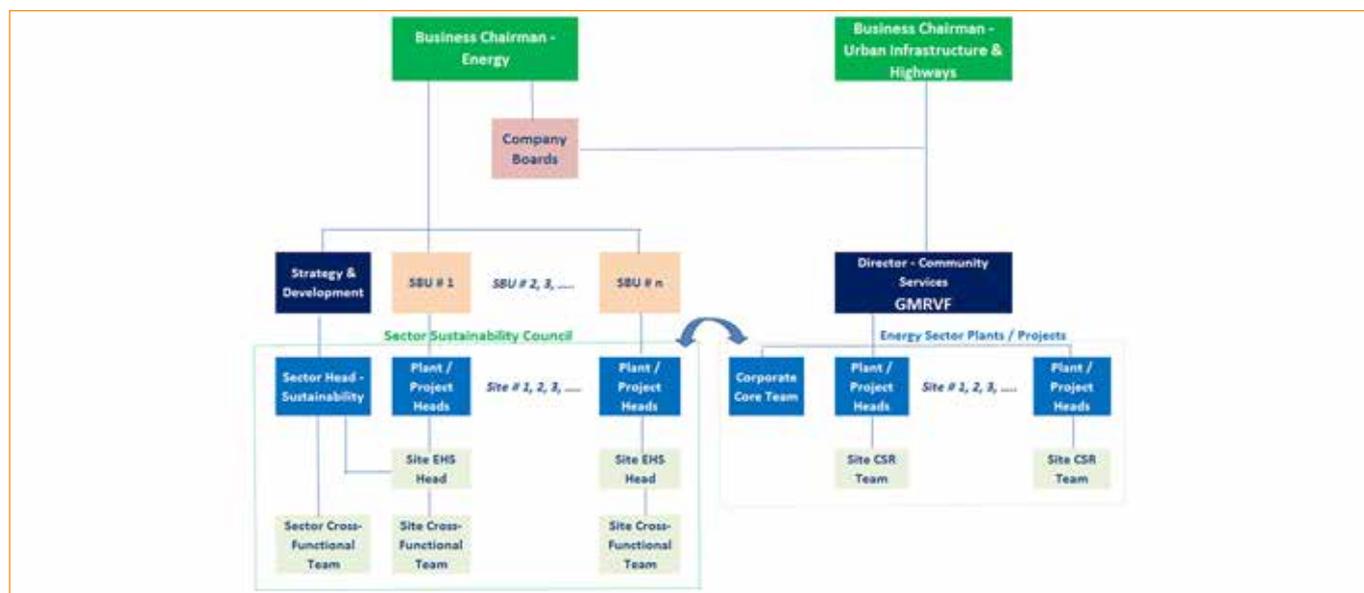
6. Climate Change

Climate change preparedness is required by electric utilities for sustaining in a low-carbon future. GMR Energy is capturing inventory of Scope-1 Green House Gas (GHG) emissions / Carbon foot printing. The same will be addressed by strategically enhancing generation from non-carbon emitting sources (25-30% power by 2020), environment-friendly procurement, energy conservation and other measures. More details are provided in Chapter - Environmental Performance.

Sustainability Governance Structure

Steadfast commitment from the top management strengthens the precept and practice of sustainability at GMR Energy. We embrace top-down approach to optimize our efforts.

Energy Sector Sustainability Council and CSR Council steered by SLT ensure effective formulation of sustainability policies and implementation of our strategy. Our SBU Heads, Plant / Project Heads, corporate core functions and unit level teams of EHS and CSR cascade the initiatives across the company. The Councils provide awareness, training, guidance as well as responsible for compilation of data and publication of Sustainability report.



Sustainability Steering Measures

| Area | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 |
|-------------------------|---|--|--|--|--|
| Environmental Wellbeing | Commenced Environmental Performance Monitoring Green Belt Development at G&L Assets Energy Sector Carbon Footprint Assessment | Environment Performance Monitoring at Projects / Assets Green belt development and Carbon Footprint CDM projects registration | Environment Audits & Training Compliance Review Energy Sector EHS Framework Wildlife Conservation Plan of GIB in EMCO approval Rain water harvesting at GKEL & GCEL Sale of CER | Sustainable farming based greenbelt development Publish FY 14 Sector Corporate Sustainability Report E-governance driven Sustainability Framework Policies on Sustainability & CSR Sale of CER Reduction in specific consumption; EC for Talong Project; ESIA for GKEL & Nepal hydro Projects | 100% fly ash utilization Waste Management Water Management 33% greenbelt cover |
| Societal Wellbeing | Various CSR Programs at all locations Safety Awareness Handbooks Safety Training | Various CSR Programs at all locations Safety Pocket Cards Behavioral Based Safety (BBS) training to all employees of Corporate Safety Team LTIFR: 0.196 | Various CSR Programs at all locations Training on Sustainability & GRI; Behaviour based safety training at EMCO Permit to Work driven through SAP LTIFR: 0.182 | Conduct CSR programs on four approaches as per Annual Operating Plan at all locations LTIFR: 0.18 100% employees under OH surveillance Safety Manuals Revisit Sustainability Governance & Framework Behaviour based safety training at GKEL; Safety Induction; OH Surveillance Construction safety system at Bajoli Holi HEP Enhance traffic safety | Implement four pronged CSR programs at all locations effectively as per societal survey needs LTIFR: 0.15 EHS Journal Initiate Dupont safety system Suppliers sustainability |
| Economic Wellbeing | Sustained Power Generation from Gas & Liquid Assets | Commissioning of Solar and Wind power projects | Commissioning of all Units of EMCO & GKEL Skill assessment of land losers and mapping with Un-skilled / Semi-skilled / Skilled Jobs | Operate all assets at full capacity utilization ALAR approach Commission of GCEL Unit-1 Quality power Supply PAT | Operate at full capacity utilization ALAR approach Commission of GCEL Unit-2 Timely project execution PAT |

Idea factory – Innovation Process

Business Excellence (BE) is fundamental to institution building and core to process, people, governance, technology and values. All employees are best placed to understand their area of work. Given the right atmosphere – they can be brimming with ideas that can benefit the business. GMR Energy has devised a structured programme called ‘Idea Factory’ to achieve higher ‘productivity, performance and profitability’.

The Idea Factory Portal has been devised. The BE team strives for more analytical reports in improving the Idea Factory portal. The salient Features of the new portal are (a) Simplified Idea Form; (b) More reports / analytical tables, Dashboard for CEO / HODs. There are two kinds of Users in New Idea Factory portal.

| Normal User | Power User (HOD / CEO) |
|---|--|
| <ul style="list-style-type: none"> • Simplified Idea Form • Analytical Pie charts – overall group • Reports • Idea Dashboard (related to his / her ideas submitted) <ul style="list-style-type: none"> • Implemented Ideas currently selected • Escalated Ideas • In progress Ideas • Approved Ideas • Rejected Ideas • Ideas Under Review • Latest Ideas • Ideas by Sector • Ideas by Date Range | <ul style="list-style-type: none"> • CEO Dashboard <ul style="list-style-type: none"> • Sector wise Breakup • Ideas Status by Sector • Yearly Report • Authors Contribution Report • Reports <ul style="list-style-type: none"> • Idea Analytics • Sector Report • Department Report • User Report • Idea Dashboard <ul style="list-style-type: none"> • Implemented Ideas Currently selected • Escalated Ideas • In progress Ideas • Approved Ideas • Rejected Ideas • Ideas Under Review • Latest Ideas • Ideas by Sector • Ideas by Date Range |

A BE Council has been constituted comprising business unit heads, department heads as well as external reputed experts to gain an external perspective. All the members in M6 and below are encouraged to participate and generate ideas for improvement in journey towards excellence. BE Council provides guidance to the teams who present their ideas. Continuous Improvement Projects (CIP) are identified as a part of BE.

Idea Factory is getting systematized and e-enabled so that the momentum gets picked up at the grass root level, by participating in the well-being, progress and prosperity of the organization. On the successful completion of 100 CIPs across GMR Group CIP Rewards & Recognition (R&R) event is organized every year to motivate the team. The top CIPs from business compete in the yearly Group-wide Reward and Recognition Contest. The teams are evaluated by external panel members comprising of eminent industry leaders.



ESIA Due Diligence for New Projects & Expansions

For any new project & expansion, techno-commercial feasibility study is done. ERM department also evaluates various business risks associated with such projects.

In order to ensure that new projects are properly de-risked to obtain and sustain their permit to operate, it is essential to have an appropriate development stage evaluation. Accordingly we carry out Environmental and Social Impact Assessments (ESIA) for all new projects and expansions in line with local and international standards. As part of the process, the draft Scoping Report is submitted to the public domain for 40 days for comments and after the incorporation of public comments, the final report is released for regulatory approval. This is received from the concerned Union Ministry of Environment & Forests. The draft ESIA together with the non-technical summary is placed in the public domain for a consultation period of 30 days. The documents are made available at public places including the local and municipal offices in order to reach community members effectively. To further promote public participation in the process, 'public hearing' and focus group (NGOs and neighbouring farmers) meetings are scheduled to understand views and concerns with regards to the project. Comments received during the public consultation period together with the business responses will be provided with the final ESIA document for submission to the authorities.

Requirements under FII's Performance Standard include that any new project complies with our sustainability programmes and national regional and local regulatory requirements. In addition, sustainability is considered for the full lifecycle of the project, with design decisions taken accordingly. Consultation and feedback is also obtained from stakeholders on how sustainability issues associated with the project are considered, prioritised and implemented. This ensures that effective implementation and due diligence have been carried out. The leadership team recognises that the future of the Company is dependent upon ensuring the right management systems are in place from the outset.

Before acquiring land, comprehensive study is done. Resettlement and Rehabilitation / compensation packages for displaced Project Affected Families (PAFs) are arrived at through repetitive consultative process with PAFs & District Administration, as per respective State rules and/or in mutually agreement with them.

Response to External Charters

GMR Energy's maiden efforts to report on GRI guidelines demonstrate its commitment to the concept of Sustainable Development and Sustainability Reporting. It also aligns its social initiatives to the Millennium Development Goals (MDGs) of the United Nations.

| Millennium Development Goals | GMR Energy's Initiatives |
|--|--|
| Goal 1: Eradicate Extreme Hunger and Poverty | Livelihood Generation programs – Skill Development Programs, Vocational training, sustainable agriculture initiatives, Rain water harvesting |
| Goal 2: Achieve Universal Primary Education and Corporate Giving | Computer aided learning centres, teachers' training, development and renovation of primary education infrastructure, Special Education programs |
| Goal 3: Promote Gender Equality and Empower Women | SHGs formed for Women Empowerment; linking SHGs to banks for livelihood generation, Support to training of women for production and marketing support for their products |
| Goal 4: Reduce Child Mortality | Mobile Medical Units, Health care camps |
| Goal 5: Improve Maternal Health | Mobile Medical Vans, Special appointment of Gynaecologist in Health Camps, using SHGs to promote awareness on maternal health, Nutrition centres for Pregnant and Lactating women |
| Goal 6: Combat HIV/AIDS, Malaria & other Diseases | Medical support for HIV/AIDS affected children, Supplying clean drinking water in the township, Clean-up campaigns, awareness sessions, toilets. |
| Goal 7: Ensure Environment Sustainability | Great Indian Bustard – endangered bird Conservation plan, World Environment day, Earth Day, Energy conservation awareness week celebrations, Tree Plantation, Project Bijlee, Project Paani for resource conservation, In-house quarterly Environmental newsletters, promotion of renewable energy, Carbon footprint reduction measures, |
| Goal 8: Develop a Global Partnership for Development | Sustainability Report based on GRI G4 guidelines. Represents in state & national forums/committees viz., CII, FICCI, etc for sustainability talk, policy advocacy, etc. |



In July 2011, the Ministry of Corporate Affairs (MCA) released National Voluntary Guidelines (NVGs) a comprehensive set of guidelines that encompasses social, environmental and economic responsibilities of business with the aim to mainstream the concept of 'Business Sustainability and Responsibility'. The Securities Exchange Board of India (SEBI) mandated top 100 listed companies to report their business performance in the form of Business Responsibility Report (BRR). These guidelines have set out 9 principles on which companies are expected to make disclosures. The progress of GMR Energy on these 9 principles of NVGs and BRR are elaborated below:

| Principles (NVG) | Policy Framework at GMR Energy |
|--|---|
| Principle 1: Ethics, Accountability & Transparency | GMR Energy has a separate Ethics & Intelligence, Enterprise Risk Management & Management Assurance group function to address Ethics, Compliance & audits, The Top Management is also committed and it has a Board level Audit Committee that oversees the functions of the department. All the activities of the Company are governed by CoBCE. |
| Principle 2: Product Life Cycle Sustainability | Environment, Occupational Health, Safety and Sustainability are always in the top agenda of the Company. Project Bijlee and Project Paani are the company-wide projects aimed at ensuring energy and water conservation respectively. |
| Principle 3: Employees Wellbeing | The policies pertaining to Employee wellbeing are reviewed from time to time. Regular performance reviews are conducted. Our power plants are OHSAS:18001 certified. |
| Principle 4: Stakeholder Engagement | The priority stakeholder groups are identified for engagement. There are function wise policies and systems to effectively engage with the stakeholders. The Company systematically connects with the communities' around its operations and programs like skill development etc. GMR Energy regularly connects with various stakeholders such as customers, employees, industry associations, community, government institutions, media, etc. |
| Principle 5: Human Rights | GMR Energy has a HR policy to ensure conformance to fundamental labor principles including the prohibition of child labor, forced labor in all its forms, protection from discrimination and sexual harassment, etc. Priority stakeholders like employees, security staff and suppliers / contractors are encouraged to follow the principles. Awareness is imparted to third party contractors / suppliers on GMR Values & Beliefs. |
| Principle 6: Environment | EHSQ Policy ensures the Environmental Sustainability and conforms to ISO 14001:EMS. Environment division submits an annual report on Environmental performance (environmental statements) to respective SPCB and half yearly report to MoEF for the projects which obtain environmental clearance from Central government. Half yearly compliance reports are also uploaded on www.gmrgroup.in . Supercritical boiler technology adopted at GCEL, the opportunity of increasing energy efficiency and renewable portfolio will help reduce carbon emissions. GMR Energy is exploring various technology options of renewable energy generation by solar and wind to mitigate climate change. |
| Principle 7: Public Advocacy | GMR Energy engages with government institutions and regulatory authorities through its coordinating personnel as well as at the local level with SPCBs, etc. It also represents on national forums and committees for policy changes. |
| Principle 8: Inclusive Growth | GMRVF's CSR strategy is aligned with the Business strategy and continuously endeavours to work for development of the neighbouring community. CSR performance is reviewed regularly by CEO and Director- Community Services of GMRVF. There are monthly reviews conducted both at GMRVF and GMR Energy corporate level. |
| Principle 9: Customer Value | GMR Energy is committed to continuously exceed customer expectations in pursuit of its aim to be the most admired organisation in the Power sector. The Company also engages with customers to sensitise them on various ways of energy conservation. |

Sustainability Road Ahead

GMR Energy is exposed to a decade of resilience and adaptation through national economic booms and busts, energy crises, technological innovations, volatile fuel prices and a shifting landscape of government policies and regulations. Today's GMR Energy has a unique blend of strengths. Company has geographic diversity, greater scale efficiencies as well as a more balanced, diversified power generation portfolio that continues to get cleaner and more efficient. Up-coming projects will provide diversity in revenue streams, geography and fuel mix. We will also expand our horizon in renewable energy (wind & solar farms).

Greater transformation lies ahead for our company and our industry. Current drivers of change include the fuel availability & security, PPA, renewable avenues, growth in energy usage and emerging technologies, Also, our nation needs to address global climate change in a more comprehensive way. The Company's growth plan is supported by a raw material strategy to remain one of the most competitive power producers and people strategy to continuously improve employee productivity.

Our area of focus will be sustainable architecture. To formalize our commitment towards sustainability, we will launch CSR Policy and Sustainability Policy listing broad level targets towards achieving resource efficiency, conservation of natural resources, reduction in carbon emissions, etc. in FY 2014-15. The next big step forward is to enunciate, roll out and institutionalise our process of excellence within the overall Sustainability framework. It includes leveraging the strategic planning process, mapping our environmental and social impacts and defining the way forward in all areas of sustainable growth.

To go on growing profitably, on which all ambitions depend, we also need to manage our cost structure ever more rigorously and achieve net profits targeted. Affirming our main core as an infrastructure developer conducive to nation building, we will work towards around 'Asset Light & Asset Right' strategy divesting the stake and eliciting investment. Accordingly, we intend to raise IPO for ₹1450 Crore in FY 2014-15 in improving our industrial facilities. This will be spent notably on generating plant and on continuing to improve our networks, which are an essential link in satisfying demand.

Work has already commenced on several fronts to create the platform to meet this challenge and along with it create a sustainable growth. Sustainable farming based greenbelt development, Sustainability Surveillance under e-governance as per GRI - G4, etc. are few such futuristic initiatives. This would determine our carbon footprint, water footprint and capturing our social impact.

Our company must anticipate and adapt to this fluid business environment and a changing energy landscape. Our sustainability journey is a critical part of our readiness for the future. This growth requires a structural shift in the manner in which we conduct our business and a review of all aspects of our performance - strategies, risks, operational efficiencies, EHS benchmarks, employees wellbeing and community relations.

While we celebrate achievements and contend with disappointments, our resolve towards a sustainable future for ourselves, our stakeholders and the society has only become stronger. We firmly believe in our employees' commitment to sustainability. Thanks to them, we are on a steady course toward meeting the challenges that lie ahead.



Stakeholder Engagement

Wide array of stakeholder groups identified

Extensive modes of engagement

In-depth insights

Harmonious relations

Partners in progress



Engaging with Partners in Progress

Since GMR Energy has diverse business interests, the diversity and complexity of numerous stakeholder groups demands different forms of engagement and dialogue that are dependent on the stakeholder group, their concerns and location. We value our constant engagement with our stakeholder groups and strive to have robust feedback mechanisms in place to integrate their concerns and issues into our business planning and execution model. We firmly believe in building strong relationships with our stakeholders as we believe in partnering in our journey towards development.

Our stakeholder engagement process is streamlined and anchored at each of our SBU vertical level. Relevant departments at each of the vertical levels maintain and implement stakeholder engagement process and have a contact with the identified stakeholder groups on a regular basis wherever they operate. We believe in inclusive growth and incorporate our stakeholder concerns in our decision-making processes. This involves carefully analysing the feedback that we receive from our stakeholder groups in the form of employee feedback / survey, customer inquiries, customer satisfaction surveys and supplier feedback and dialogue.

GMR's Guideline on Conduct with Stakeholders

GMR Group is committed towards enhancing stakeholder's Value and complying with all the laws that govern stakeholder's rights.

Stakeholders are broadly identified as those groups or individuals who can be reasonably expected to be significantly affected by our activities, products and/or services and whose actions can reasonably be expected to affect ability of GMR Energy to successfully implement its strategies and achieve its goals. The identification of stakeholders originates from vision, values & beliefs of GMR Group. This indicates that all our efforts are directed towards quality, productivity, profitability, customer satisfaction and social development, whilst establishing value partnership with relevant internal and external stakeholders. GMR Energy has systems and procedures to identify, prioritise and address the needs and concerns of all its key stakeholders across businesses and units. The Company's top management and concerned department actively engage with its stakeholders through structured processes that comprehensively cover all stakeholder groups.

Debt and equity holders, partners, suppliers, employees, communities, regulatory institutions, NGOs and media form a highly sensitive and aware universe around GMR Energy. GMR Energy has identified all major internal & external stakeholders and engages with them in a periodic manner. Frequent meetings are held with financial institutions, partner banks, Private Equity (PE) investors and other shareholders to appraise one another on various issues of relevance in a transparent manner.

The engagement methodology adopted with major stakeholders to capture their inputs and feedback is as below:

| Stakeholder Group | Mode of engagement | Frequency | Topics of discussion |
|--|---|---|--|
| Investors, Financial Institutions (FI), shareholders | Annual General Meetings, Annual reports, Investors meet, visits, seminars | As and when required | Company updates, industry outlook, equity |
| Customers | Customer Visits & meets, Surveys, Other communication | Half yearly, Yearly As and when required | Adequacy & reliability of power supply, Quality of service, Timeline commitments |
| Employees | Variety of initiatives ranging from one-on-one meetings to town halls, Skip Level Meetings, Coffee with SBU Head, Newsletters | Weekly to yearly | Individual concerns, rewards & recognition, information sharing |
| Suppliers, Service Providers, Partners | Meetings, visits, seminars, communication via e-mails, phone calls | As and when required | Quality, reliability & cost of service, Financial Closure, Contract Award, Award of Service Orders / Purchase Orders, Partners' presentations, Formation of JV, Performance review |
| Community | Visits, meetings, programmes, events | Weekly to yearly | Needs and perception of the community, future events planning, Projects review & update, Stakeholder engagement |
| Regulatory Authorities | Visits, meetings, events, communication via e-mail, telephone calls | Monthly to yearly | Current or emerging regulation, Group updates, Policy Advocacy |
| Media | Press conference, telephone or conference calls, interviews with the management | Daily | Strategy, business plan, new announcement, milestones |

| Stakeholder Group | Mode of engagement | Frequency | Topics of discussion |
|-----------------------|---|----------------------|---|
| Competitors | Lobbying with the Govt. through industry associations | As and when required | Policies, regulation |
| Industry Associations | Meetings, seminars, trainings | As and when required | Training, policies, regulation |
| Institutions, NGOs | Meetings, interviews, visits | As and when required | Knowledge partnerships, Best practices, Recruitment, R&D, Consultancy |

Investors, Financial Institutions, Shareholders

GMR Energy believes that protection and enhancement of wealth of investors, financial institutions and shareholders is one of the Company's key responsibilities. The primary expectations of shareholders remain centred around continued profitability and growth, effective communications and investor servicing. GCM, BCM and the Group CFO meet investors during Analyst Meets, Press Meets, Annual General Meetings (AGM) on a quarterly and annual basis to share the current and future plans of the Company and respond to their concerns. Transparency through communication, especially related to return on investment, governance and future prospects address shareholder concerns related to profitability, creating value for investors, strengthening the Balance Sheet and timely implementation of projects. The Board encourages open dialogue with all shareholders, including individuals, corporates and investors. Our corporate website www.gmrgroup.in provides comprehensive information and contains an exclusive section on 'Shareholder Value' which serves to inform and service shareholders. An exclusive e-mail id: investor.relations@gmrgroup.in has also been provided to the shareholders for direct interaction.

The interest of the minority shareholder mainly lies in receiving regular dividend income and seeing their investments appreciate in the long term.



Customers

Enduring and long-term customer relationships form the bedrock of any business. Various mechanisms are devised to capture the needs and expectations of the customer, such as market surveys, personal contacts / visits, events, customer satisfaction surveys, joint development and improvement projects, key account management, multi-level interfaces at customer-end user, etc. Robust Quality Assurance systems, supported by process innovations, adoption of energy efficient green technologies, lean management, IMS,

help to achieve benchmarks in the quality of products and services that can sustain and enhance customer delight. The Company makes them aware of the value added services, time of the day incentive, power factor improvement methods, payment processes, etc.

Employees

Human resources are our greatest asset amidst our endless internal growth and development. We believe that investing in people and organizational development would pave the way for great returns and great commitments in turn from our people. On a journey of capability building and operational excellence, some initiatives such as talent management, for focusing on enhancing competency levels, succession planning and professional development for our top level management with multilevel leadership development are initiated. The Senior Leadership Team (SLT) Forum has been established as a Group level knowledge sharing and thought leadership forum. There have also been development programmes for leadership and the management to prepare for future operational and strategic leadership positions and to meet the Group's growth strategies thereby aligning with the Group's newly planned vision "to be an institution in perpetuity".

GMR Energy recognises that the creation of a high quality human resource team to drive the businesses of tomorrow requires focus on providing personal development and growth, a work culture that ensures high levels of performance, provides world-class learning experiences and a caring & empowering work environment.

Having realised the importance of the Collaborative / Participative culture, GMR Energy has initiated several steps to encourage this culture in all large group meetings and forums for visioning, brainstorming and strategic decision making. To provide empowerment to leadership across levels, GMR has effectively used the Roles Matrix (RASCI) and Delegation of Powers (DOP) as key enablers to the Group's rapidly growing asset base being effectively managed and also enabling the group to achieve its growth aspirations.

Key aspects of DOP & RASCI are:

- The restructuring focused on three areas – New roles & responsibilities for SBU Heads, introduction of Chief Operating Officer (COO) for Operational Responsibility and more empowerment to the COOs and their plant & functional Heads.
- Enable SBU Heads team to focus on strategic priorities for the group, delegating operations to the professional COOs / Plant / Operation & Maintenance (O&M) Heads.

- Help organization build new capabilities required to ensure that businesses continue to grow.
- Enhance empowerment by increasing authority and accountability of professional leaders.

GMR Energy’s remuneration philosophy recognises performance and meritocracy, whilst remaining competitive and sustainable. The Company fosters a culture that rewards performance, continuous learning, collaboration and capacity development across the organisation to be future-ready and meet head-on the challenges posed by ever changing market realities.

Engaging with employees & addressing their expectations lead to employee satisfaction & retention; community engagement helps in preventing conflicts and creating a win – win situation.

Forums like Town hall meetings, Coffee with Plant Head, Skip level meetings, PMP meetings, annual sports, national festivals’ celebrations, get together, 360 degree survey, employee orientation programs, EHS campaigns, values & beliefs, periodical journals, G-net intranet, KM Portal, communication meetings, mentoring, suggestion schemes, engagement surveys and talent recognition programmes etc. have been devised for active engagement with employees and their families as well. All these approaches bring alignment and give feedback, which are then addressed through appropriate actions.

Town Hall Meetings

The rising employee strength ideally leads to barrier in communication between employees and top management. To bridge this communication gap, GMR Energy initiated town hall meetings – a platform for employees to voice their opinions and suggestions directly to the SBU Heads / CEOs in presence of Corporate – Strategy & Development (S&D), Head – CHR, Head – CC and Plant Heads. Cross sections of employees from various divisions were invited for live interaction with Seniors. This Communication meet is scheduled at regular intervals. Senior Management introspects on the feedback received from the employees and also proactively replies to all the employees. Eight Town Halls meetings were conducted at GKEL, GCEL and EMCO along with Senior management.



Coffee with SBU Heads

It provides an opportunity for the employees to have an informal open dialogue directly with SBU Heads once in a quarter. Coffee with SBU / Plant Heads aims at stimulating informal discussion to share their thoughts, experiences, feelings and suggestions for betterment.

Skip Level Meetings with Divisional Heads

Junior sub-ordinates of a department / division are provided opportunity to share direct dialogue with Department Head bi-annually.

Functional Council Meetings with counterparts of other project / operating sites

Various functional council meetings under EHS, HR, CSR, IT, Legal, etc. are held separately inviting all respective site functional teams for sharing of knowledge once in a quarter through video-conference or get-together at one common place. This is convened and chaired by the corresponding head- Corporate Function, which provides an ample mutual learning and motivational opportunity.

EHS and Social Campaigns



All locations organized well-knit mass mobilizing awareness campaigns on occasion of World Environment Day, Energy Conservation Week, National Cleanliness Day, Earth Day, National Safety Week, National Fire Awareness Week, Road Safety Awareness Week, No Vehicle Day, No Tobacco Day, etc.



Knowledge Sharing Sessions

Knowledge Sharing Sessions (KSS) are held regularly to manage organizational knowledge from employees, customers, suppliers, partners and other stakeholders.



Annual Sports



Reward & Recognition Event - CIP



While Continuous Improvement Projects (CIP) are very important part of Business Excellence, Idea Factory is getting systematized and e-enabled so that the momentum gets picked up at the grass root level, by participating in the well-being, progress and prosperity of the organization. To reward and recognize the businesses on the successful completion of 100 CIPs and to motivate them, a CIP Reward & Recognition event was organized. The top CIPs from each business competed in the group-wide Reward and Recognition Contest. The teams were evaluated by external panel members comprising of external eminent industry leaders. The event was attended by BCM and CEO of business verticals, Group President-HR, CEO-S&D and other senior leaders. The winners over various categories were presented the awards by the Seniors.

Every plant location organises annual inter-department sports event amongst employees and workers. A Volleyball tournament between seven inter-department teams was organized at EMCO during 25th November to 12th December 2013. The winners and runners-up were awarded trophies. It also encourages employees to participate sports tournament held amongst neighbouring industries for sportive team spirit and harmony. GKEL team received the Fair Play Trophy in the 3rd Amity Cup - 2014 Cricket Tournament played among eight teams - GKEL, Monnet Power, Navbharat, OSPCB, NTPC, NTPC/TPPS, JSPL & NALCO of Angul & Dhenkanal District, Odisha. The matches were played at Biju Patnaik Sports Complex, NALCO, Angul.



Emerging Leaders Program (ELP)



Based on an elaborative selection process, GMR Energy identifies and sponsors fast track employees every year for pursuing a year-long management course at prestigious IIM - Kozhikode consecutively for last three years since 2011. Batch - 3 of employees commenced in December 2013.

Employee Engagement and Satisfaction Survey

The Employee Engagement Survey is undertaken once in 2 years.

Management Development Centre



We are guided by our Values & Beliefs. We are attracting the next generation of talented, diverse employees. Our employees will help us improve,

adapt and innovate for the challenges of the future. Going forward, we continue to strengthen our culture of engaged employees and high performance. For people to fulfil their potential, our management framework sets out clear personal accountabilities and the processes by which authority is delegated. In our endeavour to nurture our greatest human assets, we have laid great stress on employee engagement and are providing enhanced training opportunities to all our employees. Our Robust performance review mechanism including GBEM assessments, IMS (ISO-QMS, EMS, OHSAS) audits, corporate audits, customer satisfaction surveys, GHB, GCM reviews, Audit Committees, Board meetings also provide inputs for improving leadership effectiveness.

Management Development Centre (MDC) is set up at Bengaluru for advanced management training in order to develop future leaders. On similar lines, learning centres equipped with multimedia are set up at each plant location for content rich training experience.



In continuation to the Talent Management Initiative commenced in 2012, the 'Value in Leader-Led-Sessions' second series - Entrepreneurship was launched by GMR Group Director at Corporate Office, Bengaluru during the reporting period.

Interactions and Plant Visits by Chairman



GCM and Energy BCM provide an ample opportunity for employees for direct interactions during their visits to plant. During the visits, Seniors review the status of the plant as well as CSR activities, company's township, recreation Club, school and hospital.

Consecration Ceremony



An inaugural ceremony is conducted upon commissioning of each unit. Such ceremony was recently performed at GKEL, Odisha, on 10th - 11th November 2013. The event took place in a colourfully decorated pandal with active participation of the employees. GCM, Energy BCM & their family members, Senior leadership team, representatives of contractors, vendors, banks, financial institutions and community leaders graced the occasion. GCM and Energy BCM appreciated and honoured employees for their contributions for the successful project execution. Get together was organised amongst the employees in the evening in a grand way to celebrate the success of completion of projects / tasks in hand.

In-house Journals

Prerana, Pragati, Group Chairman Speaks, Dakshin, Madhya, Uttar are GMR Energy's quarterly internal magazines which also form a platform for employees for sharing their knowledge, experiences and opinions on the Company and also give constructive suggestions, feedback on the steps that can be taken by the Company to achieve multi-fold growth and be a preferred employer.

Employee Feedback Survey by Facility Management Services for Housekeeping

This survey is regularly conducted to check the level of cleanliness and hygiene at work place. Based on the employee's feedback, the areas of improvement were identified and the action plan was devised accordingly. Overall the good feedback was in the following areas which will be further improved.

- Floor and workstation areas
- Meeting / conference rooms
- Quality of housekeeping staff

Suppliers

Regular, structured engagements with suppliers are undertaken to encourage capacity building, business resources and adoption of green supply and discuss various issues of concern, areas of innovation and any other information pertinent to the business. The management has maintained an open-door policy for suppliers. During the regular key suppliers' visits / meets, they are briefed on technologies, future plans, safety & labour practices to promote safe and harmonious workplaces.

Local suppliers are invited at divisional level to discuss the safety requirements, ethics awareness and quality consciousness. The Company's supplier (both national and international) engagements are supported by policies, processes and best practices that ensure that procurement activity is conducted in an open, transparent and non-discriminatory manner. Strong processes are in place to identify / develop and qualify vendors on the basis of supply assurance, innovation quotient, product quality and value for money considerations. Formal competitive processes are established and documented discussions, recommendations and decisions underlay all procurement activity. Sole sourcing (to the extent possible) and retroactive contracting are avoided. Contracts are tested for regulatory compliance and supplier deliverables cognise for environmental, health and safety legislation. All businesses of the Company have modern facilities and use state of the art technologies to ensure benchmarked quality and value. Accordingly, the company sources specialised production machinery from reputed international as well as Indian manufacturers – across large, medium and small scale sectors. Utility machinery such as boilers, generator sets, air-conditioning and refrigeration machinery and electrical & electronic systems are sourced largely from Indian or India based suppliers. Competent Indian contractors carry out

construction and renovation of new manufacturing facilities & offices. Nearly 90% of raw materials and 70% of spare parts and components have been locally procured during the year.

GMR Energy actively encourages competency development among local vendors and its vendor base includes numerous medium and small scale enterprises that are close to its manufacturing locations. Where appropriate, vendors are provided technical support and managerial inputs to enable them to move in tandem with the Company's business plans. The Company also supports several vocational training initiatives in areas close to its operations. These have been effective in empowering youth with requisite skills and increased opportunities for entrepreneurial development. In addition, the company has continued to set up sourcing centres in rural India for several of its product categories, both directly and in collaboration with various State agencies and NGOs to assist in the creation of sustainable livelihoods.

Community

GMR Energy has a unique relationship with society at large. Detailed studies are carried out to look at the direct and indirect impact that the Company's operations have on the local communities and need based assessment are conducted. The Company engages with the neighbouring communities for social initiatives, spearheaded through GMRVF. Every operating as well as proposed sites has a CSR department. GMR Energy has been encouraging employees to give their skills and time for social development. Facilitated through Volunteering System, over 503 employees have contributed over 2200 volunteering hours on various 104 social programs. The benefit of volunteering is seen as immense satisfaction.

GMR Energy has also been engaging with nearby communities through various initiatives under the four areas of Education, Health, Hygiene & Sanitation, Empowerment & Livelihoods and Community Development. Members of the senior management and representatives of GMRVF across all units regularly engage with village opinion leaders, youth and women to integrate the aspirations of communities within the social strategy of the Company, as well as help them benefit from greater awareness and understanding on their rights of the communities. This consultative approach has ensured an enduring and peaceful relationship with communities. The progress of the plans is jointly monitored and reviewed. Funds for the implementation of the plans are part of the pre-budget exercise.

Greenfield Locations:

GMR Energy diligently follows processes at all greenfield sites the as defined by law. GMR Energy is also conscious of the promise that entry of industry brings to such locations. Resettlement and Rehabilitation Programme carries the promise of substantially improving the quality of life of the project affected families.

Indigenous Communities

There are no indigenous communities or primitive tribes group in and around our plant / project sites.

Sankranti Celebrations – 2014 with Community

As part of the GCM's family tradition, Sankranti festival – 2014 was celebrated through Annadanam and Vastradanam, by distributing clothes and food to over 17000 old, needy and differently abled people. The event was organized on January 15, 2014 at Rajam, Andhra Pradesh. The Group Chairman along with other family members and guests participated in the distribution of clothes and food. Employees, students and faculty of institutes, NCC Cadets, NSS volunteers, trainees, hospital staff and volunteers participated.



GCEL organized CSR orientation programs for 96 employees. 'Joy of Giving' week was celebrated across the organization during 2nd – 8th October 2013 through donating items to physically challenged children / needy people. Women employees from various divisions were invited for interaction during Women's day celebrations.



Regulatory Authorities

GMR Energy interacts through industry bodies and various other forums with Government / Regulatory Authorities on aspects relating to public policy frameworks. It interacts with government institutions such as Bureau of Energy Efficiency (BEE), Ministry of Power (MoP), Ministry of Non Renewable Energy (MNRE), MoEF, SPCBs, respective State level Electricity Regulation Commission (ERC), Labour & Employment, etc to be abreast of the changing legislations & regulations to prepare accordingly. It also engages closely with consultative bodies, working committees of various industry associations and ministries in advising governments on policy formulation or advocating changes to policy. There are designated departments to look after the legal compliances, advocacy and ethics and also to deal with the regulatory authorities.

Institutions and NGOs

Members of the top management not only extend material support but also volunteer their time and skills as members and office bearers of a host of organisations working for the social sector and society in general. These include social agencies promoted by GMR Group and societies supported by it. This association with NGOs and institutions allows access to experts, knowledge partnerships, best practices, consultancy and research opportunities.

Media

The top management participates and features in both print and electronic media frequently to candidly state their opinion in the best interest of the Business in particular and the nation in general. It ensured information access on the Energy Sector and compliance with the disclosure obligations, if any.

Human Capital

Skill development opportunities

Talent nurturing programs

Motivated employees

Harmonious relations with labour



Our People

Employees are the driving force for all our endeavours. Group Corporate Human Resources (CHR) provides direction in different aspects of Human Resources (HR) and introduces innovative models and tools for continual improvement and enhancing value creation. Our Group has policies with reference to labour aspects that highlight our commitment to be in an employee friendly organisation. The policies apply to the Energy Business Group as well. There are HR processes in place for recruitment and selection of personnel at all levels; policies in place for induction, performance management, learning & development, retivals, separation, business practices and exit.

CHR, who is also a member of the highest governing body i.e. Group Management Committee within the organisation, has operational responsibility for labour aspects. CHR has a team of senior professionals with separate portfolios for Talent Acquisition & Management, Learning & Development (L&D) and Employee Engagement. Our focus has been on refining our people management processes and building our Talent Acquisition capability. Shared Service Centre (SSC) has been constituted in Head Office at Bengaluru to address all these HR processes including entry level & lateral recruitment uniformly across the Group.

To be a Preferred employer, Humility, Social responsibility and Respect for the individual are a part of GMR's Vision and Values respectively.

There is more emphasis on hiring personnel locally based on their fitment, skill level and suitability for the role beyond state specific mandatory requirements. To ensure diversity of our workforce in terms of gender, culture and geographic region, recruitment is carried out across the country. Buddy system helps new joinees imbibe the organizational culture. Customized induction program is designed based on geography and workforce group to assimilate the employees to new working environment. It includes GMR sites' Darshan for Associate Vice President (AVP) & above employees, deployment of online Hirecraft tool, pre-employment background verification, etc.

Various mechanisms, processes and initiatives that have been put in place for higher retention of new joinees includes: (a) Competency based placement, (b) Well defined Job Descriptions, (c) Buddy to handhold and guide them, (d) Periodic interactions with HR, (e) Career growth path indicating management expectations, (f) Cross functional orientation (g), Challenging projects, (h) linkage of remuneration with performance, (i) Development initiatives and (j) Open communication.

To enhance competitiveness and creating engines for profitable and sustainable growth, the quality talent is developed and nurtured by blending proven skills and capabilities. Employees are engaged through communication

meetings, review meetings, engagement surveys, in-house journals and talent recognition programmes. Various initiatives focus on enhancing personal development and growth, an empowering work culture that facilitates high levels of engagement, performance and an enabling professional work environment.

GMR Energy motivates its employees to share their experiences and opinions about the Company and also to give constructive suggestions, feedback to achieve multi-fold growth and be a preferred employer. Relevant feedback received are readily converted into time bound actions and put in practice.

Labour Practices

GMR Energy is an equal opportunity employer, without any discrimination for caste, religion, gender or disability. GMR Energy adheres to all labour legislations and ensure safe and healthy work environment. Business Human Resources (BHR) devises norms, policies, systems, procedures and mechanisms and ensure its implementation uniformly across the sector. BHR also devises Industrial Relations (IR) policies. Site HR division implements the same at respective project / plant sites. No recognized labour union exists at any of our office or plant or project locations. The Environment, Health & Safety (EHS) division takes care of ensuring optimal environment, health, hygiene and safety standards across all locations and offices. All our operating assets are ISO 14001: EMS and OHSAS 18001:2007 certified by external certifying agencies. Our structured employee up-gradation programme ensures that all employees undergo training from time to time and remain updated with the latest best practices.

As mandated under Companies Act, 2012 and amendment there of and SEBI, our holding parent company - GIL is the listed entity on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) of India falling under the top 100 listed Companies. GIL has been publishing the Business Responsibility Report (BRR) along with Annual Report since FY 2012-13, respecting our commitments to operate in line with the principles on labour standards as mentioned below:

Principle 2 : Providing goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3 : Promoting the wellbeing of all employees.

Principle 4 : Respecting the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: Respecting and promoting human rights.

The Company has also incorporated the following International Labour Organization's (ILO) core labour conventions into policies:

- Right to organize and collective bargaining convention
- Forced labour convention
- Abolition of forced labour convention
- Worst forms of child labour convention
- Discrimination (Employment and Occupation) convention
- Equal remuneration convention

Human Rights

Our organisation respects the human rights of employees. We have an open door policy that encourages all employees to discuss their problems with the management. Our 'Open Door' policy guarantees that employee concerns are heard, considered and answered without fear of reprisal. GMR Energy advocates conformance to fundamental labour principles including the prohibition of child labour, forced labour in all its forms, freedom of association and right to collective bargaining, protection from discrimination (including employment decisions based on personal beliefs, race, gender, national origin/ ancestry, religion & spiritual practice, age, marital status, indigenous status, differently abled, sexual orientation, HIV/AIDS and political affiliation) and indigenous rights in all its operations by imparting relevant training and aligning the conduct of its employees.

There is a policy against sexual harassment that serves as a mechanism for prevention and redressal of sexual harassment at workplace. We have a Group wide whistle blower policy that aims at encouraging and supporting Positive Action by clearly defining a framework, which allows reporting of inappropriate conduct or behaviour. The policy outlines the procedures for reporting, handling, investigating and deciding on the course of action to be taken in case inappropriate conduct is noticed or suspected. The policy not only covers all employees but also our business partners, including contract workmen, third parties who, not being in direct employment of the Company, are involved directly or indirectly in doing business with the Company either as vendors or suppliers.

100% of all investment agreements and contracts (work/ service orders) include human rights clauses. We also consider human rights in our major investment decisions. GMR Energy provides training for all new employees on equal opportunities policies and procedures. Employees undergo online training on ethics, human rights policies and procedures. These trainings and numbers of training hours are included in the overall training hours indicator thereof in this chapter.

We also discourage any form of corruption including bribery or other negative practices. Our processes are designed to ensure such practices do not occur under our purview. The Company as well as all the employees strictly follows the GMR code of conduct. No incidents of discrimination were observed in the reporting period. There is a formal grievances redressal mechanism through a Grievance Policy. All grievances are addressed and resolved through email communication or one to one interaction; however there were no incidents related to human rights during the reporting period. As an equal opportunity employer, GMR Energy ensures that there is no difference in the average basic salaries of men and women. GMR Energy makes sure that the interests of indigenous people are well taken care off. There have been no incidents of violations involving rights of indigenous people.

We have a Group Security Systems and Processes that ensure adequate safeguards and protection mechanisms for personnel and assets. Regarding our investment and

procurement practices, our business has procedures to evaluate and select suppliers and contractors.

HR Policies

There are several policies in place to achieve the sound employees and labour management relations. Few details of some of the policies are below:

HR Policy

The manual comprising of various HR policies, processes, benefits and formats is available on Company intranet i.e. G-net.

Prevention of Sexual Harassment

The policy covers all the employees and the third parties representing the Company i.e. consultants, agents, distributors, etc. The purpose is to provide a healthy working environment for women employees and lay down guidelines that deter any sort of sexual harassment. There is no sexual harassment cases reported during last three years.

Environment, Health, Safety & Quality

GMR Group has formulated a corporate Environment, Health, Safety & Quality (EHSQ) Policy with the aim of ensuring the improvement of management systems to protect environment, minimize health and safety hazards and move beyond compliance to adopt best practices in this domain. Each Business verticals have similar policy specific to its business and operations.

Study Leave Policy

Employees can opt for study leave for higher education under this policy.

Relocation Policy

Employees are provided adequate financial aid, support and protection for comfort relocation to new place(s) of work under this policy.

Gift Policy

GMR Energy believes in maintaining highest level of ethical standards. Keeping this in mind, a Gift Policy has been designed to restrain from receiving or giving gifts to obtain favours / preferential treatment or in return of any favours / preferential treatment. The Company recognizes that exchange of gifts is not unusual in business. However, a cap has been set on the value of such gifts. This policy is applicable on all the employees working for GMR Energy.

Whistle Blower Policy

It provides the mechanism for employees of the Company to report to the management instances of unethical, actual or suspected, fraud or violation of the CoBCE and the policy covers all the employees / workers across the GMR Energy. Three incidences under whistle blower policy in FY 2014 were investigated and resolved.

Staff Hiring Principles

GMR Energy has procedures for hiring staff that comply with the principles of non-discrimination and equal opportunities, contained in both HR Policy and CoBCE and in the various agreements, policies, and procedures approved and put into practice with respect to the following:

Fair Recruitment and Selection, Local staff hiring as per State Government specific guidelines, Equal Employment Opportunity, Equal pay, Sexual Harassment, Flexible Working, Maternity leave, Child Labour, Forced Labour, Non-Discrimination w.r.t. sex, age, religion, region, people with disabilities, HIV affected personnel, etc.

The application of all of these instruments ensures selection processes based on the candidates' merits, enabling non-discriminatory participation in these processes. In implementing these procedures, GMR Energy's approach is to promote and favour the hiring of employees in the geographical areas in which it operates, also encouraging these individuals to reach executive positions in the corresponding companies. In FY 2014, in all our companies more than 60% of management personnel are from local (where management personnel is defined as anyone bestowed with management responsibilities in the Company) and more than 70% of the contract workforce are local (where local is defined as domicile of the same State province where the Company operates its plants or projects). GMR Energy ensures that contract workforce constitutes more than 80% from local during construction phase

Labour / Management Relations

Though the Company respects the right of employees to form associations in accordance with applicable Trade Union laws, as such, there is no recognized trade labour union at any of our plant or project sites or offices. Labour Management relations in GMR focus on a collaborative relationship between the management and the workers to address various aspects of industrial life such as safety & health, discipline and grievance handling, industrial disputes, workers participation in safety meetings, etc.

None of Company's project activities / operations pose any threat or risk to the freedom of association and collective bargaining. GMR Energy has three types of workforce i.e. Management and Non-Management cadre in regular permanent category and contract employees. GMR Energy's 16.1% of the permanent workforce is from Non-Management cadre. Structured meetings are held between the Management and contractors / contract workers at generating stations.

GMR Energy has a legal compliance monitoring system, to ensure compliance with labour laws. Compliances are monitored by an Apex committee with top Management participation. There are internal and external audits to verify compliances at plant level. Grievances of individual employees are addressed through the reporting line manager at plant level. There is a formal promotion policy for employees to ensure career development.

There have been no lockouts or strikes at GMR Energy which is an indicator of the cordial relations between the Company and its employees.

GMR Energy is an Equal Opportunity employer. There is no difference in the average basic salary of men to women. At GMR Energy, entry level salary range of permanent employees are competitive as compared to industry standards and are also significantly above the stipulated minimum wages at the locations we operate. The Company also ensures wage payment to its contract employees in accordance to the Minimum Wages Act at all the locations. All the wages are disbursed on monthly basis.

Employee Benefits

We endeavour to provide our employees the benefits as required by law and as part of our HR policies and processes in line with market practices, changing economic dynamics. The incremental compensation is linked to organizational performance, overall sustainability, self-development through trainings, development of team, social volunteering, safety performance, EHS compliance, fulfillment of goals identified through consultative process, etc. These benefits are applicable Group-wide and are iterated in the following policies. HR Policy manual comprising of various HR policies, processes and formats is available on Company Intranet (G-net). Employees are made aware of these benefits at the time of joining and via company intranet.

There are a range of benefits for employees while on work and even at their career endings e.g. provident fund / employees' pension scheme, superannuation scheme, gratuity, group personal accident insurance policy, health Insurance policy, domestic transfer policy, relocation allowance, retivals policy, encashment of leaves, hospitalization medical insurance, free medical check-up and free medicine related to domiciliary medical treatment at factory medical centre. The defined benefit plan provides ex-gratia death benefits, retirement gifts and gratuity.



Policies & Benefits tailored to Diverse Workforce

| Regular Employees | Benefits |
|-----------------------------|---|
| Perquisites | Membership fees to Professional Institutions, Leave travel allowance, Mobile expense reimbursement, Data card policy |
| Medical & Insurance | Medical expenses, Hospitalization expenses reimbursement, Group Medclaim & Personal accident insurance, Annual health check-up |
| Staff Welfare programs | Ex-gratia, Family pension through Group insurance scheme, GCM outstanding achievement award, KM, Marriage gifts, Children education assistance, Foundation day, Spot awards |
| Leave Policy | Leave entitlements |
| Travel Policy | Domestic, Foreign, Local conveyance reimbursement |
| Hardship Allowance | For remote sites / locations |
| Township Policy | Family accommodations, Recreational facilities in vicinity of the plant / project |
| City Compensatory Allowance | To compensate for higher cost of living |
| Project Bonus | For projects under construction to drive completion within budgeted cost and time |
| Uniform Allowance | For Corporate Relations (CR) interfacing with external stakeholders e.g. regulatory offices |
| Transfer Policy | Transfer / relocation, Temporary transfer, Deputation |

Benefits provided to full-time and part-time (contract) employees are summarised below:

| Benefits | Full Time Employees | Part Time Employees |
|-------------------------------|---------------------|---------------------|
| Provident Fund / Pension plan | √ | √ |
| Health and accident insurance | √ | √* |
| Medical care for families | √ | √ |
| Disability coverage | √ | √ |
| Parental leave | √ | √ |
| Childcare | √ | √ |
| Flexible work schemes | √ | √ |
| Life insurance | √ | √ |

* Employees' State Insurance (ESI) / workmen's compensation

Company Accommodation

GMR Energy has developed its own township at various power plant locations. In addition employees are provided Company leased accommodation as per the employee's needs. Company encourages employees to stay in their owned or rental houses.

Medical Policy

GMR Energy has covered its employee and their family through a hospitalization Medclaim insurance system. All employees are covered by Accident Insurance Policy. GMR Energy has also provided cashless medical services for hospitalization of employees and their family members by tying up with major hospitals. Standardized medical plan developed for employees under Statute, essential health norms for various jobs are identified to ensure fitness of employees to the demands of the job, inclusion of such norms in pre-employment checks and internal transfers, pathology, cataract / family planning camps for the benefit of employees in remote divisions, canteen staffs checked for skin diseases, infections, tuberculosis and hygiene. Chronic / critical illnesses among employees are tracked. At GMR Energy, all the women employees have a provision to 3 months of maternity leave and there were no separation instances post availing the maternity leave.

Merit Scholarship Scheme

The scheme aims to develop the capabilities of competent wards of the employees. Appropriate amount of scholarship is given to employees' children obtaining good marks in their examination of SSC board for their higher education.

Free Lunch at Project / Factory Sites

The free one time lunch / dinner is provided to employees deployed at every project / operational site.

Career Counselling and Vocational Guidance

For employee's children appearing for Secondary School Certificate (SSC) and Higher Secondary School Certificate (HSC) examination – special aptitude test followed by career counselling to the children and the parents is provided every year, through career guidance institutions.

Location specific policies such as City Compensatory Allowance for those posted in metro cities and other locations.

These policies are regularly re-visited and modified to incorporate the changing needs and aspirations of employees through HR Council at Group level. The Company is sensitive to various sectoral, functional, geographical needs and provisions are incorporated to cater to such specific needs in terms of additional facilities and benefits viz., hardship leave, guest house, transport facilities, winter uniforms, etc.

Redundancy / Post Retirement Counselling

We provide job placement services in cases of redundancy, re-employment with our organisation for key personnel even after their retirement, retraining for retirement in cases where employees wish to keep working and counselling on transition to a non-working life. Skills management and lifelong learning training is included in the training figures reported.

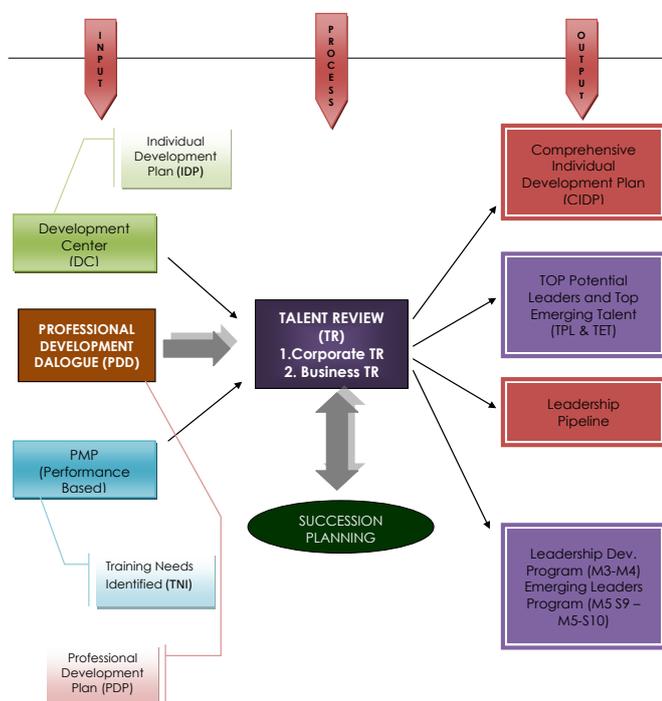
Learning Organization

We are guided by our Values & Beliefs. We are attracting the next generation of talented, diverse employees. Our employees will help us improve, adapt and innovate for the challenges of the future. Going forward, we continue to strengthen our culture of engaged employees and high performance.

Converting high potential to high performance is the purpose of Talent Management consisting of three aspects as below:

1. Values and Beliefs, Spirituality
2. Learning and Development
3. Talent Management

Talent Management Process Framework



At GMR Energy, we strive to not just unlock potential but also to turn development areas to strength, and strength to a specialty. Identification and retention of the right talent is essential for steady success as well as continuous growth. The way we manage our people impacts our organisation's ability to deliver on its promise.

The senior HR leadership is committed to address, examine and evaluate the people related issues, including employee welfare, employee retention and employee development programs including skill enhancement initiatives at the local leadership level. All plant locations and offices have state of the art training rooms with modern audio-visual educational aids and a well-stocked library. During the reporting period, we aimed to create a pool of talented and well-trained engineers who will be an invaluable resource to the organization going forward.

Learning Opportunities, Managing Career Aspirations

To ensure a consistent approach across the business, employees are trained in CoBCE and Core Values & Beliefs.

Wide variety of training is carried out on-site by both internal and external experts. Themes covered include health and safety, behavioural training and technical skills training. Training opportunities are not restricted to core roles – we provide a number of training programmes in areas beyond the remit of an individual's role, to facilitate personal and professional growth. All L&D opportunities imparted are measured by the impact at the workplace and impact on the business made by the individuals after the training. In the last year, all 1107 employees had undergone the trainings.

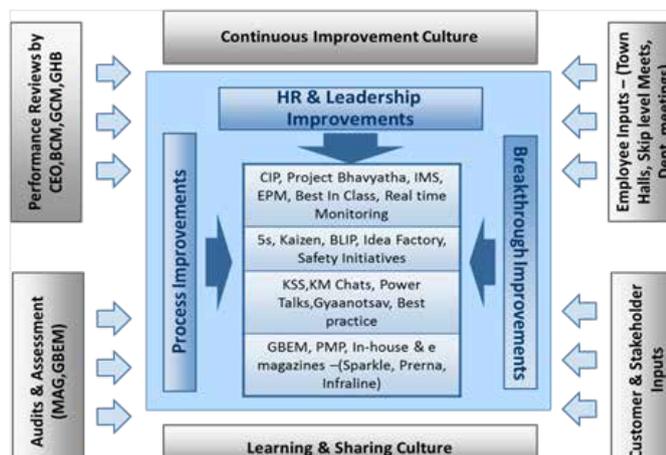
For people to fulfil their potential, our management framework sets out clear personal accountabilities and the processes by which authority is delegated. In our endeavour to nurture our greatest human assets, we have laid great stress on employee engagement and are providing enhanced training opportunities to all our employees. Our Robust performance review mechanism including GBEM assessments, IMS (ISO-QMS, EMS, OHSAS) audits, corporate Audits, PSBSC, customer Satisfaction surveys, GHB, GCM reviews, Audit Committees, Board meetings also provide inputs for improving leadership effectiveness.

In FY 2014, we have delivered 31696 training hours for our regular employees, averaging 30.7 man hours per employee.

As a high proportion of our workforce join as new graduates, managing career progression and development is very important to the business, particularly to ensure talent retention. To manage a new recruit's transition from 'Campus to Corporate', we have a structured orientation programme that includes: (a) making new employees conversant with the Company values, business principles & CoBCE, (b) familiarisation with business scenarios, Group policies, benefits and systems. Support is also given through a mentoring programme initiative.

To inspire our employees, we conduct 'Workshops with SBU', where talented employees attend round table discussions with our SBU Head. These workshops aim to inspire and energise colleagues to achieve the business' strategic aims and encourage them to seek continuous development within the Group. The exposure to senior management and the Chairman also provides employees with the opportunity to ask questions and engage with the leaders of the business, an opportunity that may not normally be available, particularly for junior colleagues. Various knowledge sharing sessions are organized under various platforms like Company-wide core function specific council meetings, Knowledge Management, E-Learning, etc, which help in imparting and creating the culture of sustainability.

GMR Energy has extensive L&D initiatives to aid the growth of its permanent, temporary and contract employees. These initiatives cover both functional and behavioural aspects. Employees are deputed to prestigious institutions like IIMs and also to State, national and international workshops / conferences / seminars, etc. In-house programs are also conducted through reputed faculty and employee development is encouraged through self-education scheme. The details are given below:



Technical Competence Training

It is a technical mentorship program with an objective of developing the young talent by leveraging the technical competence available with experienced employees of GMR Energy. It aims at developing a culture of continuous learning and sharing to make GMR Energy a technologically competent organization. It promotes team work, collaboration and engagement through mentorship of young talent in critical technical areas by seasoned professionals as mentors.



E-Learning

A self-paced e-learning system covers the modules in General Management with respect to 11 GMR Behavioural Competencies mapped under 4 pillars (Lead Self, Lead Others, Lead Business, Lead Change) and calibrated across 5 proficiency levels. The system has been designed keeping in view participants, who like to learn at their own pace.

The e-learning system has 240 courses aligned to the GMR Behavioural Competencies for the employees to avail.

Employee Training Gender wise

| Category | Male | Female | Total |
|---------------------|--------------|-------------|--------------|
| | (Hours) | | |
| Senior Management | 1980 | 8 | 1988 |
| Middle Management | 4700 | 216 | 4916 |
| Junior Management | 21176 | 1484 | 22660 |
| Trainees | 104 | 8 | 112 |
| Non-Technical Staff | 1892 | 128 | 2020 |
| Total | 29852 | 1844 | 31696 |

Talent Management

Job Rotations

All the open positions within the organization are advertised on intranet for helping employees make career choices. The opportunities for employee’s development / career enhancement are provided when the Company ventures into new geographies, undertakes new projects or expands the role of existing functions. Employees are also offered opportunities to work in Cross Functional Teams, continuous improvement initiatives, etc. Entry level recruits are rotated across the organization, covering all major functions to aid in their development and employees also get an access to opportunities within GMR Group.

Succession Planning

Successors are identified for critical positions in the organization through this process. The identified successors are groomed to take over the critical positions. Under-study assignments, job rotations, special projects, etc. are some of the mechanisms used.

Management Development Centre

Management Development Centre (MDC) is set up at Bengaluru. MDC is aligned with our vision to promote learning and building capabilities through advanced learning opportunities. The Centre offers customized, flexible training programs that are designed to provide continuous learning and opportunities for the growth and development of employees. All employees of the company have an individual ‘My Development Plan’ and a vigorous training calendar for their comprehensive all-round training.

In continuation to the Talent Management Initiative commenced in 2012, the “Value in Leader-Led-Sessions” second series - ‘Entrepreneurship’ was launched by GMR Group Director at Bengaluru in FY 2014.

Various internal stakeholder needs are addressed through the Group’s HR Policy. The matter of great pride is the bank transfer of wages to all contractors’ workmen to ensure that they get paid the full wages as per applicable wage norms agreed to by our contractors. This effort is aimed at assuring contractors’ workmen of their legal rights.

GMR as a Group does not have or believe in the right to exercise freedom of association and collective bargaining and hence there are no trade unions or collective bargaining at GMR. Any policy changes are intimated to all employees and the policy is released by CHR.

Accelerated Career Enhancement

It is an initiative to provide fast track career progression to employees. It systematically identifies high potential talent at an early stage in order to provide a fast growth track through the business. To qualify for the programme, individuals are assessed against GMR competency model, which includes core attributes, behaviours and leadership style. Over the past year, the programme has been expanded to incorporate the development of more employees in general management and technical sections of the business, and we have a potential pool of future leaders for the Group. The scheme provides an opportunity to young officers not only to accelerate career growth but also to explore different avenues and develop their potential. It evaluates individuals on their managerial and leadership qualities and provides ample scope to explore new avenues in the organization by way of job rotation and challenging assignments. Selected officers are provided special educational inputs, intensive training and appropriate job postings to realize their latent potential. This also provides an opportunity to apply learning's from the training.

Emerging Leaders Program



Since FY 2009-10, fast Track high performing employees with excellent performance in the past are shortlisted based on elaborative selection process annually. They are given the opportunity to pursue a customized Emerging Leaders Program (ELP) over period one year at Indian Institute of Management (IIM) – Kozhikode, Kerala. The third batch was launched on December 10, 2013.

Counselling Programs

It provides personalized counselling for employees through different modes. Professionals / Medical Counsellors assist employees and their family members to cope with life's difficulties in the following areas: Employees and their family members can access any of the following services free of cost:

- Face-to-face Counselling: Meet a counsellor;
- Telephone Counselling: Speak to a counsellor;
- Online Counselling: Write to a counsellor through a secure website and receive a response within 48 hours

Knowledge Management

A Knowledge Management (KM) tool has been developed at GMR Energy with an objective to create and sustain an Environment in which Knowledge both internal and external is nurtured, shared and leveraged by Individuals and Communities for continual improvement. Knowledge is also shared via knowledge sharing sessions, communities of interest, workshops & seminars, guest lectures by external faculty, improvement project reports, occurrence analysis, review meetings, learning's from projects, in-house magazines & communications, site-visits, deputations, job-rotations and other means of formal & informal interactions.

'5 Pillar' KM Framework at GMR Energy is aligned to Group KM Philosophy and support Sector and SBU's KM requirements revolving around key KM theme of "Capture, Share & Re-use".

"5 Pillar" KM Framework



In order to capture competitive knowledge, best-in-class practices and global developments / trends tracked by inviting renowned global consultants like McKinsey, E&Y, KPMG, BCG, Hay's group, Accenture, AT Kearny and experts from academia & other institutes like IIMs, TQMS, CII, TERI, GRI and organizing visits to other companies and organizations.

Process to manage organizational knowledge to collect and transfer knowledge from Employees, Customers, Suppliers, Partners, and other stakeholders is illustrated below:

KM Platform at GMR Energy

| Managing Organizational Knowledge | Process to Use Knowledge | | |
|---|---|--|--|
| | Collect | Transfer | Impact / Improvement (Illustrative) |
| From Workforce | Knowledge Documents, Learning capture templates, Learning from Key Projects, Process documentation through employees past experience, Articles, Newsletter, Innovative Ideas relating to Site/ Function specific challenges | Knowledge Sharing Sessions/Power Talks, KM Portal, IMS Process Documents, Newsletter (SPARKLE), BE Council, KM Communities, | Key learning's compiled and shared - EMCO, Island Power, Interger, Implemented Ideas, Best Practice adoption (Gas & Liquid, Thermal Coal), Project Bijlee & Project Paani Implementation |
| From Customer | Scheduled & Unscheduled Interaction with Customers, Customer Feedback, Customer Complaint Management System | Dissemination of Key Information through Morning Meetings, Dept. Head Reviews, Communities of Practice | Opportunities explored in Short term power market, Regional Office set up at Hyderabad to enhance interaction with South Customers |
| From Supplier / Partner / Collaborator | Vendor Workshops, Supplier Presentations, Seminars, Technical literatures, Manuals, Media, Internet, Visit at Vendor's Site | Best Practice suggested, Employee Training (O&M), Troubleshooting support, | Improved Operation & Maintenance of Operating Assets, Reduced Repeated Failures |
| From External Consultants, Auditors, Banking Partners, Industry Visits | Statutory Audit Reports, Reports/ Analysis from McKinsey, BCG, KPMG, AT Kearny, Accenture, E&Y, Deloitte, Hay's group, TQMS, Visit to Other Organizations, BE External/Internal Assessments | Global Best Practice presentations to GHB / GCM / BCM, SBU Heads, Sharing of BE Assessment outcomes | Job Evaluation & Job Design, Organization Restructuring (Sector philosophy to SBU's way of working), Operational Excellence Initiatives at Thermal Coal Assets, Project Execution Excellence - "Bhavyatha", Stage Gate Audits, Green Belt, Improvement through closure of BE OFI's |
| From Corporate Communication Team | Key Highlights from News Papers, Publications, Update from other Print & Electronic Media | E Mails to Specific group of Users, Presentations, Panel Discussions | Update on recent development across Infrastructure space, Fuel Availability/allocation, Petition updates, Tariff Trends, etc. |
| For Rapid identification, sharing, and implementation of best practices | Inputs from Consultants, Best Practice Sharing across SBU's and other Sectors, ORM's | Consultant's presentations GMR Leadership, Best Practice contest, Leader Led Sessions (Capture-Share-Reuse) across Energy, DIAL, GHIAL, Highways | Behavioural Based Safety (BBS) Assessment at Thermal Coal Assets by third party and BBS training through NEBOSH certified trainers. |
| For transfer of Knowledge for use in Strategic Planning Process | Environment Scan, Macro & Micro Economic Analysis, Industry & Sector Outlook, Competitor performance, Projection - trends | Strategic Planning Process, Sector & SBU BSC's, Long Term & Short Term Plans, Deployment plans through PDM / Goal sheets. | Super Critical Technology used in place of Subcritical in GCEL project to leverage on higher efficiency and reduced emissions, |

For sharing best practices, various forums are used e.g. BE Assessment, HR Council, EHS Council, BE Council, interaction with Other Sectors (e.g. DIAL Sharing BE Journey experiences, Best Practices, with Energy), KM Communities – G&L, Short Term power market etc. Initiatives under KM Framework are illustrated below:

KM Framework

| Year | Initiatives & Improvements | Objectives |
|------|--|---|
| 2012 | KM Portal, Knowledge Sharing Sessions, Power Talks by Functional Heads | Sharing of Knowledge, Discussion on Technical Topics, Knowledge Repository |
| 2013 | “KM Gyanotsav” at assets & projects, KSS, KM Chats, KM Reward & Recognition, KM Champions at sites | Sustain & Enhance Employee engagement in KM Initiatives, Involvement of Senior Leadership in KM Initiatives |
| 2014 | KM Portal restructured and revamped, Implementation of Knowledge Capture templates, Technical advisory, KM Communities – G&L, Short Term Power Market, Key Learning capture & sharing – EMCO Project, Intergen, Island Power, BE KM Council, Leader Led Sessions through KM platform enabling Cross Sector Learning and Sharing (Airports, Highways) | Align KM Initiatives to Sector & SBU Challenges, KM Initiatives to deliver tangible impact on Business Objectives |

Performance Management

Talent in GMR Energy is identified through e-enabled Performance Management Plan (PMP) process and given special focus for development and retention. Leadership team also participates in PMP and suggests developmental needs. The identified officers are mentored to build leadership pipeline for future.

Based on the Sector BSC and Performance Development Matrix (PDM), individual Goals and KRA's are identified for all Employees in the Organization. PMP carries 75% weightage on Achievement of Goals, 15% weightage on assessment of values & beliefs, 10% weightage on capability building assessment of employees on business impact & workplace impact due to their self-development and training imparted. Every goal is measured in terms of timelines, cost, quality and morale.

All our employees participate in a reward-linked annual appraisal and review programme where performance is measured against a predetermined five-point scale. Feedback and the identification of areas of improvement for further development are an integral part of the performance appraisal process. To ensure that all employees are aligned to the overall business sustainability objectives, health and safety, environmental management and community investment indicators all feature as vital components in the

annual appraisal process and are considered elements of the Key Results Areas (KRA) that individuals are assessed against. New graduate recruits undergo training, and probationary periods are upheld prior to full employment contracts. Performance is reviewed and feedback provided by line managers throughout this period. They are also encouraged to undertake special projects to bring in fresh perspectives and to enhance their learning during this time. 100% of managerial and non-managerial employees receive performance and career development reviews.

All non-supervisory staff is governed by long-term agreements that require conducting performance reviews. 100% employees have received performance and development reviews in the reporting year.

Rewards and Recognition

GMR Energy believes that its people are assets and strategic partners in the journey to achieve organizational objective. Rewards and Recognition (R&R) Policy help in recognizing superior performance at work in various spheres.

Its objective is to motivate and foster a productive work culture to achieve organizational objectives. It encourages employees to excel, take initiative, be creative and realize their latent potential individually and as part of a team in contributing to the organization.

| Category | Compensation | Recognition | Reward |
|-------------------|-----------------------------------|--|---|
| Employees on roll | Variable pay based on performance | Appreciation letters during Town hall meets, Department Meet, BE Nite, Skip Level Meetings, Coffee with SBU / Divisional Heads | Best CIP at each site, Idea Factory : Highest individual contributor & Leading Site, Spot Award, Employee of the month, Zeal Factory, I Value U |
| Contract Workmen | Daily wages | Best Safe worker (yearly / monthly), Contests during EHS campaigns, Prizes & Certificates | |

Individual / Departmental Level Awards

Safety Award: Safety is a key business imperative whose importance cannot be emphasized any further. The Excellence Award for best safety practice / initiative has been instituted with the aim of recognizing exemplary efforts with respect to improving and institutionalizing safety.

- Thank You Note & Certificate of Recognition
- Spot Awards (Departmental Level)
- Coffee with SBU / Divisional Heads

Employment Type

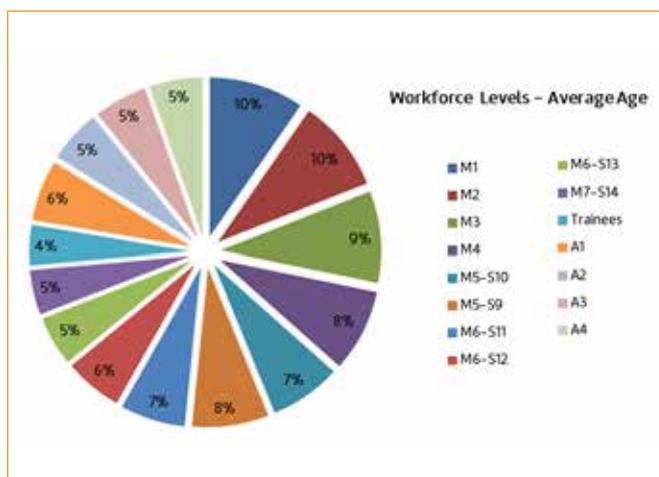
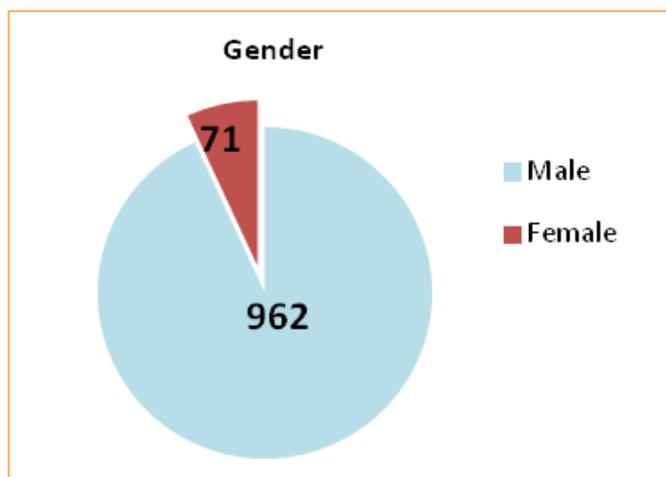
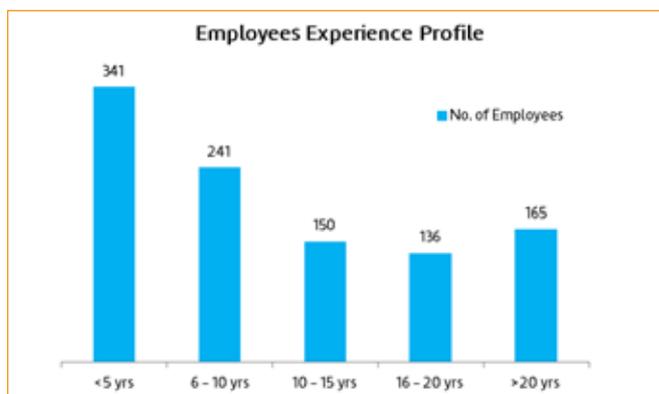
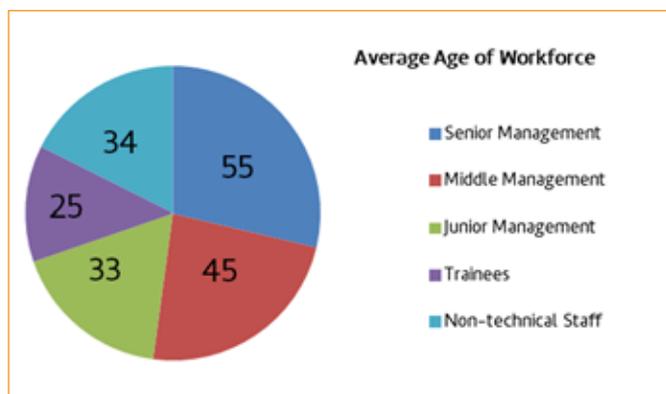
| Category | Permanent Employees | | | | | Total |
|---------------------|---------------------|-----------|------------|------------|-----------|-------------|
| | Male | Female | < 30 | 30 - 50 | > 50 | |
| Senior Management | 64 | 2 | 0 | 22 | 44 | 66 |
| Middle Management | 124 | 3 | 0 | 105 | 22 | 127 |
| Junior Management | 612 | 50 | 351 | 295 | 16 | 662 |
| Trainees | 12 | 0 | 12 | 0 | 0 | 12 |
| Non-Technical Staff | 150 | 16 | 64 | 97 | 5 | 166 |
| Total | 962 | 71 | 427 | 519 | 87 | 1033 |

In addition to the above, GMR Energy also engages third party Contract employees accounting for 13750 as on March 31, 2014. The number of contract employees varies over time, depending on requirements.

Yearly Awards for best talented individuals / working groups through Senior Management / Group Chairman With a view to provide a platform to young employees across the organization to contribute at a strategic level by addressing pressing and potential challenges faced by the Organization.

Workforce Snapshot

GMR Energy has 1033 permanent employees. The regular female and male employees are 962 and 71 respectively. GMR Energy recorded a rise in the attrition rate which is 18.64% in FY 2014 as against 10.6% in FY 13.



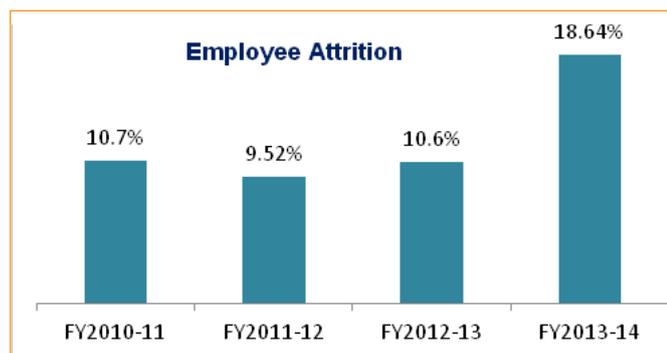
Employee Turnover by Workforce Level

| Particulars | | Senior Management | Middle Management | Junior Management | Non-technical Staff | Total Employees | |
|-----------------|--------|-------------------|-------------------|-------------------|---------------------|-----------------|-----|
| Turnover (Nos.) | Gender | Male | 1 | 6 | 15 | 3 | 25 |
| | | Female | | | 1 | | 1 |
| | Age | < 30 | | | 4 | 2 | 6 |
| | | 31 - 50 | 1 | 5 | 12 | 1 | 19 |
| | | > 50 | | 1 | | | 1 |
| | Total | | 1 | 6 | 16 | 3 | 26 |
| Turnover (%) | Gender | Male | 1.5 | 4.7 | 2.4 | 0.7 | 2.4 |
| | | Female | | | 6.3 | | 1.2 |
| | Age | < 30 | | | 1.2 | 2.9 | 1.4 |
| | | 31 - 50 | 4.3 | 4.6 | 3.5 | 0.9 | 3.2 |
| | | > 50 | | 4.5 | | | 1.1 |
| | Total | | 1.5 | 4.6 | 2.3 | 1.6 | 2.4 |

Number of Employees joining and separating in the reporting period by Gender, Age group and Level are given below:

| Employees Joined in the reporting period | | | | | | |
|--|------|--------|------|---------|------|-------|
| Workforce Level | Male | Female | < 30 | 30 - 50 | > 50 | Total |
| Senior Management | 11 | 1 | | 4 | 8 | 12 |
| Middle Management | 22 | | | 20 | 2 | 22 |
| Junior Management | 96 | 12 | 51 | 55 | 2 | 108 |
| Trainees | 5 | 3 | 8 | | | 8 |
| Non-Technical Staff | 22 | 3 | 13 | 10 | 2 | 25 |
| Total Employees | 156 | 19 | 72 | 89 | 14 | 175 |

| Employees left GMR Energy in the reporting period | | | | | | |
|---|------|--------|------|---------|------|-------|
| Workforce Level | Male | Female | < 30 | 30 - 50 | > 50 | Total |
| Senior Management | 19 | | | 7 | 12 | 19 |
| Middle Management | 41 | 1 | | 31 | 11 | 42 |
| Junior Management | 200 | 15 | 110 | 103 | 2 | 215 |
| Trainees | | 2 | 2 | | | 2 |
| Non-Technical Staff | 49 | 7 | 28 | 27 | 1 | 56 |
| Total Employees | 309 | 25 | 140 | 168 | 26 | 334 |



| Employees retiring in the next 5 and 10 years | Male (Nos.) | Female (Nos.) | Male % | Female % |
|---|-------------|---------------|--------|----------|
| Senior Management | 32 | 0 | 50 | 0 |
| Middle Management | 20 | 0 | 15 | 0 |
| Junior Management | 16 | 0 | 3 | 0 |
| Trainees | | 0 | | 0 |
| Non-Technical Staff | 6 | 0 | 4 | 0 |
| Total | 73 | 0 | 8 | 0 |

Economic Performance

Progressive investments

Sustaining operating profit (EBIDTA) up by 7.92%

8.73% compound annual growth in annual revenues over the last four years

Negative PAT at ₹ 13,381 Million

30 – 58% local suppliers



For GMR Group, FY 2013-2014 was greatly shaped by our new strategic focus. The ALAR strategy has been enshrined throughout the Group. In FY 2014, GMR Energy was greatly shaped by completion of construction phases and working towards operational phases for key energy projects. GMR Energy in a complex and diversified Group, implementation of the process required constant communication and foresight. Today we are poised to be a lean and strong organization with the right mix of assets, reduced debt levels and optimum cost utilization.

The period 2011-2014 of consolidation will lay the foundations for GMR Energy's next cycle of growth and expansion.

While we have taken big steps to liquidate some of the assets which have reached the optimum value, we are also adding substantial projects to our portfolio. GMR Energy's focus for the 2011-2014 period is based on consolidating its financial strength by maintaining investments, divesting from assets and non-strategic countries, and implementing efficiency improvements. This period of consolidation will lay the foundations for GMR Energy's next cycle of growth and expansion.

GMR Energy has grown from modest beginnings – with an annual revenue of ₹3.57 billion in FY 2010-2011 to a revenue of ₹31.165 Billion in FY 2013-2014; a CAGR of 8.73% w.r.t. FY 2010-11. The top line growth for the GMR Group will be mainly driven by the Energy business as the projects get operational through FY 2014 to FY 2017.

Management Approach

The power sector is also one of the principal driving forces of the global economy, to which it mainly contributes through very significant annual investments and by creating both direct and indirect employment. The Planning Commission (GoI) projections indicate about five-fold increase in peak demand over the next 20 years i.e. at the level of about 500 GW from the present 130 GW. The energy scenario is characterised by the need to guarantee safe, competitive and sustainable supply, in which clean energy must play a decisive role in combating climate change and reducing dependency on fossil fuels. Towards sustainability, emphasis has to be given to harness non-carbon emitting energy sources like hydro, wind, solar, etc., on a large scale and their integration into grid.

The power sector continues to hold bright growth possibilities with persistent shortage across the country, as income level and urbanization continue to rise steadily. There are over 300 million of our fellow countrymen still without access to electricity. Transmission & distribution capacity build up is way behind installed generation capacity, choking free flow of power to all the consumers and keeping power tariffs depressed.

GMR Energy's growth has been from 200 MW in 1999 to 2486.35 MW in reporting year and is progressing to achieve 8379.35 MW by 2020. It believes in bringing electrification in India thus accelerating growth of the nation and enhancing market reach.

GMR Energy, as one of the leading players in the sector, responds to these challenges through its successive business plans. It has overcome majority of coal security obstacles by aligning with Indonesian coal companies for a dedicated coal supply. GMR-ETL is ranked in Top 8 largest private power trading companies in India and actively working towards increasing customer centricity. In next business plan cycle (2014-2016), the GMR Energy confirms the strategic pillars of its approach, both financial & non-financial and paints a positive picture in terms of EBITDA, efficiency and debt reduction. GMR Energy's financial results are summarized in the consolidated annual financial report of FY 2013-14 of GIL, which is available online at www.gmrgroup.in

While the Company is confident of robust growth in the coming years, it is also aware of the perils ahead. Inflationary pressures, coupled with rising fuel (coal & NG) cost, natural calamities, safety & security and issues related to environment and social performance of project, may play a substantial role in future business outcomes. GMR Energy has laid out plans such as streamlining the operations, improved security in and around plants, better disaster management plans, and introducing more fuel efficient technologies to mitigate the impacts of these factors. All generating stations have a Disaster Management Plan (DMP) in place and equipped to handle unforeseen events, for which frequent emergency mock drills are undertaken to ascertain and improvise its preparedness levels.

Policy Goals and Performance

Corporate Policies establish the rules of behaviour and the guidelines for activity in the various fields of business life and in all of the geographic areas in which the Group operates. GMR Energy believes in a steady growth with a strong focus towards business practices that have a minimal impact on the environment; and initiating several socio-economic measures in the community in the vicinity of operations. In its mission to construct and operate projects, the Company is exploring new benchmarks for operational efficiencies, investing in green energy projects and redefining paradigms. As GMR Energy strives to lead the reform process for sustainable power, it is also committed to safeguarding the environment for future generations.

Organisational Responsibility

The organisational responsibility for the economic performance lies with the Strategic Business Heads and BCM. CFO of GMR Energy ensures internal controls through internal audit team. Finally, annual statutory audit is carried out by third party in line with country's regulation and financial performance is assessed and publicly reported after approval by the board.

Business Highlights FY 2013-14

At GMR Energy, sale of power has increased by 99.3% from 2003.89 Million Units in last FY 2012-13 to 3994.47 Million Units in FY 2013-14, the generation consists of thermal plants at Chennai, Warora, Kamalanga, Vemagiri and solar and wind power operating assets.

The total revenue from both sale of power and mining has increased by 37.96% from ₹22589 million in FY13 to ₹31165 million in FY 2014. Revenue from power supply is higher due to commissioning of two units at EMCO, Warora and three units at GKEL, Kamalanga. Gross operating cost has increased by 51.91% i.e. from ₹22759.92 million in FY 2013 to ₹34576.42 million in FY 2014 on account of increase in fuel cost, purchase of traded goods, consumption of stores & spares sub-contracting, employee benefits, transmission & distribution charges, depreciation & amortisation and other expenses (excluding finance costs). There can also be seen an increase in Employee benefits from ₹697 million to ₹1138 million mainly due to yearly increase in wage bill. The FY 2014 ended with marginally improved EBIDTA (operating profit) from ₹1402 Million to ₹1513 million by 7.92%. PAT after minority interest and discontinuing operation resulted in loss of ₹13381 Million in FY 2014, up by 83.9% vis-à-vis loss in FY 2013.

Business Analysis FY 2013-14

In the backdrop of all the volatility, uncertainty, complexity and ambiguity, GMR Energy operationalized 600 MW at EMCO in Maharashtra and 1050 MW at Kamalanga in Odisha with staggered merchant power demand. 200 MW Diesel power plant at Chennai is operating above AOP target in Revenue, PAT and Cash. 200 MW Chennai power plant obtained a year's extension of PPA, 25 MW solar plant in Gujarat and wind farms in Gujarat and Tamil Nadu are all operating at healthy levels of PLF. Two plants, GVPGL and GEL in Andhra Pradesh starved of NG all through the reporting period. We also reduced tariff receivables from ₹7000 Million to ₹200 Million from TNEB. These have sufficiently strengthened our financial position in terms of liquidity.

Major cost reduction initiatives in PT GEMS mines have yielded positive results and our agreements with our partner have also moved forward. Construction work has gone back to full swing in 1370 MW Chhattisgarh project. 220 MW Bajoli Holi HEP achieved FC and also got its first disbursement for civil works. 300 MW Alakananda HEP is fast reaching FC and we signed JDA with IFC for 600 MW Upper Marsyangdi and finalized strategic investment agreements with EDF for 900 MW Upper Karnali HEP in Nepal. Both transmission projects of Maru and Aravali are almost fully complete. All these have brought greater certainty of future profitability.

As a significant institution building milestones, the organization structure was drastically altered to create a flatter SBU oriented structure for higher level of decentralization & empowerment and faster decision making. Major initiative was taken to shift a large part of Energy Sector from Bengaluru to Delhi to get closer to external stakeholders and we vacated a significant portion of office space in our head office (IBC Knowledge Park) to lower our overhead costs.

This was followed by revised RASCI and DoP to match the changes in the organization structure. Detailed ERM assessment was conducted for GKEL, Bajoli Holi and Power Trading. Comprehensive GMR Project Management Process for Hydro projects was formulated and Integrated EHS Framework for the Energy Sector was rolled out. All these have contributed to better systems & processes.



There are significant declines in financial performance witnessing low tariff, fuel non-availability & fluctuations in prices after the global financial squeeze and higher costs on account of inflation, reinforcing the message, that better operating performance and effective market penetration is the key to higher profitability going forward.

Economic Value Generated and Distributed

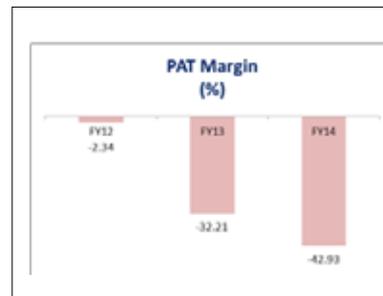
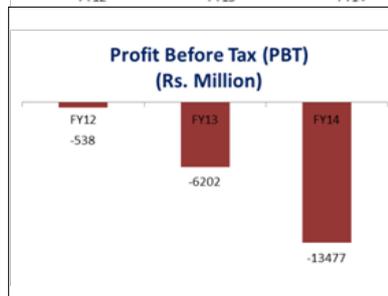
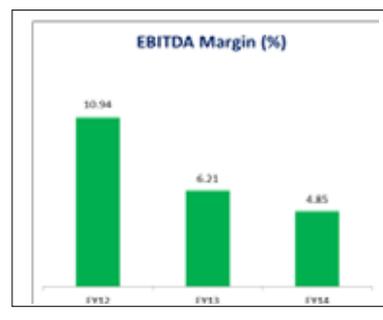
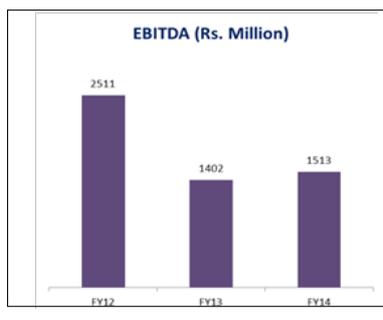
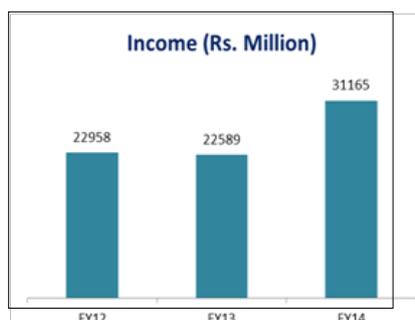
Against the backdrop of extremely challenging business environment, like economic slowdown, NG non-availability, project still under construction, low tariff, the company has performed an improved level of economic performance this year vis-à-vis last year. GMR Energy is formulating and implementing effective business strategy and plan to improve economic value.

(₹ in Million)

| Economic Growth | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|---|------------|------------|------------|
| Economic Value Generated | 22,958 | 22,589 | 31,165 |
| Economic Value Distributed | 24,206 | 29,867 | 44,546 |
| Operating Costs | 21,050 | 24,673 | 32,058 |
| Employee Wages & Benefits | 533 | 697 | 1,138 |
| Payments to providers of Capital* | 1,841 | 3,525 | 10,982 |
| Payments to Government | 709 | 913 | 219 |
| Community Investments | 72 | 59 | 149 |
| Economic Value Retained (Loss)/ Profit** | (1248) | (7277) | (13381) |

* Excludes minority interest

** After minority interest & discontinuing operation



“Energy business has been in project construction mode and is moving towards operational phase. Our goal is to return to positive operating cash flow as soon as possible. To achieve this objective, we will first improve our operational efficiency, competitiveness, working capital requirement and

be more selective about our priority capital projects strategic to the Group’s sustainability. We also want to control our debt, in particular through ALAR program for asset involving minority interests and non-strategic operations. FY 2015 and FY 2016 will be transition years in which we will lay solid foundations for long-term performance.”

Bhaskar A Rao
Chief Financial Officer

Implications of Climate Change

The multitude of impacts caused by climate change include scarcity of natural resources and their upwardly spiralling prices, enhanced transportation costs, additional insurance covers and expenditure on risk mitigation. Climate change might affect hydroelectric generation operations and the availability of hydraulic resources, renewable energy forecasts, thermal plant refrigeration needs, the thermal efficiency of facilities, energy load growth patterns, and the strength of the transmission and distribution infrastructure. Water availability from legacy sources is depleting. The situation is compounded because supply to a large extent is dependent on monsoon, which due to climate change is becoming more difficult to predict.

Dams and Reservoirs are ill-managed, infrastructure has not kept pace with demand and above all, water is a political resource. GMR Energy identifies the financial implications of continuously rising coal costs, water crisis and consistently takes measures to reduce coal, energy and water consumption in the processes. Climate change forms an integral part of our scenario planning exercise. We work closely with our supply chain to reduce outages and untenable price rises.

GMR Energy’s operations are exposed to potential financial risks from regulations to control GHG emissions. So, the continuous endeavour is to reduce the GHG emissions due to its operations. Emission abatement and energy savings are key considerations in the decision-making. GMR Energy undertakes public reporting of the carbon footprint. There are various initiatives for climate change adaption and mitigation.

GMR Energy is a process-driven organization that employs strong governance combined with leadership and the motivation to deliver operational excellence. The Company utilizes well-established management frameworks supported by specific processes and systems that drive, measure and report performance on an on-going basis. The ERM framework facilitates the monitoring and oversight of a broad range of corporate, divisional and project risks across all businesses. Within this framework, risks and related issues and potential opportunities are identified, prioritized, owned, reported on and managed to best value. It is inevitable for the Company to give due respect to climate change and factor it in ERM process also. The Company cushions for any present and future risks while keeping in mind in financial implications of the same.

More details are elaborated in Chapter - Environmental Performance.

Defined Benefit Plan & Obligations

GMR Energy operates the unfunded / funded defined benefit plans. The unfunded benefits are Ex-Gratia, death benefits, Accidental insurance, Health care insurance, Retirement gifts and funded defined benefit plans is Gratuity. The Gratuity is administered with Life Insurance Corporation of India (LIC).

The Company has defined contribution plans for the employees such as Provident Fund and Superannuation. The Company contributes towards Provident Fund (PF) and Superannuation Fund through defined contribution retirement benefit plan for qualifying employees. The PF is administered by Provident Fund Organization of India, Ministry of Labour & Employment, Govt and Superannuation Fund is administered by LIC. Under these schemes, the Company is required to contribute a specific percentage of salary to retirement benefit schemes to fund the benefit.

Financial Assistance received from Government

Depending upon respective State policies, non-carbon emission energy sources such as solar and wind are benefitted in terms of good tariff rates for certain period. HEPs have benefits of tax concession for certain period of post commissioning and better tariff considerations. The subsidies received are set forth in the following table:

(₹ in Million)

| Financial Subsidies | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|--|------------|--------------|------------|
| Capital subsidies, Any type of grants | 0 | 0 | 0 |
| Certified (Carbon) Emission Reduction (CER) sale | 0 | 43.68 | 0 |
| Tax relief / Credits, Financial incentives, Awards | 1767.83* | 1691.02 | 0 |
| Other financial benefits received or receivable from any Govt. for any operation | 0 | 0 | 0 |
| TOTAL | 0 | 43.68 | 0 |

* Adjusted deduction u/s 80IA (GPCL)

Government Participation in Shareholding Structure

With respect to the companies in the GMR Energy, there is no evidence of government participation in their shareholding structure.

Local Suppliers

Keeping in mind the length and breadth of our plants/projects and services, we define local supply as goods and services procured / purchased within India. Encouraging local sourcing not only fuels the local economy, it also makes good business sense. It enables better control and faster response time, lower inventory requirement, lesser costs, greater customisation plus it enriches the local talent pool. There are some other factors, which influence decisions like favourable taxes and import duties schemes, as compared to the local market procurement. But, in these cases the policy mandate maintains a fair balance.

GMR Energy encourages use of 50% building materials (by volume & cost) which is locally manufactured within 500 km. It helps to minimise the associated environmental impacts resulting from transportation. As a part of Green Supply Chain Management, we give importance to procure material from local suppliers.

Keeping the principle of fairness and equity, all the suppliers are evaluated on the same factors and scale. The selection process is purely based on the merit of an individual irrespective of his/her place, sex, religion, caste, etc. GMR Energy's suppliers' evaluation philosophy is highly transparent, fair and based on several factors, such as supplier's ability to meet the work requirements & delivery/completion schedule, safety, quality, law and environmental compliance, supplier's proven track record, financial health, etc, among many other criteria. Geographic location gives suppliers the advantages in terms of more economical, ease in mobilization, local work & culture knowledge, etc. As a part of our Green Supply Chain Management Policy, supplier selection criteria pertaining to CoBCE, EHS, Compliance and Human Rights are also included. All the parameters pertaining to child labour, forced labour, freedom of association & collective bargaining and discrimination are also checked. GMR Energy encourages its suppliers and contractors to address these values in their business. It would continually promote sustainability awareness amongst suppliers & contractors thus improving Triple Bottom Line (TBL) performance.

In FY 2014, local suppliers constituted 30% - 58% of total suppliers engaged with in three major coal based thermal power plants / projects.

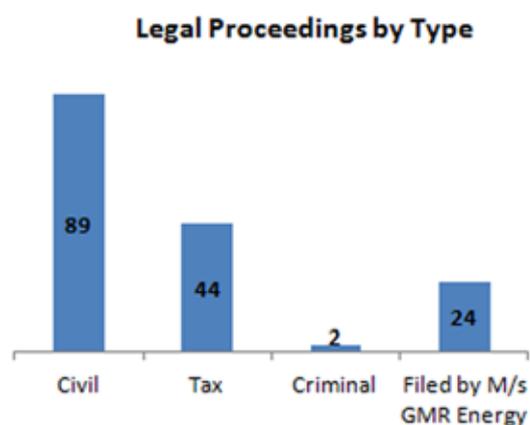
GMR Energy has considered suppliers based on monetary values as significant suppliers and local suppliers as those suppliers situated within domicile State of its project / plant operations. GMR Energy's continuous endeavour has been to empower local communities and work for their development. In addition to the above said benefits, engagement of local suppliers promotes building of harmonious relationship with the local community.



| Major Power Plants / Projects | EMCO | GKEL | GCEL |
|---|------|------|------|
| Total number of all types of suppliers | 740 | 499 | 269 |
| Total monetary value of all types of suppliers in FY 2013-14 (₹ Million) | 3280 | 1426 | 1260 |
| No. of significant suppliers | 148 | 28 | 72 |
| Monetary value of significant suppliers in FY 2013-14 (₹ Million) | 330 | 552 | 1241 |
| Total no. of local suppliers engaged (from respective domicile State where project / plant is situated) | 427 | 200 | 80 |
| % of local suppliers out of total suppliers | 58% | 40% | 30% |
| Monetary value of local suppliers in FY 2013-14 (₹ Million) | 47 | 35 | 352 |

Legal Proceedings

Except the 135 pending litigation, proceedings of civil or criminal proceedings or tax liabilities, 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 regulatory authorities, SEBI or any stock exchange or tax liabilities. Our Corporate Legal Cell is managed by professional and professional advocates.



Indirect Economic Impacts

The positive effects include the following:

Electricity production, transmission and mining facilities are built in dispersed geographic locations, and often in depressed areas. This contributes to the generation of economic activity, boosting the regional economy in the areas where construction takes place. Such facilities generate significant indirect employment in the region, requiring accommodation, health, mechanical and transport services, amongst others. In addition, it strengthens the development of the related infrastructure, especially in rural areas.

Electricity activity generates taxes, tributes, and levies at the local, regional, and national level and allows for the generation of significant income in economically disadvantaged areas, with governments receiving various millions of Indian rupees from the activity along with the increased taxes raised as a result of greater commercial and financial activity.

Local community has identified various potential opportunities with GMR Energy for growth and harness the indirect economic benefits. Due to investment in the region, there has been growth in purchasing power of the people who have also looked at various investment options to secure their funds. There has been increase in residential requirements which has been tapped by local communities by construction activities to augmenting their income levels. This is facilitating better specialized educational and critical health treatment accessing ability by these communities. Skill up-gradation / trade training programs have helped people to engage efficiently. These opportunities have created a pool of entrepreneurs locally. There has been growth in the market size and the range of products and services has also grown.

GMR Energy carries out certain infrastructure activities intended to meet the needs of the social environment, resolving needs in neighbouring communities. For this purpose, GMR Energy cooperates with local authorities and community, with which it establishes agreements to carry out various types of public service activities, with a significant social impact.

Community centre and library for villages has been built. Improvements to local roads and public lighting have taken place. Renovations and extensions of schools and health centres, and vehicles, ambulances, and other public service equipment have been carried out. The water supply infrastructures for neighbouring communities have been improved in collaboration. Investments for the local community include development of park, renovation of village roads, purchase of medical equipment for hospitals in Andhra Pradesh, construction of ancillary facilities and other assistance to the community. In the services area, mention should be made of the support given to professional training / programmes to foster economic activity, including training courses, continuous education for children and rural youth, encouraging entrepreneurs, etc. Various Community initiatives offered the region with better access to basic health and education facilities. Growth of public movement requirements has also created market driven transportation facilities which has improved the connectivity to better areas by road. The local youth has also ventured to invest in transportation opportunities offered by GMR Energy to

meet its own requirement. GMRVF facilitated formation of 269 Groups involving approximately 3200 women members across all locations. At Shahdol, Madhya Pradesh, 47 SHGs with a total membership of 500 members mobilized consolidated savings of ₹1.15 Million and provided micro-loans worth ₹3.21 Million.

The negative aspects might include the following:

The scenic impact of facilities, particularly those that are large-scale, such as dams and wind farms, and their possible negative effect during the construction or operation thereof, particularly in rural areas, on traditional activities such as livestock farming, fishing, together with higher intrusion from human activity which, in the case of affecting protected natural areas, might have an effect on the natural values of the area.

Environmental risks such as accidental releases of water, uncontrolled discharges, inadequate emissions, or problems arising from the movement of raw materials, operation of plants, or waste management, situations which might arise, despite the demanding operating practices developed at the Plant.

FY 2015 Wish Lists in the Basket

- Our Receivables locked-up in litigations should show some goodness.
- We must complete GCEL in line with planned cost, quality and time, obtain coal linkage and power purchase agreements.
- We must overcome evacuation bottlenecks in all our operational plants and also strive for operational excellence.
- Maru and Aravali Transmission Lines should become operational soon.
- Construction of Bajoli Holi and Alakananda HEPs should make progress smoothly.
- Development of Talong, Upper Karnali and Upper Marsyangdi HEPs should move forward rapidly.
- Our effort to monetize the gas assets and build a renewable portfolio should yield result. Commencement of PTBSL mine operation should prove to be a success.
- Rampia coal mine issue should be resolved.
- Planned IPO of GMR Energy should be a resounding success.
- We must inculcate a strong sense of accountability for safety in all our plants and projects. We must drive internal audits and management assurance to bring about improvement in processes and systems.
- Congruence of CR, CC and GMRVF functionaries under the Corporate Affairs umbrella to address stakeholder dependencies in Government, regulatory institutions, financial institutions, investor community, consumers, civil society, neighbourhood communities and the media should 'deliver the promise'.

Through the Idea Factory initiative, many ideas have been implemented. There are 17 Continuous Improvement Projects (CIPs) being undertaken under four themes viz., Revenue Generation, One-time cost Saving, Recurring Saving and Process Improvement. Major cost reduction initiatives will yield savings of about ₹14.3 Million.

In line with the company's ALAR strategy, the Energy business would continuously continue to sweat its portfolio in order to enhance value. We will continue to focus on enhancing Profitability and Liquidity, improving business processes and systems, completing on-going projects within the budgeted time and cost and maximizing the returns through emphasis on operational excellence and achieving optimum fuel and power sale mix.

Case Study – 1400 MW Kamalanga Mega Thermal Power Plant, Odisha



“Having achieved the CoD of all the 3 units of 350 MW each, during the last financial year, we are now working ahead towards the optimised ‘operational costs, availability and reliability’ of our plant. With some of the best technology / methods getting deployed in our operations, we are well poised to work in harmony with the environment, society and towards the satisfaction of all our key stake holders.”

R. V. Sheshan
President – GKEL & Hydro SBU

GMR Energy through a special purpose vehicle, GKEL owns 81.44% and the remaining equity are held by India Infrastructure Fund (15%) and IDFC Limited (3.56%). Phase-I (3 x 350 MW) has been fully commissioned during FY 2013-14. Estimated total cost of the Phase-I is ₹65,191.7 Million. Phase II (350 MW) is currently under development. Shanghai Electric Power Co Ltd. (SEPCO), China executed the turn-key project. Currently it is operated and maintained by our in-house team under the supervision of SEPCO.

In February 2012, the Ministry of Power, Gol 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.

The project spread over 1050 acres of land has all requisite approvals and clearances including EC from MoEF, valid consent to operate from Odisha SPCB, Factory Licence & Labour License from Labour & Employment, withdrawal of water (30 cusecs/day) from river Brahmini from Water Resources Department,

civil aviation clearance from Airport Authority of India (AAI), the relevant railway traffic clearance, etc.

GKEL has PPA tie-up of up to 85% of its generation capacity with three state utility boards of Odisha, Haryana and Bihar for 25 years.

Coal Supply & Logistics

1. Up to 112.2 million tons from Rampia Coal Mine, Odisha comprising two blocks (Rampia coal block and the dip side of the Rampia coal block), 300 kilometers (Kms) away from plant site has been allocated by the Union Ministry of Coal (MoC). 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 MoC on January 15, 2014 regarding the delay in the development of the Rampia coal mine. Subsequently, the relevant inter-ministerial group of the Government of India recommended the de-allocation of the Rampia coal mine. We have challenged 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 MoC in view of the order of the High Court of Delhi.
2. FSAs are signed with MCL and SECL for linkage coal and tapering linkage coal respectively until the Rampia coal mine becomes fully operational.
3. FSAs with PT BSL for an initial term of 15 years for supply up to 2 MT of coal per annum.
4. 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. The nearest MCL coal mine is located at Talcher, which is approximately 35 Kms from the power project. Further, based on fuel requirement, we will be importing coal from Paradeep sea port which is located approximately 200 Kms from the power project.
5. We have completed the development of the coal transportation infrastructure including railway sidings required for the transportation of domestic and imported coal. 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. Linkage coal and imported coal is being received by rail.

There are currently three petitions filed by GKEL with CERC, two of which are in respect of revisions of tariff under the PPAs with Uttar Haryana Bijli Vitran Nigam Ltd and Dakshin Haryana Bijli Vitran Nigam Ltd, and one is in respect of the tariff determination for the sale of power to GRIDCO.



Key Features of the Kamalanga Plant

- Capital Environment investment is ₹3140 Million. ₹15 Million is incurred towards EHS surveillance monitoring.
- An annual contribution is paid towards Odisha's Environment Management Fund of ₹0.06 for every Kwh (unit) of power produced by GKEL that is exported outside the state of Odisha.
- Choice of imported coal significantly lowers sulphur emissions. The plant will use significantly less than the stipulated 1% sulphur and 10% ash content in coal.
- Use of high efficiency Electro-Static Precipitators (ESP) to control Particulate Matter (PM) emissions.
- The low NO_x burners for combustion of pulverised coal are specially designed to reduce more than 35% NO_x emission.
- Use of stacks with a height of 275 metres for dispersion of emitted gases to minimise the impact of emissions at the ground level.
- Three online stack analysers for PM and four Continuous Ambient Air Quality Monitoring Stations (CAAQMS) are installed inside premises with connectivity to SPCB's web sever for real time levels of five pollutant parameters.
- Provision of ETP, STP, rain water harvesting system, dust suppression system, dry fog system, special acoustic enclosure to control turbine generator noise, etc.
- Use of high density polyethylene lining in ash pond and five piezometric monitoring wells for ground water quality checks.



GMR Energy owns 100% stake in GCEL, which consists of 2 x 685 MW supercritical boilers which is able to produce more power from less fuel and has lower emissions than a subcritical power plant.

Estimated project cost is ₹110,150 Million. Doosan Projects India Limited, Korea has been executing the project BTG part. Spread over 850 acres, 89% of construction has been completed and CoD of the first Unit is expected during FY 2014-15 and second Unit in early FY 2015-16. The 400 kV transmission line for evacuation to central grid has been completed and charged.

GCEL has obtained all requisite approvals and clearances, including EC from MoEF, Consent to Establish from SPCB, civil aviation clearance from AAI and water allocation clearance (36 million cubic meters per annum from Mahanadi river). For railway line to transport coal, land acquisition is in progress. The Govt. of Chhattisgarh has agreed to facilitate the project for coal linkage.

Coal Linkage

As the project satisfies all criteria set forth by CEA, we expect the power project to be recommended for domestic coal linkage by MoC. GCEL would source 4.2 MTPA coal from GEMS, Indonesia for 20 years or until coal linkage is provided by the MoC. 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 Kms from the power plant. We also intend to source e-auction coal from SECL or MCL mines, which are located approximately 200 to 300 Kms from the power plant.

Case Study – 1370 MW Mega Thermal Power Plant, Chhattisgarh



“Our mega thermal projects of national pride are comprehensively designed for competitive advantage. GCEL represents a classic case of perfect partnership with a globally acclaimed EPC contractor blended with local workforce in robust project management. ‘Nil’ fatalities in FY 2014 at

both EMCO & GCEL substantiate our utmost priority for safety and inherent value for precious lives. Our resources are rightly positioned to tap technological and human potential.”

S. N. Barde
President – Thermal SBU



Power Offtake Arrangements

We plan to sell power through long-term power purchase agreements and short-term arrangements, including in the open market. 20-year PPA with Chhattisgarh State Power Trading Company Limited for 30% of the gross capacity generated is presently under discussion.

Key Features of the Chhattisgarh Project

- Supercritical boiler technology is environment friendly and efficient.
- Consistently best safety performance in last two years (Zero fatality; 2 LTI during FY 2012-14).
- Choice of imported coal significantly lowers sulphur emissions. The plant will use significantly less than the stipulated 1% sulphur and 10 % ash content in coal.
- Use of high efficiency ESPs to control PM emissions.
- The low NO_x burners for combustion of pulverised coal are specially designed to reduce more than 35% NO_x emission.
- Use of stacks with a height of 275 metres for dispersion of emitted gases to minimise the impact of emissions at the ground level.
- Three online stack analysers for PM and four CAAQMS are installed inside premises with connectivity to SPCB's web sever for real time levels of five pollutant parameters.
- Provision of ETP, STP, rain water harvesting system, dust suppression system, dry fog system, special acoustic enclosure to control turbine generator noise, etc.
- Use of high density polyethylene lining in ash pond and five piezometric monitoring wells for ground water quality checks.



Environmental Performance

Climate change

Air emissions

Water management

Occupational health & safety



Management Approach

As an organisation, we are committed to continual environmental improvement and during the last year we have taken several initiatives at both corporate and business level to demonstrate our commitment to be an environmentally-conscious organisation.

All our new projects undergo a systematic process of regulatory environmental clearance for establishment and operation. The environmental performance by business is discussed monthly in the EHS management committee. Besides legal and operational compliance, we continued our focus on getting all our operating plants certified to ISO 14001:EMS in the reporting period, raising awareness about environmental issues through various campaigns, class room and online training. Our 'Capability Centre' is also identifying opportunities that aim at cost optimisation and energy efficiency.

Going forward, the following are our priorities for FY 2015:

- Ensure compliance to legal and other requirements continually
- Minimise pollution and continually improve performance to reduce environmental footprint
- Optimise resource consumption by planning and carrying out operations using sustainable technologies and processes
- Identification of opportunities such as clean technologies, energy efficiency, water efficiency, etc., with an approach that enables long-term sustainability

- Increasing awareness of the environmental issues – global and business-specific

Policy

GMR Group released its first Corporate Environment, Health, Safety and Quality on 5th June 2008 and revised it on 15th June 2013 incorporating 'Corporate Environment Responsibility' guidelines of MoEF, Gov. Every SBU and Plant Site has site-specific Integrated Management System (IMS) Policy.

EHSQ Policy sets out the Company's commitment to contribute to the conservation and protection of the environment. GMR Energy commits to promoting innovation in this field and to eco-efficiency (reduction in environmental impact per unit of production), to gradually reduce the environmental impacts of its facilities, product, and services, as well as to offer, promote, and investigate eco-efficient solutions in its market and for its customers.



We, at GMR Group with interests in diversified businesses, driven by our core Values & Beliefs, are committed to our stakeholders and meet customer satisfaction through integrated EHSQ management system to achieve Corporate Sustainability, in all our existing and future businesses.

To attain this objective, we shall

- Implement and maintain an integrated EHSQ management system to achieve sustainable performance
- Adopt and sustain a Business Excellence framework for continual business process improvement
- Protect environment, conserve natural resources, reduce energy consumption, improve occupational health and safety performance and mitigate risks by adopting optimal production processes and services, driven by environment friendly technologies
- Comply and endeavour to exceed all applicable legal and other requirements
- Continuously strive to achieve satisfaction of all stakeholders through contribution to social development
- Communicate effectively about the EHSQ system across the Group; create awareness and increase the competency of all employees through training
- Establish specific organizational structure for guidance, implementation and regular review of EHSQ management system

15th June 2013

Revision 1

G M Rao
Group Chairman



Raghunandan G. K.
CEO – Gas and
Liquid Assets SBU

“We foray into Energy business with projects based on cleaner & greener fuels (NG & Low Sulphur Liquid fuels). Environmental Sustainability has always been our priority thoughts since project inception. First ever barge mounted TPP in India initiated by us utilises NG. Liquid based plant in the midst of the Chennai metropolitan city continue to demonstrate its green image by utilizing city sewage for its entire plant water needs and lush greenery since way back in 1999. Two NG based plants have been certified for significant reduction in carbon footprint. NG projections are almost matching what is practically possible in India. RLNG terminals are conservative. However, we will formulate strategies to maximise plant utilization.”

EHS Governance

Corporate EHS department reports to the President – S&D. Site EHS Heads are in direct two tier reporting relationship with Sector Head – Sustainability and Plant Head as well. Every unit has a designated organizational structure to oversee the effective implementation of EHSQ Policy. All the employees are defined with key responsibilities within the various levels of an organization for policy implementation. The management ensures the availability of resources essential to implement the EHSQ policy across all its activities / projects. Resources include HR, organizational infrastructure, technology and financial resources.

Internal & external audits, IMS Surveillance audits by certifying agencies, in-house and third party environmental surveillance monitoring at regular intervals, daily inspections, statutory visits, etc. provide inputs about system adequacy and efficacy for management reviews enabling decision making and actions. The management review is carried out by the SBU Head on monthly basis and by the top management on quarterly basis.

Our continual endeavour for managing energy, water and waste disposal are monitored and certified by reputed national and international Certifying Agencies through established IMS comprising following systems:

- Environmental Management System (EMS) ISO 14001
- Occupational Health and Safety Assessment System (OHSAS) 18001
- Quality Management System (QMS) ISO 9001

These provide an overall management approach to improve systematically the environment, health and safety in work place.

Compliance & Monitoring

GMR Energy has always been committed to go ‘Beyond Compliance’, stay ahead of all applicable environment statutory requirements, and protect the health and safety of its employees and the surrounding communities. It aims to set new benchmarks by successfully translating environmental issues into actionable and measurable goals which help enhance economic bottom-line, operational efficiencies and compliance across all generating stations.

Having all valid statutory permits in place, all our operating assets are in compliance with applicable statutory norms and regulations related to EHS.

Environmental compliance and monitoring is one of the key principles embedded in GMR processes and management systems. GMR strives to continually improve the environmental performance of organizational processes and products through waste minimization and pollution abatement. GMR integrates the consideration of environmental concerns and impacts into decision making and activities. It minimizes consumption of natural resources through the reduction, reuse or recycling of materials, as much as possible. GMR strives for efficient use of energy, water and utilities.

All our operating units are in full compliance with the following Environmental Statutory Rules and Regulations and its subsequent amendments:

- Environment (Protection) Act, 1986
- Environment Impact Assessment Notification, 2006
- Coastal Regulation Zone notification, 2011
- Water (Prevention & Control of Pollution) Act, 1974
- Water (Prevention And Control of Pollution) Cess Act, 1977
- Air (Prevention & Control of Pollution) Act, 1981
- Hazardous Waste (Management, Handling and Trans boundary) Rules, 2008
- Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
- Bio-Medical Waste (Management & Handling) Rules, 1998
- Noise Pollution (Regulation & Control) Rules, 2000
- Batteries (Management & Handling) Rules, 2001
- Fly ash Notification, 1999 and its amendments
- E-Waste Management and Handling Rules, 2011
- Public Liability Insurance Act, 1991
- Forest Conservation Act, 1980
- Wildlife Protection Act, 1972
- Others related to our operations and projects.

Compliance Monitoring is crucial and it is conducted periodically to check if progress is being achieved in line with expectations. It serves to drive accountability and transparency, and provides for learning to implement in future initiatives. Systematic and structured reporting process facilitates accountability and transparency between the GMR and its internal and external stakeholders. GMR Energy implements its monitoring mechanism by its defined organizational structure with clear roles and responsibilities for every plant comprising of the following steps:

- Creating a legal register specifying all the regulatory compliance conditions along with the compliance conditions, clearance conditions that have been stipulated by the MoEF, SPCB and other statutory authorities and conduct assessment in order to monitor progress and compliance levels.
- Monitoring, collecting and documenting data on the environmental performance.
- Internal, external and surveillance audits, management review include the Environmental performance in the Annual Report.

In FY 2014, there were no instances of non-compliance, legal notices and statutory penalties / fines.

Continuous Stack Emission Monitoring System (CEMS) are installed at stacks of all operating power plants. Permanent ambient air quality monitoring stations (AAQMS) using Respirable Dust Sampler (RDS) / High Volume Sampler (HVS) have been installed at 3 – 4 locations at all operating power plants. Continuous ambient air quality monitoring systems (CAAQMS) (3 at EMCO, 4 at GKEL and 3 under installation at GCEL) have been set up for monitoring of vital ambient air quality parameters on real time basis. The real time environmental data connectivity has also been established with web-server of SPCBs of Maharashtra and Odisha for EMCO & GKEL respectively. All parameters such as stack emissions, ambient air quality, treated effluent quality, noise levels, ground water quality, etc. are monitored and analysed at regular intervals through third party MoEF / SPCB recognised Environmental Laboratories. Display board indicating various environmental data is installed near main entry gates of all operating plants. All these parameters are being maintained well within the stipulated norms. The monitoring reports are submitted periodically to statutory authorities. Internal audits and surveillance audits as per the requirements of ISO certifications are conducted. Such monitoring is also conducted at regular intervals by SPCB and Central Pollution Control Board (CPCB). Any observation or non-conformance is dealt with utmost importance immediately. The system is managed by dedicated EHS team and steered frequently at Apex level for quick actions.

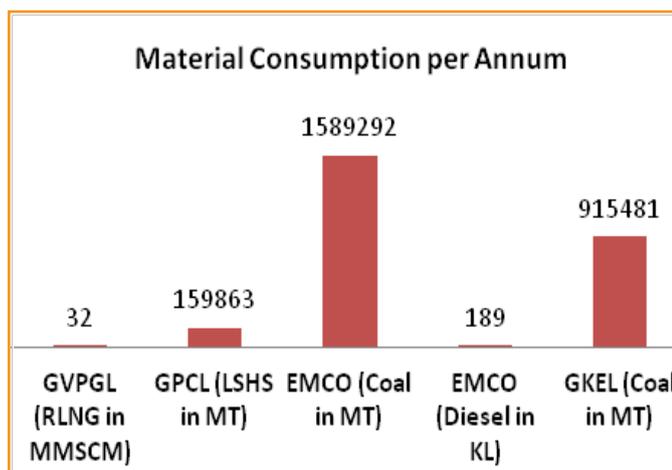


Online tracking of compliance has been implemented at EMCO, GKEL, GCEL and Bajoli Holi HEP. GMR Energy intends to adopt e-governed EHS, Sustainability and Compliance Management tool during FY 2014-15 for robust automated mechanisms and better systems.

As a part of pre-project assessment, GMR Energy also undertakes a comprehensive ecological monitoring programme through satellite imagery studies covering area around its project site. Up-gradation measures are undertaken during the post operational stage, greatly helping to minimize the impact on environment and preserve the ecology in and around its power projects.

Material Consumption

Coal, Low Sulphur Heavy Stock (LSHS), Diesel and NG / RLNG are the raw materials used for generation of power. GMR Energy does not use any Polychlorinated Biphenyl (Persistent Organic Pollutants, POP) as well as Volatile Organic Compounds (VOC) containing materials in any generation process or equipment across all locations. Insignificant quantity of NG was consumed in GVPGL which operated for total 633 hours through 31 days in the entire reporting year.



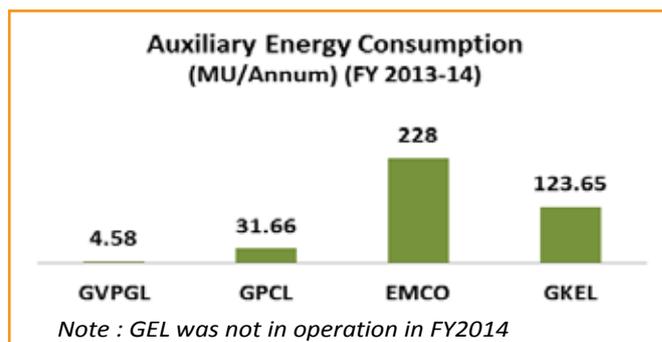
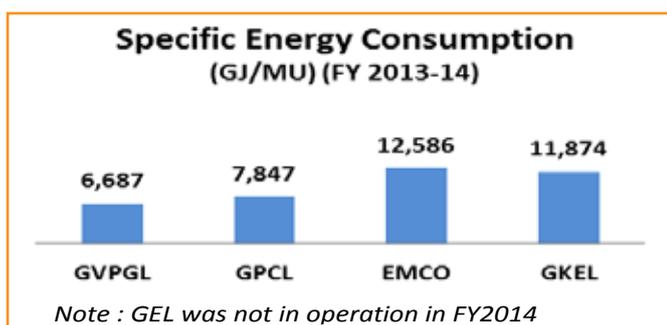
Use of Recycled Input Materials

GMR Energy is generating electricity from Coal, NG / RLNG, low sulphur heavy stock liquid fuels (LSHS / Diesel, etc.) as well as from NCS. No recycled input materials have been used during the reporting year.

Energy

GMR Energy's strategy includes the promotion of eco-efficiency in order to encourage the responsible consumption of energy and to foster the use of renewable sources of generation, which in turn will help to reduce emissions of CO₂ into the atmosphere. GMR Energy is using technological advancements, energy efficient processes and technologies in all our greenfield projects such as supercritical boiler at GCEL to conserve energy.

Station-wise thermal efficiency and plant availability details are presented in Chapter - Organisation Profile. Auxiliary energy consumption is energy consumed within the generation station for operations.



Indirect Energy Consumption

In the reporting period, there has been no purchase of electricity for consumption at any operating stations except GKEL during the construction / commissioning phase. GVPGL was partly operational for 633 hours and GEL was not operational in FY 2014 and hence continued to purchase electricity from respective State grids. Other projects under construction too purchased electricity from respective State grids.

In FY 2014, there are various initiatives taken by GMR Energy and its employees to reduce indirect energy consumption through optimisation of operations involving cooling tower fan, cooling water pump, direct bunkering, jockey pump, variable frequency drive installation for HFO pump, LDO pump & hot well make up pumps, energy audits, energy conservation awareness programs, etc. At EMCO, four such projects at EMCO involving optimisation of cooling tower fan, cooling water pump, direct bunkering and jockey pump resulted in energy savings of 32,04,931 kwh/annum.

Regular energy audits along with capacity building, advocacy and improvement in the HR structure also form part of the effort to improve internal focus. Alongside the use of alternative fuels, GMR Energy has achieved energy consumption reduction by optimization of processes, equipment and operational efficiency. GMR Energy also invested in upgrading equipment using best available and ecologically viable new technologies as well as projects to recover and utilize fuels efficiently to reduce total thermal energy consumption. Group-wide energy conservation drive titled 'Project Bijlee' is launched where best energy conservation practices are captured and shared with other plants for implementation. Under group-wide 'Project Bijlee', 18 energy conservation projects out of 36 having saving potential of ₹ 48.7 Million are identified for implementation.

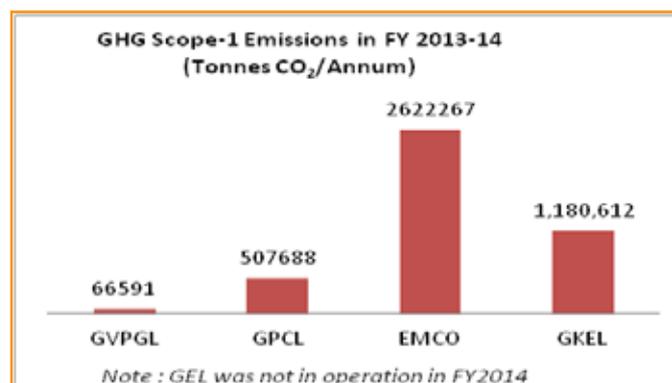
The offices are designed for maximum utilization of natural light and provided with sensors triggered automated lighting system. All the employees are also motivated to 'Switch-Off the Lights - When not in Use'. Initiatives for promoting energy conservation, paper conservation were taken up by encouraging paperless communication through intranet or email or campaigns, messages, labels, etc. to employees to contribute to the cause. This has not only helped to reduce energy consumption but also has resulted in waste minimization at source.

Efforts aimed at conservation of energy and fuel at GVPGL was rewarded with the National Energy Conservation Awards – 2nd Prize & Certificate of Merit in the years 2010 & 2011 respectively, conferred by the Ministry of Power, Gol.

Green House Gas (GHG) Emission

Six Green House Gases (GHGs) viz., Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Chlorofluorocarbons (CFCs), Hydro-chloro-fluorocarbons (HCFCs) and Water Vapour absorb the infrared radiation emitted by the earth & re-radiate the energy as heat back towards the earth causing a 'global warming' phenomenon and climate change.

GMR Energy is tracking GHG emissions regularly and conducting Carbon footprint assessment annually as per the World Business Council for Sustainable Development (WBCSD) guidelines and ISO 14064. Greenhouse gases (GHG) Emissions assessment is the measurement of total amount of CO₂ & other GHG Greenhouse Gases caused by an entity project or product, and expressed as 'tonnes of CO₂ equivalent per annum'. The total carbon footprint is categorised into Scope-1, Scope-2 and Scope-3 emissions. Scope-1 emissions account for direct GHG emissions that occur from sources that are owned or controlled by the company.



The GHG Scope-1 emissions assessment commenced in the year 2008 with GPCL, Chennai and then later extended to other power plants. 600 MW EMCO (coal) and 1050 MW GKEL (coal) plants were commissioned in FY 2012-13 and FY 2013-14 respectively. Hence, the CO₂ emissions show a large variation. Scope-2 & Scope-3 emissions will be reported in future reports in the short term.

Scope-1 Carbon Footprint of GMR Energy

| Emission | Units | FY 2013-2014 |
|------------------------------|------------------------|--------------|
| Scope-1 Direct GHG emissions | t CO ₂ | 4377158 |
| Specific Scope-1 Emission | t CO ₂ /MU* | 1026 |

*MU: Million Units of gross electricity generated from 4 TPPs (GVPGL, GPCL, EMCO & GKEL)

Climate Change

As a Group, we realise that our response to climate change is going to be a deciding factor in our business performance. We view climate change as an opportunity that will strengthen the organisation and position us for future growth and success. The emerging climate change regulations can affect the competitiveness of industrial sectors impacting profit potential and trade flows. Therefore, it is imperative to have a structured approach to carbon management to manage the impact of climate regulations in our organisation's growth and profitability. Key drivers to our climate change strategy shall include regulation, stakeholder expectations, revenue generation and cost reduction.

Our carbon management strategy is driven by the following:

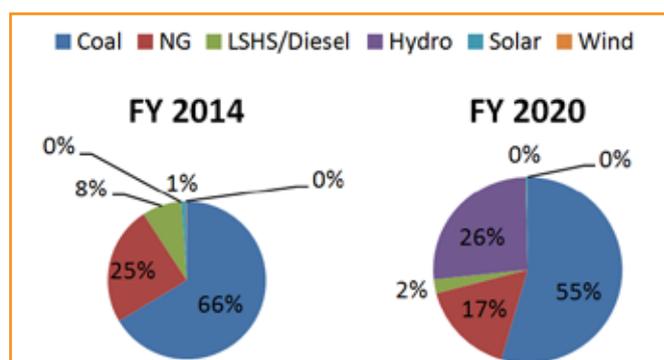
- Adoption of energy-efficient technology (up-gradation of equipment and process, waste heat recovery)
- Alternative fuel technologies to reduce CO₂ emissions
- Implementation of various energy efficient technologies during modernisation
- Conducting energy efficiency evaluation / audits
- Monitoring and measurement of energy

GMR Energy's approach includes the following:

- Three plants in Andhra Pradesh (total 1188 MW including GREL which is almost ready for commissioning) is based on Combined Cycle Power Plant technology using clean fuel (NG / RLNG).
- Combustion efficient and environment friendly supercritical boiler units of 2 x 685 MW is under construction at GCEL, Chhattisgarh.

Initiatives for renewable energy

Since its inception, GMR Energy has actively forayed in the NCES of energy generation like solar (25 MW), wind (3.35 MW) and hydro (2205 MW by 2020). This not only helps in mitigating Climate Change but also helps to reduce energy requirement from fossil fuels. It currently has 28.35 MW of solar & wind projects in operation and 180 MW Hydro project under construction. These initiatives have provided renewable energy based generation to GMR Energy. It is planned to augment solar and wind power generating capacities significantly by around 20-25% and 75-80% of overall wind and solar capacities respectively in the next 5-10 years.



Clean Development Mechanism (CDM) Projects

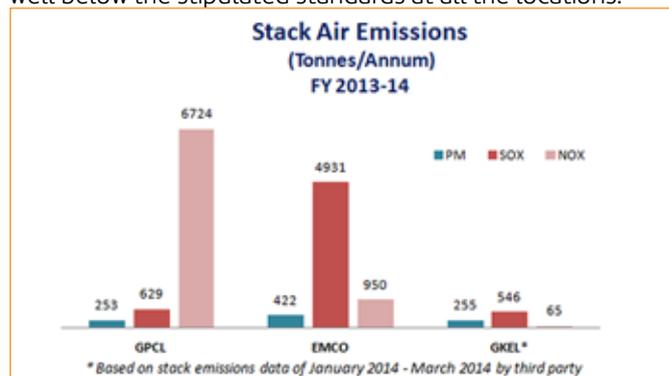
The Clean Development Mechanism (CDM) is an arrangement under the Kyoto Protocol allowing industrialized countries with a greenhouse gas reduction commitment (called Annex-1 countries) to invest in projects that reduce emissions in developing countries as an alternative to more expensive emission reductions in their own countries. The CDM is supervised by the CDM Executive Board (CDM EB) and is under the guidance of the Conference of the Parties (COP) / Meeting of the Parties (MOP) of the United Nations Framework Convention on Climate Change (UNFCCC).

45,73,045 tons CO₂ (CER) from 7 registered CDM projects; and 5,13,169 ton CO₂ (VER) from 1 project registered with VCS would be reduced.

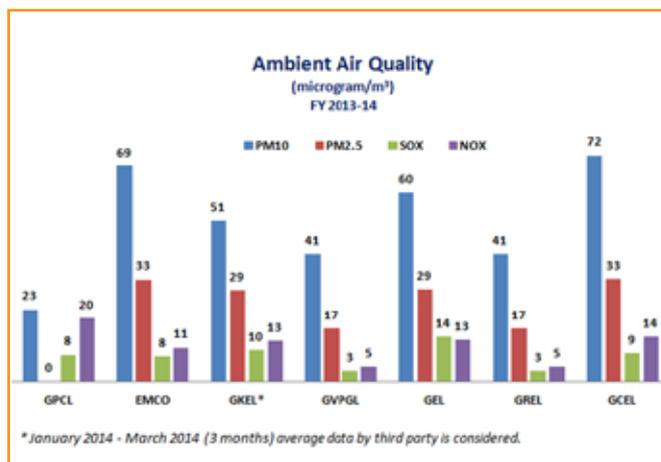
Our business has been investing in CDM projects for the last few years and the projects are at different stages of approval at the UNFCCC. In our continual effort to address global climate change agenda, so far our five established projects (2 NG, 1 solar & 2 wind based) and two hydro projects under development at Bajoli-Holi and Alaknanda are successfully registered under CDM at the UNFCCC. Upon full operational at design PLF, these CDM projects have potential of reducing Certified Emission Reduction (CER) of 45,73,045 tons of CO₂ per annum. GEL-Kakinada registered at Verified Carbon Standard Registry (VCS) have potential of reducing 5,13,169 Verified Emission Reduction (VER) per annum. Two proposed HEPs in Nepal are at validation stage for CDM registration. We continue to move forward towards implementing CDM projects as a part of our overall carbon reduction.

Air Quality

At all generating stations, stack emissions are monitored through online stack analysers (CEMS). Ambient Air Quality (AAQ) is monitored through respective State Pollution Control Board recognised Environmental Laboratory (third party). Besides that, AAQ is also being monitored through online CAAQMS at GKEL and EMCO stations. These keep a check on various pollutants on a daily basis. GMR Energy doesn't use any Ozone Depleting Substances (ODS) in its operations. All parameters of stack emissions and AAQ parameters across all units of GMR group are maintained well below the stipulated standards at all the locations.



The stipulated limits of these parameters are location specific. These emissions are reported as per the standard practice of regulatory authorities.

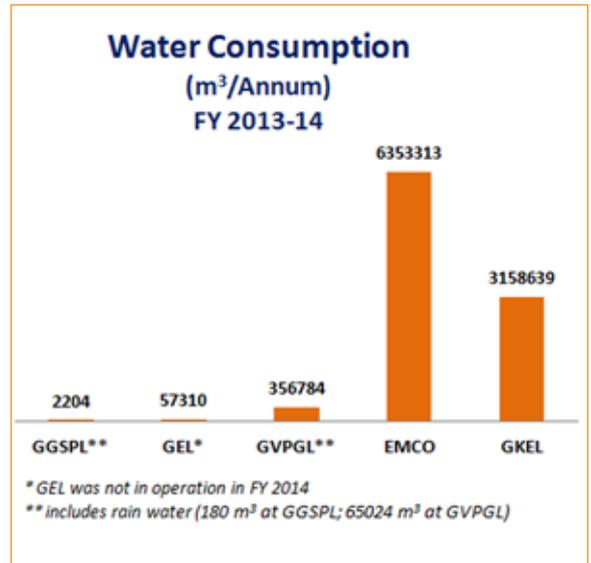


Water

The ever-growing importance of water in the industrial manufacturing arena has been demonstrated by increasing concern regarding the sufficiency of both its quantity and quality. Considerable steps have been taken to reduce the usage of water in our operations.

During FY 2013-14, no ground water or waste water from any other industry was extracted / used and only the fresh water is drawn from natural water resources such as rivers and reservoirs and partly rain water were used at all our operating plants except GPCL. Before setting up any power plant by GMR Energy, water allocation is obtained from State Government Water Authorities. None of the water sources near our operating sites were significantly affected by the withdrawal of water for industrial use. There were no significant spills in the reporting period. The water withdrawal by source in m³ and consumption by source & location-wise are given below. No water sources (rivers & reservoirs) were affected due to this water withdrawal.

GPCL-Chennai plant treats 7200 cubic meters of raw sewage per day from Chennai Metropolitan & Sewerage Board to produce 5400 cubic meters of clean water for its own use, equivalent to domestic water consumption of 0.1 Million Chennai city residents. For this, GPCL plant is recognised with the coveted Dr. M. S. Swaminathan Environment Award for environment protection.



Case Study : GPCL – A Zero Fresh Water Consumption Power Plant

GPCL, Chennai TPP has adopted an innovative and eco-friendly system of utilizing raw city domestic sewage from Chennai Metropolitan City & Sewerage Board by installing first integrated modern sewage treatment plant (STP) in India with a capacity of 7200 cubic meters per day consisting of Biological, Chemical and Reverse Osmosis (RO) treatment stages. It produces 5400 cubic meters per day of fresh water equivalent to domestic consumption of 0.1 Million Chennai city residents.



The treated sewage water is mainly used in equipment cooling, horticulture, service water, domestic use (except drinking), floor & road cleaning, etc, thus meeting the entire process water requirement of the thermal power plant. The electricity so produced is transmitted to same Chennai city residents.

Water conservation is through:

- The medium density ash slurry handling system using part of cooling tower blow down / recycled treated waste water from ETP have been installed at GKEL and GCEL, while at EMCO it is in advanced stages of construction.
- Multiple use of recycled water, increasing the Cycle of Concentration (COC) up to 4 to 5.
- Ash water recirculation system - Ash water is recycled again for ash sluicing.
- Industrial effluents from liquid waste treatment plants - Treated water is re-used as service water or coal dust suppression or in other plant uses.
- Domestic sewage treatment plants - Treated effluent is reused for horticulture purposes.
- Group wide energy conservation drive titled 'Project Paani' is launched where best water Conservation practices are captured and shared with other plants for implementation. Under 'Project Paani', 8 projects out of 37 having a savings potential of ₹30 Million are identified for implementation.

Rainwater Harvesting

The objective of the rain water harvesting is recharging groundwater. The rain water collected from the roof of buildings is channelized through the rain water down comers and routed to the garland drain around the buildings. These garland drains are connected to the plant storm water drainage network system all around the plant. Several recharge wells are located at strategic locations within the plant and are interconnected to the storm water drainage system. This storm water is being used for gardening and process.

Rain water capturing structures consisting of settling pits / tanks, pipeline network and heavy duty pumps have been initiated at GKEL and GCEL. The same is under construction at EMCO.



In FY2014, ~ 70,204 cum of rain water were captured and reused. The existing rain water harvesting structures would enable capturing and reusing rain water of over 1.09 million cum of water per annum during monsoon for process water needs, thereby reducing the intake of fresh surface water.

No ground water was used at any operating plants during the reporting year.

| | |
|--------|--|
| GVPGL | Rain water harvesting pond capacity : 14,770 m ³ Volume of rain water harvested : 65,024 m ³ /annum |
| GEL | ~ 3000 cum of rain water/annum |
| GPCL | Collection pit to reuse ~ 2000 m ³ of rain water/annum |
| GKEL | Rain water capturing structure has been installed in FY 2013-14 to capture and pump approximately 1.02 Million m ³ /annum of rain water into raw water reservoir for captive plant water needs. It will be operational in FY 2014-15. |
| GG SPL | 6 nos. of storage tanks of 10 m ³ capacity each is installed in April 2013 to capture and reuse roof top run off rainwater. In FY 2014, about 180 m ³ of rain water was captured & utilised for solar panels washing. |

Roof top Rain Water Harvesting System at Gujarat Solar Power Plant (GG SPL)

In order to capture rain water from roof top of control room and administrative buildings, 6 numbers of PVC storage tanks of 10 m³ capacity each has been set up along the length of the building. The total 60 m³ stored water is auto-pumped to an overhead tank of 200 m³ capacity for its captive use in cleaning of solar PV modules and road dust suppression.



Discharged Water Quality



All operating plants have set up state-of-the-art water pollution control systems comprising ETPs and STPs to treat the effluent and domestic sewage respectively and also to utilize or discharge in accordance with SPCB stipulated norms. The characteristics of treated effluent are maintained below limits prescribed by respective SPCB. Monitoring of water quality parameters is conducted at regular intervals through MoEF certified / SPCB recognised environmental laboratories as well as by SPCB.

At all operating plants, 100% domestic water is treated and recycled back for plantation development or sprayed to minimize fugitive emission. Clarifier sludge is treated for removal of solid waste, and recovered water is recycled to inlet of the clarifier. Clarifier sludge is disposed-off along with ash slurry. The treated effluent is utilised for coal dust, road dust suppression, landscaping, wet disposal of bottom ash into ash pond, etc. There are no water bodies with diversity values and related habitats affected due to surplus treated water discharges and runoffs at few sites. GPCL and

the recently commissioned power plants viz., GKEL and EMCO are zero water discharge facilities, complying the statutory zero discharge requirements. The treated water is used for various process & landscaping purposes. Gas based GVPGL operated for total 633 hours through 31 days (in April 2013 & May 2013) whereas GEL was not operational during the reporting period. GPCL-Chennai uses treated Chennai city municipal sewage and 100% of water is recycled or reused. Upcoming GCEL is also designed for zero effluent discharge.

Only GVPGL discharged about 4535 m³ of treated waste water within the permitted quality limits prescribed by SPCB, into water body leading to sea. The quality of the treated waste water is given below, which in all cases except GVPGL were recycled / reused in various process, horticulture, dust suppression and housekeeping purposes.

| Parameters | Units | GVPGL | GPCL | GKEL | EMCO | Statutory Limit (GVPGL) |
|--|-------|-------|------|-------|-------|-------------------------|
| pH | -- | 8.2 | 7.2 | 7.1 | 7.8 | 6.5 – 8.5 |
| Chemical Oxygen Demand (COD) | mg/l | 22.1 | 59.6 | 32.2 | 17.1 | < 250 |
| Biological Oxygen Demand (BOD ₅) | mg/l | 5.4 | 19.1 | 10.9 | 5.2 | < 30 |
| Total Suspended Solids (TSS) | mg/l | 12.5 | 19.4 | 25.6 | 14.0 | < 100 |
| Oil & Grease (O&G) | mg/l | BDL | ND | 0.7 | ND | < 10 |
| Total Dissolved Solids (TDS) | mg/l | - | 1818 | 164.4 | 168.8 | -- |

mg/l - milligram/litre (= parts per million i.e. ppm); BDL - Below Detectable Limit; ND - Non Detectable

Waste

Waste is managed in an environmentally-responsible and cost-effective manner, maximising recycling whenever possible. Non-hazardous waste is managed through environmental management systems that set objectives and goals with respect to reduction, good practices, etc.

Non-hazardous waste i.e. fly ash generation along with Hazardous waste generation for the reporting year is mentioned below in the graph. The quantity of ash generated depends upon the type of coal used i.e. Indian/ imported as well as ash content in the coal. Quantitatively, ash is reutilised based on demand from cement and construction companies.

Strategic efforts facilitated improved fly ash utilization at 98.4% and 47.9% at EMCO and GKEL respectively in FY 2014. At EMCO, major quantity is being given to cement manufacturers by bearing 50% cost of its transportation to their sites.

At GKEL, fly ash was disposed to construction industry as well as in land filling as per regulatory guidelines. The part not reutilised is deposited in low lying landfills within premises and in ash ponds.

Most of the other solid wastes (Non-hazardous) such as scrap metal (steel or so), wood is used as barrier, tree guard for plantation or sold to third party contractors for disposal. A large percentage of such solid wastes disposed in this manner is eventually recycled or reused.

Hazardous waste is stored & disposed as per Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 and its subsequent amendments. There have been no hazardous wastes under the Basel Convention imported or exported and no such waste has been shipped internationally. There had been no spills in the reporting year.

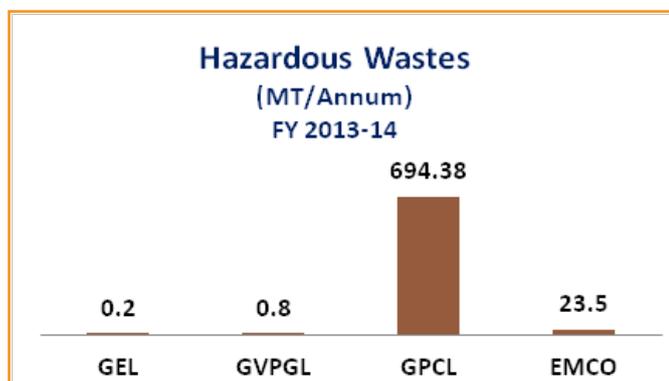
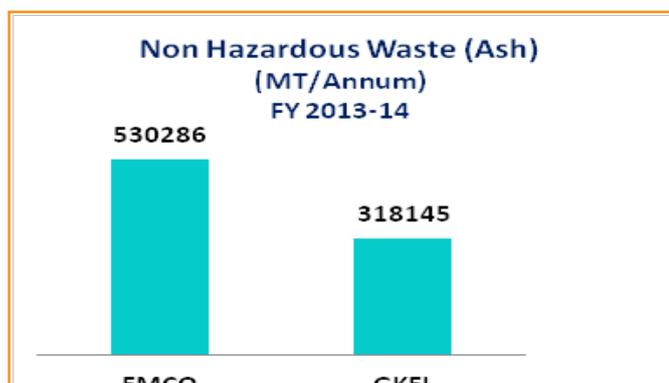
Strategic efforts facilitated improved fly ash utilization at 98.4% and 47.9% at EMCO and GKEL respectively in FY 2014.

At all the locations, leaf fall is used as mulching for greenery development. GMR Energy does not generate any waste which can be used for metal recovery. No waste was generated for in-house incineration.

Biodiversity

Biodiversity aspects are described in Chapter – Sustainability Approach.

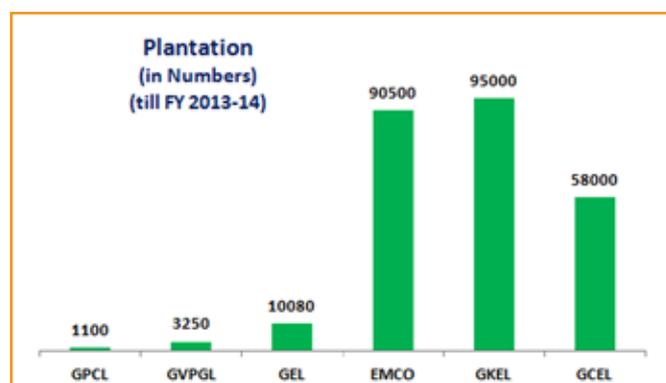
Greenbelt



The greenbelt development aims at overall improvement in the environmental conditions of the region. It addresses issues such as prevention of land degradation due to activities during construction phase; enhancing the forest cover for increasing the biodiversity of the region; providing aesthetic value to the project area and enhancing the ecological equilibrium of the area; and to a large proportion in combating soil erosion.

Greenbelt is created not only for the purpose of protecting sensitive areas or to maintain ecological balance but because they also act as efficient biological filters or sinks for particulate and gaseous emissions, generated by the industrial activities.

All three Gas & liquid based plants have already developed dense greenbelt over mandated 33% of land. 1,19,210 numbers of trees were planted during the reporting period. GEL-Kakinada has developed greenbelt area to an extent of 18 acres out of total plant area of 28 acres, exceeding far beyond the statutory requirement. While construction is still in progress at GCEL, GKEL, EMCO & GREL, 2,57,930 numbers of trees have been planted till FY 2014 over total 193 acres of land thereof. Adequate resources have been ensured for our ambitious plan of sustainable farming based greenbelt development in FY15 and also to bring mandatory 33% of land under greenery. Total saplings planted till FY 2014 at various sites are provided below:



Plantation in Villages & Schools

With the support of GMRVF, GMR Energy’s employees undertake plantation in nearby villages and school. Community, school children and school teachers were involved in such events. During the plantation activity, plant managers/employees interact with the school children and teachers and address on environment protection. More details are provided in Chapter – Social Performance.



Transport

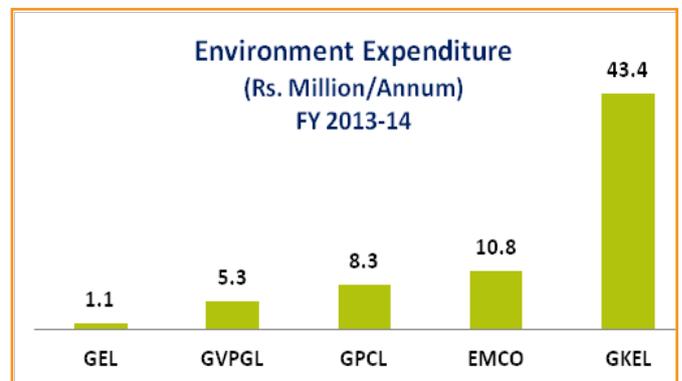
At all locations, a concrete road network is developed for intra-vehicular movements. Thus, it reduced fuel consumption and dust emissions from roads. Ash is being transported out of premises through closed bulkers for cement making. Vehicle pooling facility, buses are provided for employees’ commuting.

GKEL and EMCO have a facility of railway siding for coal transportation by rail. At GKEL, Coal is transported by both road and rail covered with tarpaulin. Both the locations are equipped with state of the art technology wagon tippers and stacker reclaimer for unloading / loading of coal to avoid any impact in the vicinity of operations. Closed conveyor is used for transportation of coal from coal yards to plant to avoid fugitive emissions. No environmental impact due to transportation of coals both offsite and onsite were reported. No major environmental concerns were recorded.

There are various initiatives taken by GMR Energy and its employees to reduce emissions due to travel and indirect energy consumption through video conferencing facility at sites thus minimizing air travel, energy conservation awareness programs, paper conservation and vehicle pooling. About 80 employees were re-deployed from Bengaluru head office to Delhi and other plant locations thereby significantly reducing the air travel & associated emissions. GMR Energy also encourages employees to avail GMR Energy’s bus services at plant / project sites.

Environment Expenditure

GMR Energy strives to minimize its ecological footprint primarily by minimizing waste and effluent generation and by treating waste and effluent in ways that are more stringent than the statutory requirements. GMR Energy has adopted well defined environmental management metrics, auditing and reporting framework that ensures that environmental monitoring of various parameters is done regularly. We believe that expenditure on environmental management actually reduce costs and help to avoid liability in future. This includes mainly environmental management cost such as environmental surveillance monitoring, ISO 14001 implementation, audits, awareness campaigns, greenbelt development, pollution prevention (effluent & waste treatment), etc. As GKEL plant is commissioned in FY 2014, expenditure is comparatively higher in the reporting period.



Environmental Training

Environmental responsibility acts as a spur to cost efficiency, competitiveness and growth. Various environment training programs are focussed on educating the following aspects:

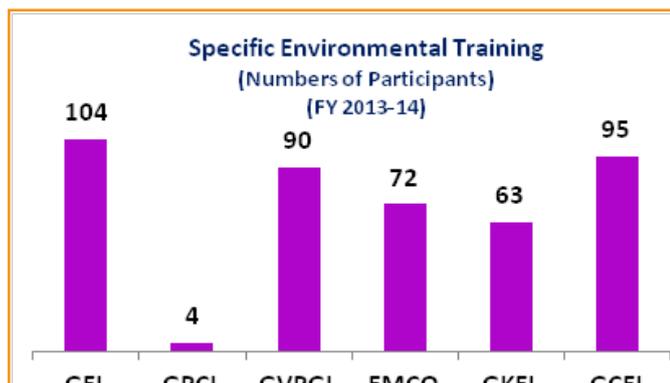
- To manage environmental risks
- To understand and satisfy the needs of stakeholders
- Implementation and maintenance of EMS
- Deliver cost savings
- Enhance the company's reputation
- Improve business processes



Environment Campaigns

Environment campaigns were conducted at all operating plants & project sites on the occasion of World Environment Day (June 5, 2013), National Cleanliness Day (January 30, 2014), Energy Conservation Awareness Week (16th - 21st December 2013) and the Earth Day (March 29, 2014). The campaign programs included the following: Environmental pledge, badge distribution, pamphlets, mass tree plantation at plant premises, school & villages, clean-up of surroundings, labour colony & township, Contests (slogan, essay, online / spot quiz, poster, etc.), street plays, skits, video screening, recycling drives, special guest Lectures, address by Seniors, prize distribution, etc.

GCEL employees hosted the housekeeping campaign in Tilda Railway Station



GCEL employees planted saplings in Labor Colony on the occasion of "Earth Day"



GCEL - World Environment Day

पौधे रोपे और बच्चों को किया ग्रीनरी के लिए प्रेरित



जीएमआर छत्तीसगढ़ एनर्जी लिमिटेड (जीसीईएल) ने गुरुवार को समुदाय जल संचयन को बढ़ावा देने के लिए 'विश्व पृथ्वी दिवस' पर कई कार्यक्रम आयोजित किए। उद्योग परिसर में कंपनी के अधिकारी और कर्मचारियों ने पौधरोपण से इसकी शुरुआत की। इसके बाद रायखेड़ा के स्कूली बच्चों के लिए पोस्टर, भाषण और विज्ञापन कैंपेन आयोजित किया गया। प्रॉइज देकर विनर्स का होसला बढ़ाया गया।

Energy Conservation Week Celebrations at EMCO - Inaugural ceremony



Cycle Rally by GVPGL & GREL employees with school children



Plantation at GEL- Kakinada



Clean-up Campaign at EMCO on National Cleanliness Day



Campaigns with Community

More details on environmental awareness campaigns conducted for community and school children are provided in Chapter - Social Performance. EMCO conducted clean-up campaigns in the nearby village as shown below:



Employees interacted with local youth and contract female workers as shown below:



Case Study : Sustainable Features of New Shakti Bhawan, our new GMR Energy Office at New Delhi



GMR Energy intended to relocate its major part of its 'Energy Office' from Head Office, Bengaluru to Delhi for better consolidation. As a responsible steward of Environment, instead of opting a new building, refurbishment of the existing building (no. 302) and convert it as our new Energy Office (New Shakti Bhawan), was decided. Its refurbishment was conceptualized around Environmental Sustainability in mind by best utilization of obsolete scrap items / materials. This eventually resulted not only in cost savings, savings in material consumption such as bricks, tiles, cement, gravel, sand, reinforcement bars, wood etc. Lots of furniture, cupboards, air conditioners, laptops, desktops, Wi-Fi routers, video conferencing, fax machines, telephone sets, printers, projectors etc. were moved from Bengaluru to Delhi. By virtue of movement of all these materials, lot of material and resource savings have been achieved. This refurbishment incorporated lot of sustainable features in terms of low material consumption, low water consumption, low energy consumption, etc.

Sustainability analysis of the Building 302 is as below:

Total floor area: 44000 Square Feet.

Economic

- If the building is constructed newly, approximately about ₹210 Million would have been spent.
- Total refurbishment cost ₹49 Million.
- The reuse of various items / materials resulted in saving of ₹18.4 Million and recurring expenses of about ₹9.75 Million/month which includes inherent cost of Bengaluru office consisting of monthly floor rental, electricity, housekeeping cost and travel expenses of the employees frequently moving to Delhi.

Environmental

- Resources saved due to refurbishment instead of opting a new building are:

| | |
|--------|-----------|
| Cement | 49672 MT |
| Sand | 77320 MT |
| Gravel | 137479 MT |
| Steel | 198 MT |



- Reuse of 72 office furniture, which resulted in reduction of expensive storage and waste disposal cost.
- Reuse of IT Systems, which otherwise avoided disposal of e-waste, which eventually reduced Lead, Cadmium, Barium, Dioxin and Mercury contamination.
- Reuse of air conditioners.
- All the above conserved wood, energy, labour, etc and prevented pollution, which otherwise is involved in its manufacturing.

Travel

The travel pattern of the employees who moved to Delhi was analysed before and after the movement. About 10 trips/month is reduced which resulted in a saving of ₹0.25 million/month and Carbon footprint reduction to the tune of 0.34 tons of CO₂/ trip thus totaling 3.4 tons of CO₂/ month.

Occupational Health and Safety

Management Approach

At GMR Energy, Occupational Health and Safety (OH&S) continues to be one of sustainability priorities and we are making continuous efforts to bring about an overall improvement in safety performance. We strive to have an injury-free and healthy workplace and institutionalise a culture of safety in the organisation. OH&S is an integral part of the management of business and is given equal importance as profits, costs, production and quality. Commitment to OH&S is demonstrated through the top management's involvement in reviewing OH&S performance against targets which allow us to gauge our safety performance and uncover areas for improvement.

Our Priority – a safe and healthy workforce

Our Sector-wide focus on continuous health and safety improvements led to

- » 6.6% fall in LTIFR
- » 33% fall in LTI-Severity Rate
- » 59.8% fall in First Aid cases in FY 2014 versus FY 2013

The highest governing body, Group Management Committee represented by Board Members meet quarterly and appraises the EHS performance of the Business. Sector Business Executive Committee meets quarterly and the meeting is chaired by the Business Chairman. Performance towards the Business EHS Annual plan is also discussed with the Sector EHS Head at regular intervals. In addition to that, health and safety matters are governed quarterly by the EHS Management Council being chaired by the President - Strategy & Development SBU, Sector Corporate EHS Head and site EHS Heads are members of the committee.

Site-level governance

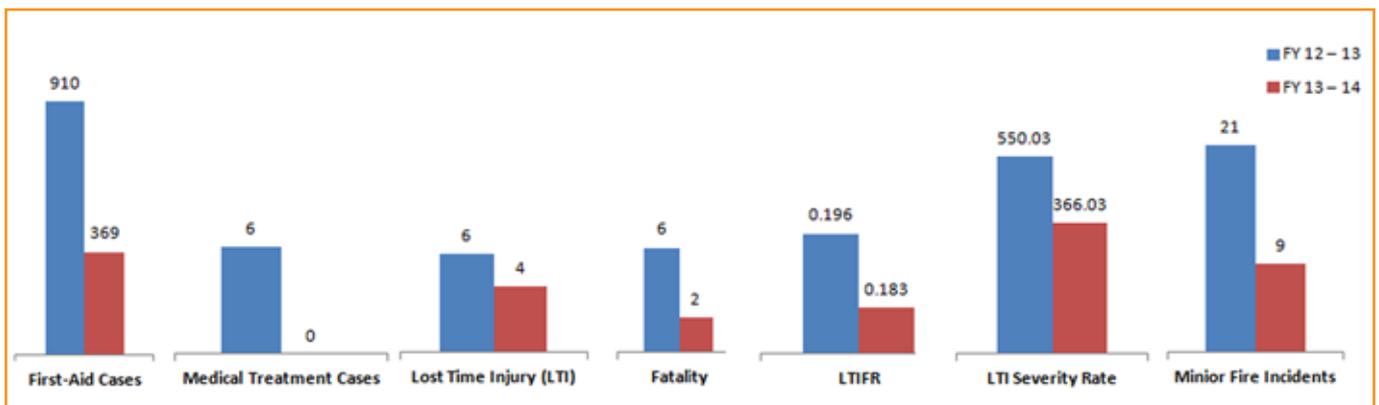
Individual safety committees provide site-specific governance, and policy is implemented on the ground through the work of specialist safety professionals. All locations also undergo safety audits by internal and external experts, to identify how better technology, processes and behavioural safety can be achieved.

Five operating plants are certified to OHSAS 18001. All units have apex safety committee meetings on a monthly basis, with representation from across the business functions and equal representation from contract workers. The committees advise on occupational health and safety improvements and hygiene. This is further reviewed by Energy Sector Capability Centre monthly along with Plant Heads, Division Heads & Corporate EHS Head and Site EHS Heads.

Aiming for zero harm

In GMR Energy, Lost Time Injury Frequency Rate (LTIFR) is defined as the number of lost-time injuries per million man-hours worked. We saw a fall in Lost Time Incident Frequency Rate (LTIFR) to 0.183 against a goal of 0.2 during the reporting year. This included a management focus on improving the safety culture through the implementation of a stringent review mechanism with the involvement of all site personnel to create a safer workplace. Relevant and effective safety signage has also been put in place across all Group operations. The entire manufacturing cycle at operations is assessed for all health and safety risks, and improvements are systematically undertaken to enhance performance.

Eliminating fatal accidents is a key concern for GMR Energy. We deeply regret the loss of two contractor employees at GKEL construction site during the year. Assured compensation to protect families of two contract workmen died in distressing fatality were provided. All other sites demonstrated best ever safety performance with nil fatalities. These incidents/accidents undergo a thorough investigation for identifying root causes and accordingly, corrective/ preventive measures are initiated. The findings and recommendations are also discussed in the Safety Committee meetings to ensure complete management and employee buy in. The learning from accidents, details of serious accidents, along with the root cause analysis and proposed corrective measures are communicated across the Company. This enables units to take proactive action in eliminating/controlling similar situations. Detailed investigation and analyses of accidents helped us better understand the challenges being faced at our construction projects which are presently under the process of stabilisation. Besides the strong engineering approach, safety culture programmes are being institutionalised and behavioural architecture inputs are being used to rework and recalibrate our EHS communication and training methodologies.



Strengthening safety systems

During the year, an integrated EHS approach was strengthened and deep rooted at all locations. GMR Energy released the comprehensive 'EHS Framework' and has been pushing its implementation at all locations. The company also released two Safety Manuals for Hydro Electric Project and Thermal Power projects. Quarterly joint audits conducted by Corporate EHS facilitated deep dive into safety practices. Three EHS council meetings were held chaired by the President & Head - Strategy & Development SBU.

GMR Energy has made significant investments over the years to ensure that all its operating units provide a safe, hygienic and humane environment to its employees. Training on EHS is provided to all employees (including service providers' employees) and covers basic induction, job specific and refresher training.

It also undertook an in-depth review of its safety systems that resulted in significant strengthening of practices aimed at protecting its workforce. Thrust area was on safety training communication programme and an emergency plan rehearsal. It also included hi-tech solutions such as lock out and tag out fail safe electrical isolation of any equipment to reduce the risks involved with maintenance being worked on at EMCO, GKEL and GCEL.

Improved focus

All the operating assets have migrated and adopted a unique fool-proof 'Permit to Work' (PTW) system driven through SAP. Frequent PTW audits and reviews strengthened its work permit processes. All plants initiated visitors' safety pamphlets. Multi-lingual signage across the plant is installed.



Zero Accident Units

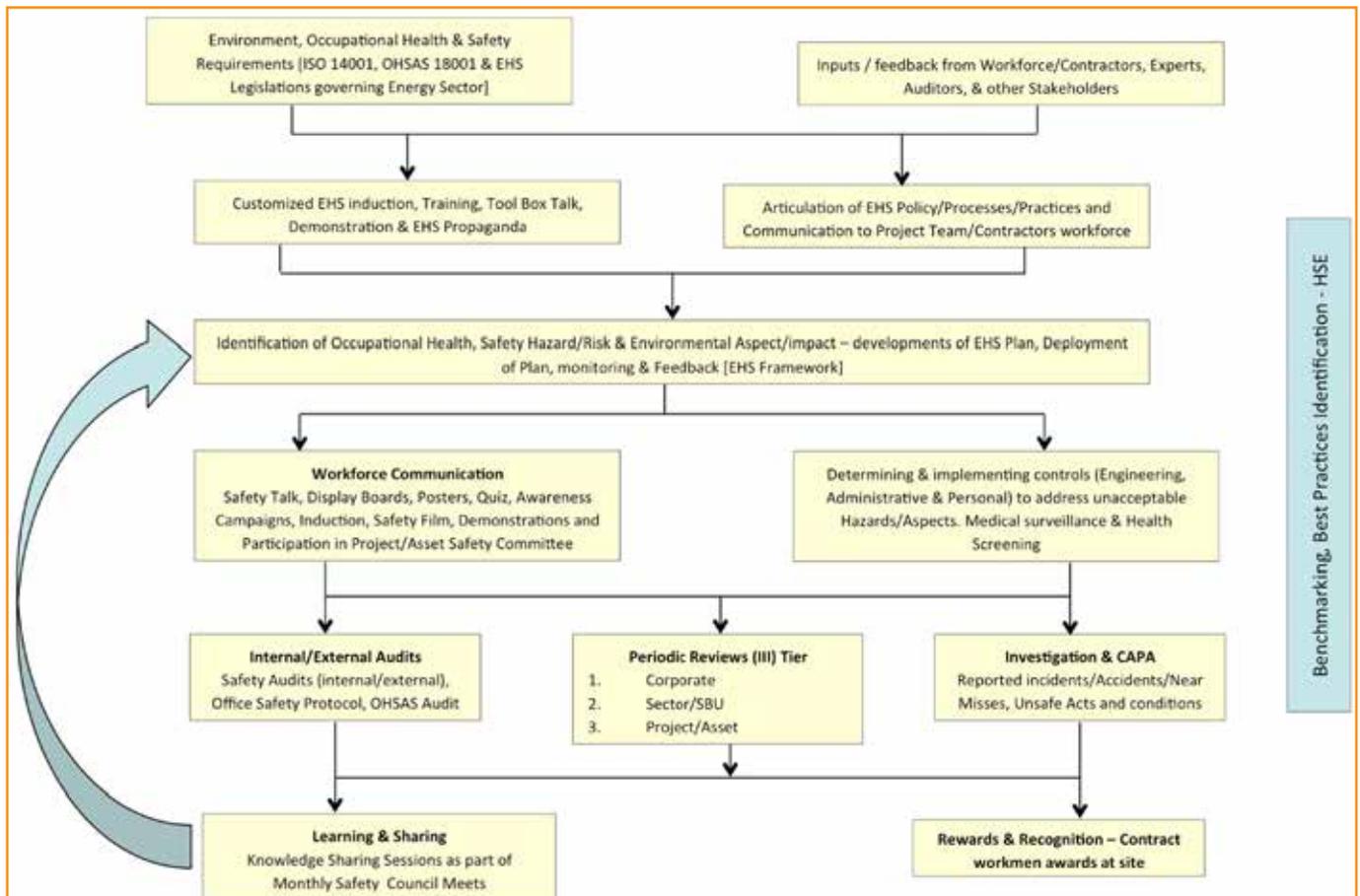
The following power plant units at GMR Energy attained the goal of 'zero accidents' (on-site for employees & contract workforce) in 2013-14 through effective implementation of safety management systems and adoption of state-of-the-art technologies.

| Fuel | Operating Plants | Projects under Construction |
|-------|---------------------------------|---------------------------------------|
| Coal | EMCO, Warora, Maharashtra | GCEL-Chhattisgarh |
| NG | GVPGL, Vemagiri, Andhra Pradesh | GREL, Rajahmundry, Andhra Pradesh |
| | GEL, Kakinada, Andhra Pradesh | |
| Hydro | - | GBHHPL, Bajoli Holi, Himachal Pradesh |
| Solar | CGSPPL-Gujarat | |
| Wind | GREL-Gujarat | |
| | GPIL, Tamil Nadu | |

10463 contractor tool box talks were delivered; 409 job specific class room OH&S trainings were conducted; 3843 unsafe actions/conditions were observed and rectified across all sites during FY 2014.



Workforce Process for improving Occupational Health & Safety



Contractor Safety Management



Contract workmen are deployed in large numbers and contractors' training plays a vital role in maintaining the safety performance of the organisation. All contractors, sub-contractors, petty contractors, vendors and service providers within plant premises are required to follow procedures detailed under Corporate EHS Guidelines. Competency assessment for safety critical jobs is given considerable thrust during the year in order to ensure that safety critical jobs / activities are performed safely. Competency assessment is made mandatory for certain trades in all the businesses such as riggers, welders, HMV operators, electricians, those working at height, etc. Site specific models are in place to ensuring that this objective is met. All new resources of service providers, undergo adequate general as well as job-specific training. Regular briefing and tool box talk has been made an integral part of GMR Energy's safety management system to continuously update all employees of service providers on safe work procedures. Contractor safety management shall continue to be our focus in the coming year.

Behaviour Based Safety Sessions

Behaviour Based Safety (BBS) is a process that provides an organization an opportunity to use organizational behaviour to reach higher levels of safety excellence by promoting proactive response to leading indicators, building ownership, trust and unity across teams, and developing empowerment opportunities towards employee safety. BBS provides line management an opportunity to prove and demonstrate their core values on the production floor.

At EMCO, 450 employees were covered under a series of BBS programs throughout the reporting period through an external agency to deal with individual's safety behaviour, in addition to the effective implementation of engineering controls. This significantly contributed in achieving best safety performance.



OH & S Campaigns

All locations organized well-knit mass mobilizing awareness campaigns on occasion of world environment day, national cleanliness day, national safety week (4th-10th March 2014), national fire awareness week (14th- 20th April 2013), road safety awareness week (11th - 17th January 2014), no vehicle day, no tobacco day (May 31, 2013), etc. Wide variety of events involving all employees and workers are organised across the plant such as safety badge, administration of 'Safety Pledge', unfurling of the safety National Safety Day flag, display banners at strategic locations, similar celebration at each & every contractor's site(s), safety competitions viz., essay, slogans, posters, housekeeping, safety performance, etc, holding award functions, safety suggestions, exhibitions, one-act safety play / drama, street plays, safety songs, training programmes, workshops, seminars, screening of safety films in units / township, practical demonstrations on PPEs / fire fighting, organising emergency drills, display of mobile exhibition, inviting eminent guest speakers and community & children awareness programmes.



Emergency Preparedness & Response

We have collaborated with our sister concern Raxa Security Services Ltd, for catering to our both fire and security services. The crew is subjected to residential customised training module at full-fledged 'Raxa Academy' prior to deployment at all plant locations. On-site Emergency Response Plans specific to the business / site are prepared. The efficacy of the response plans was checked through 18 periodic mock drills in the reporting period. Additionally, these were also audited by external agencies including State Factory Inspectorate for completeness and continued applicability.



Occupational Health and Industrial Hygiene

GMR Energy places high priority on industrial hygiene and occupational health. Industrial hygiene activities at site include work place environment monitoring including noise, illumination, heat stress, PM10, PM2.5, SO_x, NO_x, CO, etc. The monitoring results are compared with the applicable statutory and company norms. All Units maintain a conducive work environment, meeting Indian / International standards on lighting, ventilation, hygiene and effective controls on noise and dust. All Units are provided with occupational health centres with adequate medical staff to monitor occupational health and provide immediate relief, when required. In addition, at least 2% of total employees in each Unit are trained to provide first aid. Identified medical examinations are done for various categories of employees based on age-groups as well as exposure to occupational hazards. These medical examinations take place annually / once in 3 or 5 years as applicable. Accordingly in FY 2014, 10175 preventive medical examinations were conducted for employees and contractors. There were no occupation related illnesses reported from any location in FY 2014.

We believe that regular health monitoring of this sort has a direct business benefit, with reduced absenteeism and increased productivity levels. Periodic training is conducted on industrial hygiene hazards and controls. Risk assessment is carried out at site level and control measures put in place for prevention of occupational diseases.



Community Awareness

GMR Energy conducts various awareness programs on safety, hygiene, etc. for the benefit of school children, in schools, labour colonies, nearby villages, etc. through rally, street play, video films, presentation, competitions, pamphlets, etc.



Social Performance

Social investment

Employee volunteering

Community development programs

Relief & rehabilitation programs

Environment conservation initiatives



MANAGEMENT APPROACH

Social Responsibility is one of the core values of GMR Group. It is an inherent proud part the Group. Group Chairman Mr. G M Rao is personally committed to give back to society. He believes that giving has to be from the heart and that to be effective, community development has to be done professionally and in areas that can make the biggest difference to human development in a sustainable manner. "More than money, it is essential that we give people a good education and the skills to earn an honourable livelihood" says Mr. G M Rao.

Vision

To make sustainable impact on the human development of under-served communities through initiatives in education, health and livelihoods.

This has been translated into GMR Group's Vision of "..... making a difference to the society through creation of value" which is imbibed in the way that the Group does business.

The concept of 'shared value' inherent in the goal of 'creation of value' envisages a situation wherein larger society benefits, rather than just aiming for profit maximization. For GMR Group, Corporate Social Responsibility (CSR) is an integral part of the business and complements and supplements business efforts in making a difference to the society. The CSR activities of the Company follow an empowerment approach rather than charity approach. Inclusive growth is the priority, with focus on creating win-win situation for both our Companies and Communities.

The Group aims to make a positive difference in the lives of communities neighbouring its businesses and to improve their quality of life. The Group believes that educational attainment, proper health status and decent livelihoods are the important pre-requisites for a better quality of life for the communities and hence the CSR work mainly is focussed in the thrust areas of Education, Health and Livelihoods. These social responsibility initiatives are managed professionally by GMR Varalakshmi Foundation (GMRVF) which implements need-based programs along with the communities. The Foundation conducts need assessment studies in the project locations and accordingly prepares long-term and Annual Operating Plans for each location. These plans are implemented so as to create maximum impact of social investments made by the Group.



CSR Investment

Despite GMR Energy has been registering loss in terms of both Profit Before tax (PBT) and Profit After Tax (PAT) over last three years, it continued to invest in CSR activities. The CSR investment is given below:

in ₹ Million

| Areas | FY 12 | FY 13 | FY 14 |
|---|--------------|---------------|--------------|
| CSR Investment through GMRVF | 38.32 | 41.66 | 42.82 |
| Social Capital & Infrastructure Investments | - | 0.245 | 63.7 |
| Donations towards Social Welfare | 33.66 | 17.22 | 42.28 |
| TOTAL | 71.98 | 59.125 | 148.8 |

The four thrust areas are aligned to the following national and international frameworks:

| Companies Act, 2013 Ministry of Corporate Affairs, Govt. of India | Millennium Development Goals (MDGs) |
|--|---|
| Eradicating Extreme Hunger and Poverty | Eradicating Poverty |
| Promoting Gender Equality and Empowering Women | Gender Equality |
| Promotion of Education | Primary Education |
| Reducing Child Mortality & Improving Maternal Health | Reducing Child Mortality Improving Maternal Health |
| Combating HIV, Malaria & other Diseases | Combating HIV/AIDS |
| Ensuring Environmental Sustainability | Environmental Sustainability |
| Employment, Enhancing Vocational Skills | Global Partnership |
| Social Business Projects | |
| National Relief Fund Or Funds to Government & Funds | |
| Such other matters prescribed | |



HIGHLIGHTS FY 2013 – 14

- CBSE English Medium DAV Public School at Kamalanga with about 200 students from local communities
- Partnering with over 100 Govt. Schools, 90 Govt. Anganwadis, and running 10 Bala Badis for providing quality education to over 17000 children



- Working to improve Minimum Learning Levels of 1000 students through 20 After-School Learning Centers
- 53 Vidya Volunteers supported, for improving the teacher-student ratio in govt. schools thus improving the teaching quality
- 350 Govt. teachers trained through 24 workshops, towards promoting joyful teaching methodologies in partner Govt. schools



- Technology-enabled learning facilitated for over 700 children through 9 Kid Smart Early Learning Centers
- Comprehensive Life Skill Education program for 6000 Govt. school children
- Providing quality health care services for about 25000 people annually through 22 medical clinics
- 2 Mobile Medical Units serving 4400 elderly people annually
- Providing care and support for 56 sickle cell anemic children, 127 malnourished children and about 40 HIV affected children
- Operating 2 Ambulances which handled 32 emergencies during the year

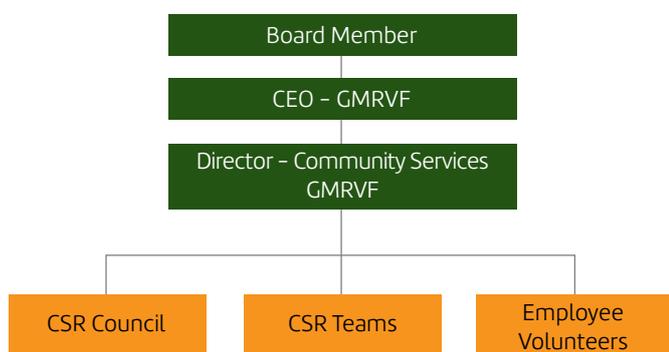
- 152 health awareness programs benefitting 10,000 people
- Providing supplementary nutrition, ante-natal and post-natal care for 100 pregnant and lactating women through 8 Nutrition Centers
- About 350 youth were given vocational skill training and placements have been facilitated for them
- Incomes of about 1000 rural families enhanced through several farm and non-farm livelihood support
- Supporting 269 Self-Help Women Groups with a membership base of over 3200 women
- Awareness programs related to sanitation, environment conservation and other social issues organized on regular basis
- ₹0.5 Million contributed to Chief Minister Relief Fund in the aftermath of Phailin Cyclone in Odisha
- 503 employees contributed about 2200 person hours of time in community service programs during the year
- Employees of GMR Group contributed ₹9.03 Million and the Company matched this with a contribution of ₹10 Million towards flood relief programs at Uttarakhand
- GMR Group deployed 2 Bell Helicopters which evacuated over 200 people stranded during flood at Uttarakhand
- GMR employees involved in relief initiatives
- Assistance to Govt. Education department to restart and run two schools which were destroyed during the floods



CSR GOVERNANCE

CSR function has been working with communities across business areas and has initiated various community development programs partnering with government, NGOs and other stakeholders. The CSR department strives to align its activities with GMRVF's Vision, Mission and Values. The strategy is devised to meet community need, while proactively addressing risks & impact of business and responding to natural disaster emergency. Need assessment studies are conducted by several professional institutes. It captures the needs and prioritizes the same. After prioritizing the social initiatives, the AOP is developed in consultation with key communities and stakeholders. The AOP is integrated with site specific business plans.

GMRVF CSR function comprises of competent team of professionals located across all locations to drive the social vision of the company. The team facilitates volunteerism among employees and besides furthering the mandate on CSR, also promotes environment, plantation, energy conservation and awareness in the remote locales in the vicinity of operations. The function is driven at Corporate level by CEO along with Director – Community Services who in turn supported by Site Heads – CSR. Across all locations, the respective plants / project CSR Heads anchor the function to achieve its objectives in alignment to the organizational strategy.



The Foundation runs programs across 11 states (Maharashtra, Odisha, Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Tamil Nadu, Karnataka, Gujarat, Arunachal Pradesh, Himachal Pradesh, Uttarkhand) and 1 union territory (Delhi) of India, Nepal and Indonesia. The Foundation executes developmental programs in collaboration with local governments and experienced civil society organizations. It believes in partnership with various organizations (Civil Society and Government), State and Central bodies to widen the reach and leverage each partner's individual experience and expertise.

There are total 32 staff members of GMRVF working in various locations of GMR Energy's operations. These staff members have rich expertise in the area of Community Services and are drawn from top academic and social work institutions. The Foundation focuses on regular capacity building of these professionals to ensure effective implementation of the programs.



"GMR Group believes that growth can be sustainable only when it is inclusive. And for this, communities and corporates must work together. As a Group, we believe we need to bring not only our resources but also our competencies, processes and networks to this mission. At the same time, we are fully conscious that our initiatives must build on community knowledge, wisdom and aspirations, and need to be undertaken in a spirit of equal partnership."

Meena Raghunathan
Director, Communities Services,
GMR Varalakshmi Foundation

During FY 2013-14, the staff members of GMRVF at energy locations received 1020 person hours of training inputs in various areas of CSR and community development. The training programs attended by staff members include CSR and Social Entrepreneurship, Strategic planning and results based management, Workshop on planning and management of resettlement, Written communication and report writing, Management of SHGs, etc.

Employee Volunteering Social Programmes

Social responsibility is one of the many key performance areas in performance appraisal of every employee in GMR. Under employee volunteering social programme, our employees share their time, passion, skills, knowledge, resources and service in our social programs - education, women empowerment, livelihood, healthcare, environment, rescue, etc. They are also encouraged to involve their family members in these activities. Based on the needs of the communities, they ideate projects, construct annual activity plans, implement initiatives and monitor results. The volunteering has multiplied manifolds, thereby playing a meaningful role in making the society healthier, cleaner, greener and more literate.

During FY 2013-14, 500 volunteers contributed 2200 man-hours reaching out to over 10,000 under-privileged people towards social programmes thus living the Group's value of Social Responsibility.

Employees with their compassion to give back to society and their zeal to nurture nature, participated in many initiatives. From spearheading health camps to seeding environmental awareness and from lighting up smiles on the faces of the elderly to lighting up streets of villages, they contributed to community building, promoting education, enhancing the environment and raising the health quotient. Some of the activities undertaken by volunteers in the recent past are as below:

In Education

- Cleaning and painting school premises, planting trees, etc.
- Distributing educational materials to schools / children's home and other educational institutions.
- Organizing plant visits for various schools & other educational institutions.
- Conducting workshops for rural school teachers on effective teaching methodologies.
- Interacting with school children by organizing various extracurricular activities, contests, etc.
- Spreading knowledge on wide range of topics, career counseling, mentoring students etc.
- Encouraging children to showcase their talent and creativity in the field of engineering via competitions.
- Triggering various youth development programs to embed livelihood generation capabilities in youth.
- Initiated eco-awareness among children and youth.
- Sensitising the community members on environmental protection, hygiene, etc. through rallies and camps.



In Health

- Conducting free health check-up camps for eye check-ups, dental care, skin disease, pediatric care, etc.
- Sensitizing the community members about the ill effects of tobacco consumption through rallies and camps.
- Adopting an innovative and a popular tool – street plays to educate the community on HIV / AIDS, personal hygiene, nutritious diet, dental care and child health care.
- Conducting various blood donation camps in the community.
- Providing free surgical aid with the help of established hospitals, agencies, NGOs, etc.



In Communities

- Spending quality time sharing love and compassion at an old age home where they distributed clothes and catered to varied needs of the elderly.
- Interacting with differently abled children.
- Gifting items such as notebooks, clothes, provisions and stationary etc. to children, orphanages, etc.
- Building shelters for farmers and constructed schools for the under-privileged.
- Contributing and supporting victims of cloud burst & flood calamity in Uttarakhand.



In Environment

- Organizing tree plantation days across locations.
- Facilitating rainwater harvesting plants.
- Enhancing eco-consciousness and implemented alternative techniques for energy conservation.
- Spreading Environmental awareness and global warming consciousness amongst school children.
- Undertook waste management awareness programmes.
- Participating in cleanliness and hygiene drives in villages.
- Providing necessary medical support to malnourished children.
- Carrying out road safety awareness programmes.
- Distributing food grains and other supplies in rural and remote areas.
- Distributing solar street lamps in villages.
- Encouraging women led small scale businesses



Case Study – 1 : Conclave on ‘Responsible Business’ for sharing and replicating best practices

In a first of its kind initiative, GCEL organized a one day conclave on Responsible Business addressing issues on Safety and Community services. Representatives from about 14 industrial giants in the Cement and Power sectors located in and around Raipur, Chhattisgarh gathered to share some of their “Best Practices” being followed in the fields of Safety and Community Services.

Mr. S.K. Mishra, Dy. CEO – Godavari Power & Ispat Ltd. and Mr. S.R. Singhvi, Jt. Vice President – Shree Raipur Cement, chaired the sessions on Safety on Community services. Over the last decade, issues relating to Safety and Community Services have become increasingly important to the business world. Through this session the importance of organizations setting up CSR projects and the impact these have on the society were discussed at length. The importance of developing a safety culture through Behavioural safety and Self-regulation is an absolute must and needs to be further developed not only within the boundaries of project sites, but also in our day to day lives. Ms. Meena Raghunathan, Director – Community Services, GMRVF, expressed her intentions to provide a platform for the project affected villagers who have been trained to market & sell the products being made. Mr. Anil Kumar Jain, Executive Vice President – GCEL, also expressed his views and emphasized on “Responsible Self” where every individual should come forward to help the under privileged. Mr. Naveen Srivastava, GM – GCEL, expressed his ideas on developing a common platform to address the challenges faced by Industries in a structured manner.

Outcome: The conclave was followed by an outdoor session where all the participants were taken to witness the safety & quality measures implemented at GCEL & to get a glimpse of various CSR activities undertaken by the GMRVF team in the project affected villages.



Case Study – 2 : Celebrating ‘Joy of Giving’ Week to fulfil wishes of needy ones

GMR Energy employees and their families celebrate ‘Joy of Giving’ Week every year at Corporate Office and its various plant locations with community. The Joy of Giving Week is a ‘Festival of Philanthropy’ that aims to become a part of the Indian ethos, with the Week being celebrated every year covering Gandhi Jayanti by engaging people through ‘Acts of Giving’ – money, time, resources and skills – spanning the corporate, NGOs and Government sectors, schools, colleges and the general public.



Sewa Niketan is a Training and Rehabilitation Centre for physically challenged ones in the age group of 18 –30 years, run by Raipur Diocesan Social Welfare Society. The Centre provides free residential, two-year Training Programs for the disabled and Vocational Training opportunities to selected persons with disabilities. GCEL employees contributed by way of cash towards the ‘Joy of Giving’ celebrations. 90 GCEL employees GCEL donated funds to support Sewa Niketan’s activities. 26 employees and their 8 spouses visited Sewa Niketan on 5th October 2013 to meet 73 beneficiaries. They interacted with the Trainees and appreciated the products made by them as part of their on-the-job-training program. Employees distributed fruits, sweets, clothes and provisions.



GMRVF facilitated the Joy of Giving Program in the labour colony and in one orphanage at Angul, Odisha. Employees contributed ₹0.1 Million and participated in

different events organized with the children at labour colony and in Kalpataru Seva Ashram at Angul. The funds collected were utilized to purchase items like dresses, toys, shoes, sleeping mats, mosquito nets, steel bowls, stationery & snacks which were distributed among 125 children in the labour camp and orphanage as well. A Health Camp was also organized in coordination with the Vivekananda Hospital for children. The spouses of the employees actively participated in the program.



Wishes of 25 HIV infected children were fulfilled through a Wish Tree displaying wishes written by children. 22 employees of GVPGL / GREL donated items like school bags, cricket bats, slippers, carom boards, toys, etc. The children were invited to the Plant to receive gifts from the employees. The children were delighted to see their wishes come true.

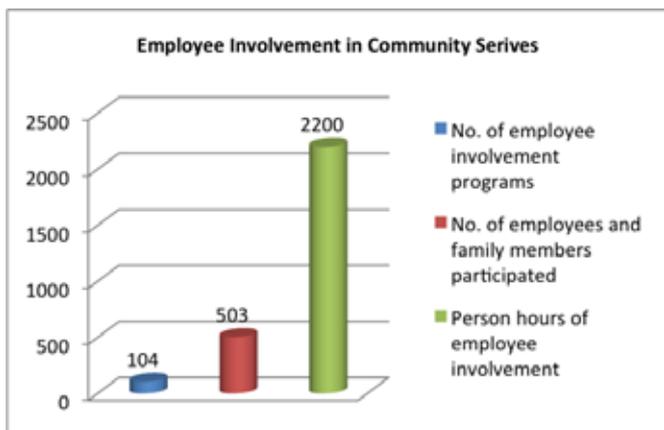
At all other locations, employees contributed and sponsored generously through a ‘Wish Tree’ displaying the wish cards from children / needy people. Employees donated used toys, books, etc.

GVPGL employees supported Kid Smart Early Learning Centre (ELC) in Vemagiri village by making computers functional which were not in use due to some technical problems. This benefitted 130 children.

GREL employees extended their helping hand to a HIV infected family from Kadiyam village. Their house had got demolished due to heavy rains and storm. They were living under the tree. Both parents are unable to work due to diseases. They requested Government Officials for housing under Indiramma scheme but in vain. Finally, GREL employees came forward and donated ₹3000/- for materials to build a small thatched house. Now, they have constructed a small house to protect themselves.

Social Volunteering Projects

The Social Volunteering Projects (SVP) is a scheme introduced by GMRVF in July 2012 to create opportunities for GMR colleagues and their family members to live the Group’s value of Social Responsibility by engaging themselves in well-structured community development projects with specific social outcomes. During 2013–14, 3 teams of employees from Energy projects of GMR Group participated in this SVP program.



The senior leadership team and employees represent in national and state level ‘sustainability’ events / platforms for mutual sharing and learning of best practices.



Case Study

“I am now confident that I can live on my own feet” says 25 year old AJ Gopi. Gopi lives in Chennai city with his parents and siblings. Born in a poor family, Gopi could not continue his education beyond Standard-X and was clueless regarding his future. Employees from GPCL, Chennai selected Gopi as one of the beneficiaries of their SVP and arranged driving training for him along with 11 other under-privileged youth. Employees also ensured that all candidates received their driving licences. With the growing demand for drivers in the city, employees are confident that all candidates would get employment opportunities and support their families.

“Participating in SVP is a life-changing experience not only for the beneficiaries but also for us, the GMR employees” says Sampath Kumar, GPCL employee who participated in this SVP.



Glimpses of SVPs taken up by Employees



Under ‘Community Connect’ program, Senior management accompanied by employees paid visits to nearby project-affected villages for reviewing CSR activities, seeking feedback and from local community leaders, counseling rural youth to acquire special skills and interacting with community at large.



Leader Connect!

Mr R.V. Sheshan, President, GKEL SBU visited Manpur, Durgapur, Achalkot and Barasahi villages near GKEL, Odisha during the reporting period to establish cordial relationships with communities. He met the ward members, elders, youth and women. Different sections of village communities narrated to him the difficulties they face on account of acute scarcity of drinking water, erratic power supply, etc. in their villages and sought information from him about the status of jobs for representatives of land loser families. Besides informing them about job opportunities at GKEL, he shared with the villagers about various community welfare activities undertaken by GKEL and GMRVF in their respective villages. He clarified misconceptions of the villagers about environment hazards posed by GKEL power plant/project and explained various proactive measures installed & also being undertaken continually to control air and water related pollution.



192 colleagues at GKEL donated blood during a Mega Voluntary Blood Donation Camp organized at Kamalanga, Odisha



Rakshabandhan celebrations by GKEL employees with the community children



GKEL helps in celebration of birthdays of under-privileged children



GREL supported a needy girl to continue her education by donating funds college fees

Education

GMRVF believes that access to quality education is the most important factor that contributes to quality of life. Thus, it strives to ensure every child in its target communities relish quality educational experience. The vision is to supplement the Government education system instead of opting for creation of alternatives. This is based on the belief that in a country as vast as India with multiple and often contradictory challenges prevailing around developmental solutions, working without government and creating only “enviable models” is not a solution. Hence, GMRVF’s educational interventions are primarily aimed at closing missing links in an existing government program (e.g. filling the gap in teacher student ratio or providing a science lab or a toilet, etc.) that will make it functional and outcome oriented.

| Partnered with | Beneficiaries |
|---------------------------------------|---------------------|
| 100 Govt. Schools | Over 14800 children |
| 90 Govt. Anganwadis | Over 2000 children |
| 10 BalaBadis (pre-schools) are set up | Over 200 children |
| 22 After School Learning Centres | About 1000 children |

Apart from supporting pre-school to high school education, Foundation also supports under-privileged youth to pursue higher and technical education through provision of scholarships.

DAV Public School, Kamalanga, Odisha



GKEL has set-up English medium CBSE School in Kamalanga, Odisha in the year 2012-13, which is run in partnership with DAV Schools to provide quality education facility accessible to local communities. Total strength of the students is 220 with 10 sections from LKG to Standard-VIII. Apart from regular teaching learning process, the students are also encouraged for co-curricular activities by conducting different competitions like story-telling, English poem recitation, solo song, English calligraphy, English speech, English essay, creative writing, drawing competition, etc. and some indoor games like carom, skipping, etc. The school activities are regularly monitored from time to time by GKEL team. GKEL has been giving budgetary support to the DAV School by absorbing the deficit of income and expenditure. In FY 2012-13, GKEL funded ₹3.6 Million. Similarly in FY 2014, GKEL funded ₹5.34 Million. During FY 2014-15, we have planned to provide concession in the fees to the children belonging to land losers' family for which required budget has been allocated under CSR activities.

Working with Govt. Schools and Anganwadis

Majority of children from poor households in India are enrolled in Government schools and Anganwadis (AW). As a vast majority of these children are first generation school-goers, the overall functioning of the Government schools particularly the quality of teaching and learning becomes very critical. There is a great need to complement the efforts of the Government to provide quality education in these schools. GMRVF, as part of its education initiatives, works with Government schools and Anganwadis to improve the quality of education and to strengthen the infrastructure.

Efforts to improve teaching quality

53 Vidya Volunteers are provided to Govt. schools to fill the gap in Teacher-Student Ratio thus ensuring quality teaching to over 8000 children. Regular teachers' trainings are organized for Vidya Volunteers and also for Govt. teachers and Anganwadi teachers on innovative pedagogy, joyful teaching methodologies, etc. During FY 2013-14, 24 teachers training programs were organized in GMR Energy project locations involving over 350 teachers.

Pre-school Education- 'School of Joy' - BALA BADIS



Bala Badis offer pre-school education that is developmentally appropriate and fosters all-round development with an integral approach, helping the child grow physically, intellectually, emotionally and socially. GMRVF's Bala Badis aim to work towards exploring the innate potential of each child believing each child to be unique. It has been running 10 Bala Badis benefiting over 200 children. The goal is to stimulate their curiosity, guide them to explore, help them to acquire skills and instil the joy of learning which would set the tone for the rest of their lives. Regular Parent-Teachers Association (PTA) meetings are being organized at Bala Badis to ensure parents' support and involvement. Birthdays of children, Bala Badi Anniversaries, Exposure visits are regularly organized at these centres to make them joyful learning centres for the children.

Case Study : Bridging the Gaps!

In Madhya Pradesh, Kakrahli and Barhai are two remote tribal hamlets of Lalpur Gram Panchayat at Shahdol. These hamlets did not have Anganwadi services like pre-school education, nutrition supplements and take home ration etc. Looking at the poor nutritional and educational status of the Kol and Gond tribal communities here, GMRVF approached Women and Children Welfare Department to set up Anganwadis in these hamlets under Integrated Children Development Services (ICDS) scheme. With their prior approval GMRVF has set up two Anganwadis in partnership.

Currently, about 60 children and over 100 adolescent girls and women are benefiting from these two centres. Quality pre-school education as well as nutritional services are being provided for the children while the women and girls receive nutrition supplements and awareness on health care issues.

Reinforcing Educational Infrastructure

Good infrastructure at schools and Anganwadis provides an enabling environment for the children to learn and grow in a joyful manner. Foundation strives to strengthen infrastructure in Govt. schools and Anganwadis by providing need based support.

| Location | Infrastructure development works during FY 2013-14 |
|--------------------------|--|
| Badrinath, Uttarakhand | <ul style="list-style-type: none"> Set up a substitute Govt. school at Pandukeshwar village and provided all basic infrastructure, logistics and teachers to another school at Benakuli village benefiting over 80 flood affected children Transport support has been provided to about 180 students from hilly remote areas to commute to their schools |
| Londa, Arunachal Pradesh | <ul style="list-style-type: none"> Provided boarding support to 31 hostellers at Govt. middle school, Londa |
| Holi, Himachal Pradesh | <ul style="list-style-type: none"> Provided kitchen shed and utensils to 4 schools Provided 2 Smokeless Chullahs to one school Provided Teaching and Learning Material (TLM) and sports materials to one school Provided TLM and play materials to 22 Anganwadis |
| Kamalanga, Odisha | <ul style="list-style-type: none"> TLM and Play material support to 10 Anganwadis |
| Raikheda, Chhattisgarh | <ul style="list-style-type: none"> Ground leveling work at one school Renovation of one school building Construction of boundary wall at one school Kitchen sheds at 2 schools |
| Warora, Maharashtra | <ul style="list-style-type: none"> Construction of footpath at one school Hand washing platforms at 4 schools Repair works to the classrooms at one school |
| Kakinada, Andhra Pradesh | <ul style="list-style-type: none"> Repairs to toilets and gates, playground leveling and school garden development at one school |

Educational Innovation - Kid Smart Early Learning Centres

With an objective of creating an exciting learning environment through computer-based learning, activities and reading for children of age group 3 to 9 years, GMRVF along with IBM India Limited, initiated nine GMR-IBM Kidsmart Centres or Early Learning Centres (ELCs) at seven GMR Energy project locations. These ELCs target children from Govt. Schools who have been deprived of technology aided quality education. Each ELC has three corners -Technology corner, Craft corner and Reading corner with specific activities designed for each corner. These corners give the child a chance to explore and learn things in a more fun way. Over 700 children are benefiting from these centres which helped in increasing children's interest in studies and in improving their academic performance. A comparative analysis of results of Class-I children in two Govt. schools at Chhattisgarh clearly indicates that the Kid Smart children are performing better in academics when compared to other children in normal school.



| Class-I Raikheda School equipped with Kid Smart Centre | | Class-I Bhatapara School | |
|--|-----|--------------------------|-----|
| Name of the student | % | Name of the student | % |
| Kajal Verma | 88% | Saraswati | 62% |
| Yashvi | 86% | Chiranjiv | 61% |
| Ayush | 78% | Dev | 56% |
| Khilesh | 77% | Dhaneshwari | 56% |
| Rohan Kumar | 76% | Tukeshwar | 56% |
| Suraj Verma | 76% | Murari | 47% |
| Deepak Verma | 74% | Gokul | 43% |
| Karan Dheever | 68% | Urvashi | 43% |
| Hema Verma | 72% | Tilak | 46% |
| Karanraj Verma | 66% | Jageshwari | 37% |
| Thalendar | 66% | Ashok | 37% |
| Umeshwari Verma | 68% | Durga | 36% |
| Khushbu | 65% | Khilendra | 38% |
| Devendar | 66% | Sumit | 35% |
| Pooka Bharti sen | 71% | Ravi Kumar | 33% |
| Draupati | 73% | | |

Case Study: Transforming Lives through Life Skill Education Program at Chennai

While the focus and flagship program has been improving the quality of education, GMRVF has strategically addressed the provision of Joyful Education and Life Skills Training for the children at Govt. schools around the Power Plant. These are areas which emerged as a need from the need assessment study done. In Chennai, GMRVF has been working with 10 Govt. schools for improving the quality of education. Life Skills Training program has been initiated in these schools with an aim to provide value added learning program for the students. This consists of series of sessions throughout the academic year on essential Life Skills developed by different NGOs and GMRVF in line with the recommendations of World Health Organization (WHO).

During the year, GMRVF reached out to about 6000 children and exposed them to this training. Desirable changes were observed. Children became vocal and projected different personalities. Progressing to the next step, impetus will be laid on training children as life skill trainers to further on these initiatives and nurture the next generations with an objective to making them better citizens. The trainings were provided on: Decision making skills, Problem solving skills, Effective communication skills, Interpersonal skills, Creative thinking, Critical thinking, Self-awareness and Leadership.

Integrating Shoes with Programmatic Goals

TOMS is an US based Shoe Company which works with a Mission of 'One for One', i.e. for every pair of shoes purchased, TOMS will donate a pair of new shoes to a child in need. GMRVF partnered with TOMS to provide new shoes to about the children of Govt. schools and Anganwadis. In FY 2014, new shoes were provided to about 20,000 children across GMR Energy plant / project locations. Shoes helped in building confidence among children, increasing school attendance and also in enhancing the health status of children.



GMR employees supported shoe distribution programme organized by GMRVF at different locations by helping GMRVF team to measure foot sizes of the children, record details of the children and also in communicating to the children about foot care to prevent various infections like Hookworm, Filariasis, Jiggers and Tetanus.

Case Study : I am a Happy Child Now!



S Pooja of Standard-V, from Govt. High School, Pulianthope never tires of expressing her thoughts about the timely support she received from GMRVF during her difficult days.

"I used to be very low and irritated through my class and never concentrate on my studies. I come from a broken family. My teacher recommended my name for life skill training. Initially I never used to pay attention. GMRVF volunteers started conducting fun based games and screening movies. I got excited about the life skill training. Gradually I started performing well in the class. Life skill training helped me in understanding my own abilities and strengths through the sessions on personality development, interpersonal skills and problem solving techniques which nurtured me to grow. My confidence grew manifold and I am a happy and jovial child now."

Coaching Support to Children

After School Learning Centres (ASLC): It is important to monitor where and how youth spend their time outside normal school hours, as it has important implications on their development. To engage students in productive activities and to create interest in studies, GMRVF organizes after school learning activities for school children. Along with prescribed school syllabus, the children were encouraged to participate in extra-curricular activities also. The teaching process in ASLC aims to optimize the abilities and mental aptitude of school going children to bring out the best in them. GMRVF has set up 20 ASLCs across its energy project locations through which over 1000 children are getting academic support.

Coaching for Competitive Examinations: Navodaya Vidyalay is a residential school for providing opportunity to talented children, largely rural, from different parts of India to live and learn together to develop their full potential. Majority of the project locations of GMRVF do not have facilities for the children to prepare for the entrance exam of Navodaya Vidyalay. GMRVF has not only made community aware about Navodaya Vidyalay, but has also initiated 8 coaching centres for the students of Standard-V in different locations to prepare for the entrance examination. 2 coaching centres were also initiated to prepare children for ITI Entrance Examination and also for entrance test for Ekalavya Model School. 20 children have been selected so far for admission into different schools and during FY 2014, over 200 children have been trained for different competitive examinations.

Case Study : We Shall Overcome...

Daulat Ram Dhiwar, Son of Shri Janakram & Anitabai Dhiwar is resident of village Gaitera. Dault is youngest among his nine brothers & sisters. Nobody in the family could pursue education beyond Standard-VIII. His parents are illiterate and they own only 0.5 acre of land. The family is dependent on labour wages. Daulat was an average student till Standard-IV. In year 2011, he joined Navodaya Entrance Coaching run by GMRVF in his village and qualified 2012 entrance exam. After his selection, parents were not ready to send him to the Navodaya school as they were having apprehension whether their child will be secured or not. After rounds of counselling by GMRVF, team, they allowed him to study at Navodaya. Currently Daulat is studying in Standard-VII and continuously maintaining First position in his class.

Tent School for the Children of Migrant Labour: In order to benefit the children of construction workers who can't attend the regular school, GIL-EPC division working at GKEL has started one alternative education centre known as Bhima Bhoi Tent School near Company's township. GMRVF provided one teacher and teaching learning materials for the classroom transaction in the tent school. As most of the parents are construction workers who live in one place until the construction is complete and then move to the next construction place, tent school served the educational needs of the most deprived children. This school provided bridge education to 30 school children during FY 2014. Along with educational inputs, focus was also on imparting life skills and health education to the children.



Health, Hygiene and Sanitation

Health is an important dimension of well-being. Recognizing the importance of preserving health of people, GMRVF has ventured into this area of making health services accessible to the community. It creates health care facilities and also works at community level for improved health care. With the conviction that preventive health care is a key to good health, it stresses on health education and awareness. Creating sanitation facilities in areas which lack them is also a priority.

Health Care Services



| | | |
|-----------------------------|---|--|
| Health Clinics | Many communities, with which the Foundation works, do not have access to health clinics or hospitals. People have practically no means to access medical assistance except travelling to far away facilities. However, poor economic conditions coupled with inadequate awareness on health care often prevented villagers from going out of their village to seek medical treatment in time. In many situations, this has proved to be serious. As a response to this, Foundation initiates health clinics in areas where health care facilities are not available. | 23 medical clinics are in operation currently reaching to over 25000 people per year. |
| Mobile Medical Units (MMUs) | A large number of elders in rural areas are unable to seek medical help due to variety of economic and social problems. GMRVF has joined hands with HelpAge India to run Mobile Medical Units in Rajahmundry and Warora to provide medical facilities to elders. | 2 MMUs served over 4400 elderly people on a regular basis. |
| Ambulances | Certain situations require immediate medical care and even a small delay may take a toll of precious human lives. Timely access to medical care is very critical in case of emergencies. However, such facilities are not available in many places especially in remote rural areas. Recognizing the need to serve these areas, GMRVF is running ambulance services in difficult to reach areas such as Badrinath in Uttarakhand and Raikheda in Chhattisgarh. | 2 Ambulances catered to 32 emergencies during the year. |
| Health Awareness Programs | To achieve the objective of creating a healthier society through improved preventive measures, GMRVF organizes awareness programs on different health and hygiene related issues. Aiming at achieving behavioural change, GMRVF uses media which communities easily relate to like street plays, Kalajatha, puppet shows etc. to take various health issues to the community. Involving children and youth in awareness programs like rallies, debates etc. is another strategy. Health weeks and health camps are also generally organized in villages for different age groups. | During 2013-14, 152 health awareness programs were organized across locations reaching to over 10000 people. |

Relief from Suffering!

Case Study 1

G. Ratnam, a 65 year old widow, belongs to Kadiam village near Rajahmundry. She spent all her life working as a daily wage labour and was hardly able to save any money for her old age. As she crossed 60, a chronic ulcer developed on her right foot and she was unable to walk properly. As she has no one to take care of her, she used to suffer a lot. The introduction of MMU in her village proved a blessing to her. She sought the help of MMU and received required medicines and dietary advice regularly. Her ulcer was completely cured and now she is able to walk without any pain.



Case Study 2

Pinto, a resident of village Tannir Bavi near Mangalore, Karnataka is a fisher man by occupation. He was known in the village to be a very hardworking and diligent person. In early 2012, he noticed that he was not as energetic as before and was plagued by frequent cough (with expectoration) and loss of appetite. The family was disturbed as they had never seen Pinto fall ill. Then, he visited GMRVF health clinic wherein he was advised to get a sputum check. The results were positive. The Health clinic doctor ensured that Pinto consumed medicines daily and also monitored him closely. Seven months down the line, his condition improved. Pinto has now recovered fully and is back to work!

GMRVF established an Allopathic clinic in 2001 at Thannir Bavi village at Mangalore, with an aim of providing basic health services to the community – especially women and children. The clinic functions for 3 days a week. The average number of patients attending the clinic per month is about 280 in this reporting period. The health center run by GMRVF has been authorized as Directly Observed Therapy (DOT) provider for Tuberculosis by the Govt. Health Department. During FY 2013-14, 41 TB patients were treated through DOT from our clinic.

Some Unique Initiatives in the area of Health Care

Supplementing Govt. Health Care Services: The Community Health Center (CHC), Holi in Himachal Pradesh, is the only health facility in the sub-tehsil Holi and on an average 45 patients per day avail health services here. GMRVF undertook a survey of the facilities (both physical and manpower) at CHC, Holi in 2012. Lack of X-Ray machine and radiographer were identified as deficiencies which critically affected the quality of medical services in the Holi sub-tehsil. People have no option but to visit Chamba, District Headquarter, which is about 72 km from Holi and normally takes 4 hours bus ride, for X-ray and ECG services. The worst part is that there are only two buses from Holi to go to Chamba. Additionally it is difficult to return on the same day. On the basis of this requirement, GMRVF with the support of GMR Bajoli Holi Hydro Electric Project donated one X-Ray and ECG machine to the CHC. GMRVF also appointed a radiographer to operate the machine. The X-Ray and ECG machine have come to the community as a big relief as there were no such facilities in the near vicinity.

Since April 2012 over a period of 2 years, total 434 people have been benefitted from these facilities (X-ray and ECG) at CHC, Holi. The Foundation made an attempt to convert the value of services provided through these facilities into monetary terms considering the costs of transportation for patients and attendants, charges for availing the services and miscellaneous expenses like food etc.

From this, it is estimated that the community has saved ₹1.4 Million which otherwise would have spent on above mentioned items. If the income foregone for 2 days is also considered, this saved amount would be to an extent of ₹1.65 Million. If the pain and drudgery of 8 hours of bus ride for the patients is further added to this, the benefits of these facilities created by GMRVF are unimaginable. Not to add that many of them would not have had gone to Chamba and would have continued to suffer and further worsened-up.

Partnership with Mission Hospital, Tilda, Chhattisgarh:

In Chhattisgarh, GMRVF has partnered with Mission Hospital, Tilda to implement a comprehensive health care program. Mission Hospital is the not-for-profit hospital established by Churches of North India in 1939. The hospital has been the only economical hospital in the region (around 100 villages) for last 75 years. It has been technically supported by Christian Medical College (CMC), Vellore. MoU has been made with the Hospital through which the following activities are implemented.

- Technical expertise and medicines are supplied by the Hospital for six community dispensaries set up by GMRVF.
- Health Awareness program for women and school health education is being taken up by the nursing students from Nursing School run by the Hospital.
- Ambulance provided by GCEL is being run by the Hospital for Project Affected Communities.
- Blood Bank has been established at the Hospital with support from GCEL.

Blood Bank - A lifesaving initiative of GCEL at Chhattisgarh



Tilda is the administrative block level town located 60 km from Raipur district headquarter. The region was not having any blood bank and many patients lost their precious lives due to the non-availability of blood during emergencies as the nearest blood bank is in Raipur. Looking into the need of the area and expertise of the hospital, GCEL supported the Mission hospital in establishing blood bank by providing required equipment. Recurring expenses and basic infrastructure are owned by the hospital. The unit was inaugurated on December 12, 2012. From the date of inception of the bank, 238 units of blood were collected and 218 were utilized till March 2014.

Nutrition Centres - Step for Healthy Mothers and Safe Babies!

Becoming a mother is one of the most exciting times in a woman's life. But for Sonam Rahul Muktevar, it was the most anxious moment as her previous abortion had made her anaemic and raised several doubts in her related to pregnancy. Sonam, aged 20 years, lives in Chinora village in Warora block of Maharashtra. She and her husband work as agriculture labourers. When she conceived for the second time, she enrolled herself in the Nutrition Centre run by GMRVF in her village. GMRVF provided her nutrition support, regular health check-ups and above all, cleared all her misconceptions related to pregnancy. The health volunteer at the Centre informed her about the importance of institutional delivery and early initiation of breast feeding, etc. As per the delivery plan suggested by the Center, Sonam was admitted to Govt. hospital by her husband well before the expected date of delivery. Sonam had a normal delivery and the girl child weighed 3.4 kgs. Sonam initiated Colostrum feeding to her baby and followed the vaccination schedule suggested by the Centre. Now, both Sonam and her child are very healthy and Sonam thanks GMRVF for all the guidance and support!



To provide awareness on maternal and child health and to reduce maternal and infant mortality rates, GMRVF runs 8 Nutrition Centres in energy project locations which provide nutrition supplements, health check-ups and health awareness to pregnant and lactating women. About 100 pregnant and lactating women have been supported through these centres during FY 2013-14. An analysis of the feedback collected from the beneficiaries of these centres shows the following results.

1. All registered women have availed ante-natal care and 100% institutional deliveries.
2. Health status of pregnant women has increased significantly and malnourishment among children has reduced to a great extent. Only 9.6% cases reported complications and 90% cases had normal delivery.
3. The baby weight at the time of delivery is observed to be ranging between 2.5 kg to 3.7 kg in the past two years.
4. The Post-natal Care (PNC) behavior of women shows that 93% women have started breast feeding within 1 hour of delivery and all the children are immunized as per schedule.
5. Women are well aware of various ante-natal care and neo-natal practices.
6. The situation in project villages as compared to other non-project villages where GMRVF intervention is not there, is observed to be significantly different. In non-project villages, women underwent only 2 - 3 health check-ups during pregnancy, as compared to a minimum of 5 check-ups in project villages. The women had to travel 3 - 7 kms to avail health services, compared to project villages where the services were offered in the village itself. Moreover, women from non-project villages were not aware of the importance of proper nutritional intake during pregnancy, proper ante-natal care, etc.

Medical Care and Support to Vulnerable Children:

Care and Support for Sick Cell Anaemic Children: Sick Cell Anaemia is endemic in Raipur district off Chhattisgarh particularly among people from Other Backward Castes (OBC). Looking at this problem, screening camps were

organized two years back in three panchayats. Confirmation tests were done last year and 56 children were found affected. Based on the results of confirmation test, care and support is provided for the affected children through community dispensaries.

Care and Support for Malnourished Children:

Special camp was organized in collaboration with Women and Child Development department at Raikheda in Chhattisgarh for assessing the malnourishment levels among children. 55 children found under moderate category were provided necessary medicines during the camp and 51 children were regularly supported with nutrition supplements. Joint project on identification, care and support of severely malnourished children continued in partnership with Panchayat and Mission Hospital at Raikheda. 21 severely malnourished children identified from Raikheda panchayat were provided regular nutrition supplements and counselling services. Progress indicates that after 45 days of care and support, 29% children have achieved normal category and 28% children have reached moderate category which indicates soon they would be reaching to the normal category. Remaining 43% children continuing in severely malnourished category have responded to the treatment but prolonged care and support would be required for them to reach the normal level.

Support for Children affected with HIV/AIDS:

At Kakinada, as a part of care and support to children living with HIV/AIDS, GMRVF is giving nutritious food support to 10 identified children from Dummulapeta, Parlovapeta and Etimoga fisher folk areas. Besides nutritious food materials, multi-vitamin and iron syrups were also provided to the children. Growth monitoring as well as CD4 count monitoring has been done by GMRVF team from time to time. Appropriate inputs have been provided by the team based on the observations and count in consultation with the health department staff.

Hope Blossoms at Vemagiri!

For orphans who are infected / affected by HIV, living itself is a great struggle. GMRVF is channelizing support from employees of GVPGL, Rajahmundry and a few ex-servicemen to such children. The employees are providing education support to 113 AIDS orphans. Some children have been provided with bicycles. Further, 25 children are assisted with regular nutritious food support. In addition to the assistance provided by these employees, The Foundation facilitates regular Anti Retro Viral therapy and CD4 Count (Cluster of Differentiation 4—a glycoprotein whose count is measured to assess the immune system of humans) tests for these children in collaboration with the Government hospital of Rajahmundry. There is a remarkable improvement in the CD4 count of the children.

Chandralekha is a 10 year old orphan girl studying Standard - VI at Kadiyam village near Rajahmundry. She lives with her grandmother who works as an agricultural labourer and manages the family. A local outreach worker identified her when she was suffering from fever and diarrhoea and made her undergo necessary clinical tests. The girl was diagnosed with HIV and the outreach worker enrolled her for Anti-

retroviral Therapy at local Voluntary Counselling and Testing Centre. She was very sick and was miraculously saved from death with timely medical support. At this juncture, GMRVF started supporting her with regular nutrition supplements and counselling services. Foundation also trained her grandmother on how to prepare high nutritional food with low expenditure and now Chandralekha is being given good diet daily which consists of green leaves, ragi malt, pudding with wheat flour, etc. Now She is healthy and progressing well. The Foundation is also providing education support to this child. Her grandmother is very happy that she is doing well and going to school regularly.

Sanitation - A Concern Successfully Addressed

In the villages of Kadiyam Mandal, Vemagiri, Andhra Pradesh, many of the roads and drains are used as open lavatories. During the rainy season, rain water and water from the ponds, tanks and rivers mix with dried feces spreading diseases such as diarrhoea and dysentery. GMRVF has come forward to combat this issue at Vemagiri Village and constructed a community toilet which is being used by 150 - 200 people every day. However, this did not completely address the issue of open defecation and hence, GMRVF encouraged communities to construct Individual Sanitary Lavatories (ISL) using the support of Govt. ISL scheme which provides ₹ 2750 to Below Poverty Line (BPL) families for construction of toilets. The Foundation noticed many of the families are not using the scheme because of the following reasons:



- Most of the eligible beneficiaries are not aware of Govt. support for ISLs.
- Beneficiaries those who are aware of Govt. ISL scheme do not know how to approach to utilise the scheme.
- Some of the people did not construct the toilet as Govt. support of ₹ 2750 is not enough to construct a quality toilet.

Two public toilets have been constructed at Gaitera and Bhatapura villages near GCEL to address the issue of sanitation. Over 130 families are regularly using these toilets which are being maintained by GMRVF.

GMRVF encouraged the BPL families to construct ISL by offering additional support in the form of construction material worth ₹ 2000 per toilet. Foundation team facilitated filing of applications for govt. support and ensured the release of money on time by liaising with concerned Govt. departments.

Total 390 families from 5 villages completed construction of ISL and 98% families are using the toilets. There is a significant change in the sanitation condition in these villages.

Empowerment and Livelihoods

Enhancing the livelihoods of the communities is another area of GMRVF's focus and to achieve this, Foundation organizes special skill trainings to youth and women from project affected families. GMRVF also works towards women empowerment by promoting and strengthening Women SHGs. Further, the Foundation takes up several initiatives to support rural families in enhancing their incomes through promotion of farm and non-farm livelihoods.

Youth Empowerment



Vocational training to under-privileged dropout youth is one of the focus areas of Foundation and towards this, Foundation has set up vocational training institutes in different project areas. Youth from Energy project locations are sponsored to these training centres and are offered training and placement support. During the year, About 70 youth from different locations were sponsored for vocational training in different trades such as Electrical, Refrigeration and Air-conditioning etc. Further, vocational training centres in hired premises were set up in Chhattisgarh and Warora locations to offer training in Mobile Repairing, Two-wheeler repairing, Electrical courses, etc. Over 300 youth were trained at these two centres during the year.

Vocational Training Centre at Chhattisgarh:

GMRVF started village based vocational training (short term General Electrical Works - 90 days course) at Raikheda in July, 2011. Two batches comprised of 28 youth from project affected and peripheral villages successfully completed the course. After two batches, it was decided to increase the outreach by shifting the centre to Tilda focusing on self-employment oriented channels. In the same connection the courses on domestic electrical works, mobile repairing, Two-wheeler repairing and TV repairing were started.

Electrical course is run in partnership with Women Polytechnic College, Raipur. Further, 5 youth from the location have been sponsored to Refrigeration and Air-conditioning (RAC) course at GMRVF's Vocational Training Centre at Delhi. So far, 354 youth from the project villages have been trained in different vocations with 62% settlement rate. Six free service camps were organized by the trainees of three channels and they repaired 316 electrical and electronic equipment.

Case Study

Mr. Lakheshwar Kumar Verma, son of Shri Bharat Lal Verma is resident of village Mohra near Raikheda. He studied up to Standard- VIII at Raikheda and could not continue his studies further due to his family's poor financial conditions. His father got separated from the family as he got married another lady and being eldest in the family, the responsibility of entire family came on the shoulders of Lakheshwar. Last year, he heard about the Vocational training program of GMRVF being run at Tilda. He approached GMRVF team and was provided admission in 60 days Two-wheeler Repairing Course. After completion of course he started his own shop named as Neha Auto Centre at Tilda. Currently he is earning more than ₹8000 per month and is able to provide a decent quality of life to his family.

The Foundation also supports about 60 Youth Groups in these locations with sports material, gym equipment, etc. It also helps them in organizing cricket and football tournaments and other sports events. The members of these youth groups are very active volunteers for Foundation.

Women Empowerment

GMRVF believes that SHGs are a meaningful way to empower women. Thus, it promoted 269 SHGs in project locations and encourages the members to take up income generation activities. Required skill trainings, input and marketing support are provided to them to take up these activities.

SHG APEX BODY AT MANGALORE

53 SHGs of the Mangalore location are federated at Taluk level into an apex body called Mahashakti Okkuta and this Apex Body is registered under Karnataka Societies Registration Act, 1960. The current membership of the SHG federation stands at an impressive 645. The federation helps the members to set up micro-enterprises by facilitating loans from banks and other financial institutions. The members take up different micro-enterprise activities such as petty shops, vegetable business, fishing related trades, catering services, poultry etc. The women collective also plays a crucial role in addressing various other issues related to rights and entitlements of members. In Tannir Bavi village, the SHG members monitored the mid-day meal scheme and facilitated houses for 56 families under government housing scheme. The federation also ensured institutional deliveries for

112 members and facilitated employment to 121 poor families through NREGS scheme. The federation also successfully solved the issues of drinking water in Tannir Bavi, Kunjat Bail and Thokur villages. Impressed by the actions of SHGs, Bharathi Shipyard donated notebooks worth ₹0.3 Million in the last two years which were distributed among the under-privileged children from local govt. schools.

"The Federation helps us to stay united and gain access to various schemes, rights, and entitlements from the State and Central Government" says Shameen from Al Madina SHG who herself has been a recipient of ₹30,000 loan to start a small shop for her livelihood from the Minority funds. Today, with an investment of ₹5,000 she earns a daily profit of ₹100 and feels economically independent.

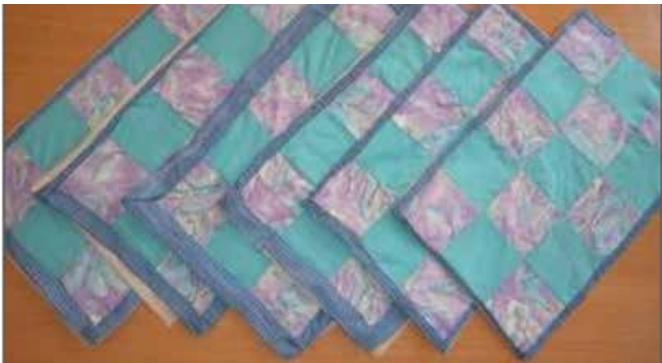
MAHA SAMMELAN OF SELF HELP GROUPS AT SHAHDOL

At Shahdol, Madhya Pradesh, Foundation promoted 47 SHGs with a total membership of 500 members. Till date the program has mobilized consolidated savings of ₹11.50 Lakh and provided micro-loans worth ₹32.15 Lakh. Regular training programs are organized for office bearers to clarify their roles and responsibilities, managing group meetings and bank related works. Total 27 SHGs have been facilitated Cash Credit Limit (CCL) from Punjab National Bank (PNB) and Central MP Grameen Bank (CMPGB). A total of ₹6.75 Lakh was leveraged through this initiative. Similarly SHGs were also linked with National Rural Livelihood Mission (NRLM) an umbrella program of Central Govt. for livelihoods. 28 SHGs have received ₹0.375 Million as revolving fund. Maha Sammelan is an annual event organized by the Foundation which serves as an interface event among SHGs, Banks and other financial institutions. During FY 2013-14, Maha Sammelan was organized in the month of October which was attended by representatives from NABARD, Lead Bank, NRLM and other bank branches. About 600 women attended the event and shared their achievements, learnings, etc. with the participants.



EMPOWER – Enabling Marketing of Products of Women Entrepreneurs

GMR Group’s CSR focuses on encouraging women from its target communities to produce different craft-based products and supports them with required training, marketing and other inputs. These products are marketed through an initiative called EMPOWER (Enabling Marketing of Products of Women Entrepreneurs). The marketing efforts of EMPOWER include running shops at Hyderabad and Delhi International Airports, setting up stalls and exhibitions, bulk orders for conferences and seminars etc. Online marketing is also done through www.empowershop.org. These initiatives enable the women to earn a regular income.



Support to Rural Livelihoods

GMRVF supports communities to strengthen their existing livelihoods and also to take up new livelihoods by providing appropriate training, material, backward and forward linkages and marketing support. The approach is to create a portfolio of livelihoods for BPL families so that their risks are reduced and incomes enhanced.

Support to farm-based livelihoods is an important component of this livelihoods portfolio. This includes provision of improved varieties of seeds, soil testing, training in improved agricultural practices including System of Rice Intensification (SRI) cultivation, facilitating visits by experts to the fields, agriculture extension services etc. Foundation also supports communities for several other livelihoods such as poultry, goat rearing, fish farming, mushroom cultivation etc.

Securing Future!

Having multiple income generation activities not only increased our family income, but also reduced the risks associated with a single livelihood. Now we are earning more, and are more secure about our future”, says Bholeswar. Bholeswar Bhoi, a small farmer from ST community, from Barasahi village near Kamalanga in Odisha. His family of 12 includes his three sons, one daughter, daughter-in-laws and grandchildren. He owns two and half acres of land of which he sold a small part to GKEL for setting up its power plant. Bholeswar and his three sons worked on the farm. Bholeswar was struggling to manage the entire family and to support the college education of his daughter, Loli, who is the only member from his family who has gone for higher education.



GMRVF trained Bholeswar in improved agricultural practices and also supported him to take up groundnut cultivation, backyard poultry and fish farming activities. Two of his sons work at power plant site as unskilled labourers. The third son was supported to take training in mobile repairing at Cuttack and also for setting up a mobile repairing shop. With increased income sources, Bholeswar’s family conditions improved. They have constructed two additional rooms in their house and are able to support Loli’s education.

Bholeswar's family is one of the several families benefited by the livelihoods program implemented under CSR programs of GKEL in Dhenkanal district of Odisha.

GMRVF which is the CSR arm of the GMR Group has been given the lead role in fulfilling the social commitments of GKEL through initiating participatory community development programs to ensure quality of life of people living near GKEL. Among various social initiatives that GMRVF has taken up, the project that has been implemented to create livelihood opportunities for the project affected people has perceptible impact and contributed significantly for the human development of under-served communities.

The project is worth showcasing because it proves that agriculture and industry can co-exist and support each other for a better life for present and future generation; that local youth can contribute and benefit from industrialization if proper guidance is provided to them from the very beginning of land acquisition process; and that green initiatives can also be planned under livelihood program. In addition to these points, the project is worth showcasing because marginalized sections of the society such as SC, ST, OBC and women were included in the social development process as important community stakeholders through this participatory CSR initiative.



Traditionally most of the people in the periphery communities were involved in agriculture and allied activities for their livelihoods. But since last few years there have been a number of changes in their way of living and thinking due to massive industrialization process undertaken in Dhenkanal - Angul industrial corridor. Some of the major relevant issues are: (1) Several farmers are moving away from agriculture after small and big industries came up in this area. They are more interested to work as unskilled labourers in the industries rather than working as farmers -the vocation they are good at. (2) The local youth legitimately have hopes of skilled work in industry, though they often lack skills and competence. (3) Often, marginalized sections of the society such as SC, ST, OBC and women are not able to adequately participate in initiatives.

As a result they oppose industrialization process and the overall situation becomes volatile and doesn't remain conducive for business to settle down and grow. Moreover protection of environment becomes sole responsibility

of the industries without any community participation or ownership. In order to address the above mentioned issues, a comprehensive livelihood program was designed and implemented for 700 land loser families in GKEL periphery communities which not only created employment opportunities for the land loser families and unemployed youths, but also created a green belt in the communities.

As part of the livelihood program, improved agriculture practices were introduced for better productivity and return. To make the agriculture more economically remunerative, different crops was promoted. Farmers belonging to SC and ST communities were provided with training and inputs (seeds, fertilizers and agriculture equipment) to undertake groundnut, maize, paddy and vegetable cultivation. Technical support was mobilized from the government departments to ensure better result. Likewise backyard plantation of papaya and teak was promoted. Papaya and teak plantation is known for great profitability. These plants require less maintenance than the other horticulture plants. Training and support was provided to women members of the families to start mushroom production ventures. Similarly allied activities such as goat farming, backyard poultry, duckery and fish farming were promoted which increased their family income.

Vocational training has been provided to 261 unemployed youths and women from land loser families on basic computer, electrician, mobile repairing, and tailoring and basic beautician course. Nearly 90% of these unemployed youths and women belong to SC, ST and OBC communities. Wherever possible, trained youth were engaged in the construction work at GKEL project site; otherwise support was provided to the candidates to explore self-employment opportunities. Trained youth are self-employed as mobile mechanic, tailors and beauticians. The tailoring center women are engaged in production of garments and selling their products in the local market. The Foundation extended hand-holding support to them to ensure that they are able to build on their training.



Livelihood project has created shared value for both the community stakeholders and GKEL. The details of livelihoods programs are given below.

Families Assisted Under Livelihood Project

| Sl. No | Name of Livelihood Activity | Number of Families Assisted | | | | |
|---|---|-----------------------------|-----|-----|---------|-------------|
| | | SC | ST | OBC | General | Total |
| 1 | Fish Farming | 9 | 13 | 43 | 0 | 65 |
| 2 | Goat Farming | 17 | 18 | 54 | 1 | 90 |
| 3 | Backyard Duckery | 0 | 7 | 18 | 0 | 25 |
| 4 | Backyard Poultry | 111 | 106 | 181 | 22 | 420 |
| 5 | Vegetable Cultivation | 209 | 15 | 324 | 22 | 570 |
| 6 | Cash Crop (Groundnut & Maize cultivation) | 15 | 65 | 74 | 0 | 154 |
| 7 | Backyard Plantation (Papaya & Teak) | 200 | 14 | 413 | 0 | 627 |
| 8 | Mushroom cultivation | 56 | 20 | 230 | 10 | 316 |
| 9 | Vocational Training for unemployed youth | 8 | 13 | 46 | 0 | 67 |
| 10 | Tailoring Training for women | 56 | 16 | 125 | 2 | 199 |
| Total Number of Families Supported | | | | | | 2533 |

The family income of the most marginalized section of the society has increased additionally by ₹7000 over & above their annual income per family for about 500 families within a period of 6-12 months from farm based activities. The agricultural land which was lying fallow was utilized again, the community assets like ponds generated income for the whole village. The women groups initiated collective ventures which developed trust and connectedness in the communities. The backyard plantation program contributed for a healthy environment in the locality which is a major concern in the periphery communities of any power project. All these changes have also generated goodwill for GKEL. The community did not create hindrances in the construction work at the GKEL project site. Overall the livelihood project played important role in integrating business with community by developing human and natural capital among the most marginalized section of the population.

Best CSR Practice Award

GKEL emerged as winner of Best CSR Practice Award-2014 for undertaking exemplary livelihood initiatives for the communities neighbouring GKEL. This was presented in an Odisha State level event organized by New Delhi based media group Think Media Inc. in collaboration with Indiacsr, IL&FS and Global Hunt.



Promotion of Sustainable Farming Practices

GMRVF focuses on improving the agricultural productivity and thus the farm incomes through introduction of improved agricultural practices. It also focuses on maintaining environmental balance through promotion of organic methods of cultivation.

Farmers Information Centre, Shahdol: A unique initiative at Shahdol has been establishment of a Farmers Information Center (FIC) for agriculture extension services to marginal farmers. The center provides technological inputs on advanced agricultural practices like SRI paddy cultivation and Micro-irrigation at farmer's field. The center also has pool of agri-implements which are hired out to farmers on very nominal charges. The center also facilitates crop demonstration, visit of expert from Krishi Vigyan Kendra and exposure visits.



Organic seed production program in Madhya Pradesh near proposed site of GMR Bundelkhand Energy Ltd.

GMR Scripts Green Story

Farmers reap reach benefit.

Purendra Nayak from Mangalpur and Mrs. Namita Behera from Kamalanga village are equivocal in their praise for GMR Varalakshmi Foundation for giving support to their family. While Nayak says " GMR Varalakshmi Foundation has given us all training and support for the development of agriculture, Mrs Behera thanked the foundation for giving support for mushroom cultivation.

GMR Kamalanga Energy Limited has undertaken number of agriculture-based livelihood activities and animal husbandry activity under the aegis of GMR Varalakshmi Foundation in periphery villages in Dhenkanal district. More than hundred acres of land has been cultivated and cash crop like groundnut, maize, mustard have been raised on the bank of Brahmani river. 250 farmers in the area have been facilitated to earn extra income by reusing their fallow land. Likewise, 29 farmers have started cultivating paddy by adopting SRI methods and are hopeful they will harvest more paddy this time. More than 400 families have been undertaken vegetable cultivation in the area. The foundation has imparted training to the families and provided seed, fertilizer, and farm equipment.

Foundation's Program Leader, Mr. Jayant Kumar Mohanty says, " The same activities will continue on behalf of foundation in the periphery villages in coming days. What the foundation has done so far is possible because of the co-operation of the villagers." GMR is setting up a 1,400 MW thermal power plant at Kamalanga in Dhenkanal district.

Press coverage about the farming related initiatives at GKEL

DASHPARNI - An organic Insecticide helping the farmers reduce input costs:

Agriculture contributes a major portion to the basket of livelihood of a rural household. Profitability in agriculture is one of the major concerns especially in drought prone areas. Continuous loss of crop and neck to neck to profit in agriculture is enforcing farmers to leave agriculture and adopt other livelihood options. The only option to make agricultural as profitable venture is to bring down the input costs. The endeavors of agriculture scientists in reducing cost of production in agriculture is mainly by introducing seed & its variety that yield more, its methods of sowing that reduce seed quantity. But very minimal efforts have been done in bringing down cost of insecticides and pesticides. The Foundation at Warora tried to venture into this area and experimented on preparation of a herbal insecticide called "Dashparni". Dashparni is made of leaves from 10 locally available plants and the preparation method is very simple and cost-effective. In the first year of introduction, Foundation convinced about 30 farmers covering 50 acres of land on the benefits of using Dashparni and made a total savings of ₹ 0.115 million which otherwise would have spent on chemical pesticides. Farmers are very happy on observing the healthy growth of their crop and many more are coming forward to use Dashparni in their fields.



Cotton Crop - Crop Condition after use of Chemical Insecticide

Cotton Crop - Crop Condition after use of "DASHPARNI" Herbal Insecticide

Paddy cultivation through System of Rice Intensification (SRI) method



Relief & Rehabilitation Programs at Uttarakhand after Massive Floods

On 16th - 17th June 2013, disaster in the form of cloud burst and flash floods hit the state of Uttarakhand. GMRVF's school bus, another bus and ambulance were lost in this disaster. Many Govt. school buildings were damaged in the area due to the disaster. Within our project area at Badrinath, 229 Families lost either their house / land / other assets. More than 20,000 pilgrims were stuck at several places in our project area and were evacuated by army and local administration through air service.

Staff of GMR Alaknanda HEP and GMRVF rendered yeoman service in the immediate aftermath of all-round devastation and destruction in Uttarakhand in the wake of this disaster. GMR was among the first volunteering agencies to start humanitarian response through food and medicines distribution in the area with the support of local district administration. GMRVF team carried food, water and medicines to the villages and supplied them to the people stranded at different places. The team also assisted Indo-Tibetan Border Police (ITBP) personnel in rescue operation.



Our GMR Aviation Team participated in the Rescue Operations at Uttarakhand to support people stranded at different places. Braving inclement weather and heavy odds, Aviation Team took the plunge and carried out rescue operations from 22nd June to 2nd July in the difficult terrains of Gaucher, Joshimath and Badrinath using 2 Bell Helicopters of GMR Aviation Ltd. The Helicopter team operated about 50 sorties and evacuated 210 personnel.



While the rescue phase focused on the tourists and pilgrims, now the long term process of rehabilitating the communities in affected villages has to start. To contribute to this enormous task before the Government, all GMR employees donated their one day salary amounting to ₹9.034 Million and GMR Group made a matching donation of ₹10 Million.

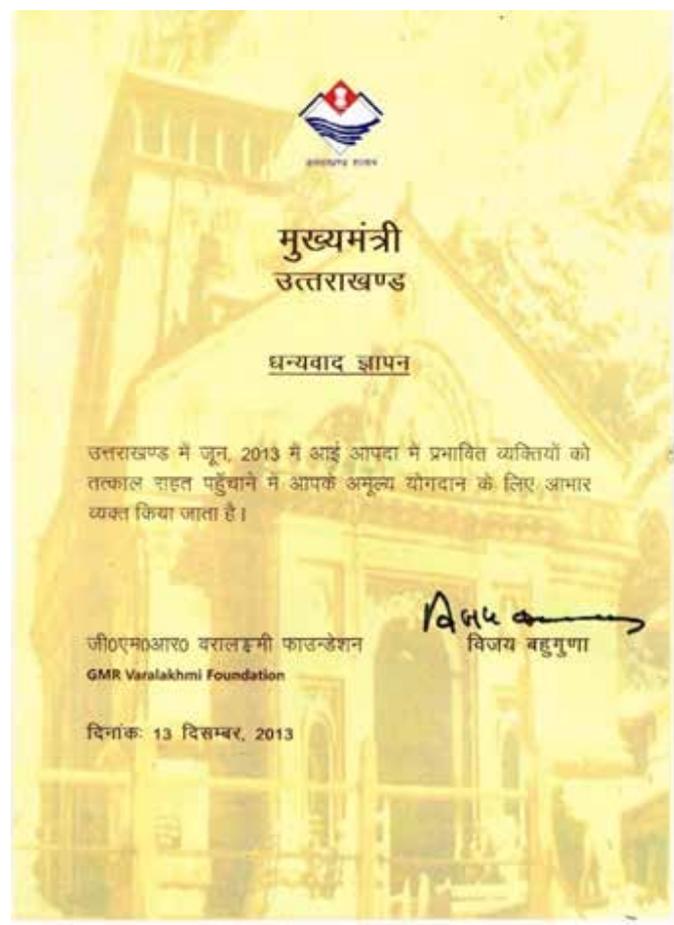
Other Relief Works through Foundation

GMRVF was among the first organizations which provided relief to the affected community and the pilgrims stranded in the area. The Foundation team distributed food packets, medicines, water and other basic material in the early days of relief works.

- GMRVF team with the support of the local GMR Hydro team and local (Govt.) Administration had initiated some relief works in the Project Affected Areas of Lambagarh and Benakuli. As a part of this, the local Hydro and GMRVF team air-dropped 100 packets of relief material (each packet containing Pulses, Potato, 5 kg of flour; match box, candles; milk, biscuits and medicines like oral rehydration salts (ORS), etc.) at Lambagarh and Benakuli on June 18, 2013. These 2 panchayats were worst affected along with Pandukeshwar in the Project Affected Area of Alaknanda HEP.
- GMRVF team carried out initial assessment and rapid needs assessment in the affected area to plan for relief and rehabilitation programs.
- Rented space, furniture, logistic support and human resource were provided to resume the classes of the damaged schools in the area.
- Medical support was extended to the disaster affected community at the time of urgent need.
- "Facilitation Centre" was set up at GMRVF office from where necessary information, application drafting facility, storage and transportation services were extended to the disaster affected families / communities.
- Financial support worth ₹0.12 Million leveraged from like-minded social organizations and financial assistance given to 44 BPL students of the area.
- GMRVF as a member of "Chamoli District Disaster Coordination Committee" worked pro-actively to strengthen rehabilitation initiatives of various agencies working in the district



GMRVF received “Appreciation Award for Excellent Work in Uttarakhand Disaster Relief” by the Chief Minister of Uttarakhand State, towards disaster relief and rehabilitation works carried out at the disaster affected area.



Bajoli-Holi : Integrated Need-based Approach to Development

At Bajoli-Holi in Himachal Pradesh, GMRVF has been working with neighbouring communities since 2008. It has partnered with 6 Govt. Schools and Anganwadis to improve educational quality through provision of Vidya Volunteers, Teaching and Learning Material, need-based small infrastructure etc. Further, GMRVF has set up 2 Kid Smart Computer based Early Learning Centres in 2 schools. Construction of toilets, kitchen sheds, etc. have been taken up in Govt. schools for providing better learning environment for the children. Smokeless chullah has been constructed at Holi Senior Secondary School which benefits about 650 children. To make quality health care accessible to local communities, Mother and Child Health Care Centre has been set up which serves about 200 patients per month. Foundation also provided an X-Ray machine and ECG machine to Govt. Community Health Centre benefiting about 10000 people. To improve livelihood opportunities for women, 3 Sewing Training Centres are run by the Foundation. Pickle and jam making training was organized for 50 women. To improve agricultural productivity, trainings on improved cultivation practices were organised for about 50 apple farmers. GMRVF also supported some farmers with poly house for improved vegetable cultivation. 15 youth have been sponsored to different vocational trainings at GMRVF’s training center at Delhi. Disability certificates have been facilitated for 14 differently abled persons from the community. Regular stakeholder consultation meetings are regularly organized with the communities to take feedback on the programs so as to improve the service delivery effectiveness.

GCEL received an “Award for Best CSR Practice” from Think Media Inc., a National level venture established with an objective of sharing inspirational news across the society.

The entry titled ‘Village Development Centre (VDC): A One in All Package for CSR’ has been selected for this award based on the significance of the issues addressed, scale of impact, people participation, innovativeness, etc. VDC is a single-window service delivery point set up by GMRVF at Raikheda village from which several GMRVF’s programs such as Kid Smart Centre, Tailoring Centre, Community Library, etc. are being operated.



CSR Activities at GMR's Nepal Hydro Projects

CSR Activities at Upper Karnali, Nepal

Community Service programs were initiated in Upper Karnali HEP (900 MW) area since 2008. At present the CSR work is concentrated mainly in 12 Village Development Committees (VDCs) – of Dailekh, Achham and Surkhet Districts and is covering 60,000 people. Community development strategy for the project affected VDCs have been developed on the basis of multi-stakeholders consultations and validation.

To promote better early childhood development, two Bala Badis (Pre Schools) are being run, one in village Dab and the other in village Ramagad, benefiting over 60 children. UHEP CSR is also working with 6 Child Care Centers (CCC) supported by the VDCs to strengthen the early childhood development in the project area. These services are reaching out to about 200 children. It also works closely with 9 Government schools of the area to improve the quality of education. It also provided Teaching Learning Materials and Sports items to the CCCs (Child Care Centers) and schools. GMRVF supported school going children with uniforms, sandals and school bags to more than 100 most needy children from the disadvantaged communities. These initiatives have directly impacted around 2000 children.

To provide better primary health care, a Health Post is being run at village Ramagad by UKHEP. This government-approved centre provides health services to more than 400 patients per month. Total 3286 people were treated through health clinic at Ramagad village. The local CSR team organized 12 'Immunization Camp' at Ramagad health center with the support of Government Health dept. and a total of 356 children were immunized and provided Iron folic tablets to 43 pregnant women. The team also organized Vitamin 'A' capsules (liquid drops) distribution program for children up to 5 years and benefiting 78 children and distributed medicine to filariasis affected 480 people under National Filaria Control Programme. Financial support was extended to construct a birth centre at Chhapre VDC, Surkhet. GMRVF extended support and financial assistance to 5 VDCs to declare them "Open Defecation Program".

GMRVF has formed 20 SHGs with 410 members in the location. SHGs are being supported by site CSR team to manage their savings and record keeping. Adult Learning Centers (ALC) were started for women in the villages Dab and Tallo Thalpata. Youth and children groups have been formed and supported to organize several cultural events. Mobilized and selected 20 youth from the project village for vocational training at GMRVF Centre for Empowerment and Livelihoods in Delhi.

CSR Activities at Upper Marsyangdi, Nepal

At Upper Marsyangdi-2 Himtal HEP, CSR activities are being implemented since September 2009 in 28 villages under three Village Development Committees (VDCs) – Dharapani of Manang District and Taghrin & Ghermu of Lamjung district. The approach is to work in partnership with local institutions – primarily Amma Samuhas (Mothers' Groups), Yuvak Clubs and Baal Clubs and addressing the education, health care and livelihood issues.

To ensure quality education to all the children of the area, GMRVF is working with 9 Government schools benefiting around 500 children. The support to these schools includes providing Teaching Learning Materials, support teachers, furniture, sports items etc. GMRVF has been working with 9 Child Care Centres (CCC) benefitting about 150 children. Meetings with the community members, parents and teachers, formation of Mothers' Groups and orientation on importance of education are at the core of strategies of GMRVF to augment the quality of early Child Care.

Under health initiatives, GMRVF supported 'Open Defecation Free' program in Tagring VDC (Village Development Committee – Lowest administration unit in Nepal). Based on this support, the VDC has been declared Open Defecation Free. GMRVF also supported 2 Govt. health posts (Dharapani and Ghermu) with female health volunteers. Two days training on RCH (Reproductive and Child Health) for 19 Govt. health volunteers from Tagring and Ghermu VDCs was organized as a part of capacity building initiatives in the area. 25 dust bins were provided to Khotro, Dharapani and Ghelanchok Amma Samuha. Essential medicines were provided to Chhapa Health Post and Tal Health Post benefiting about 300 people a month.

Working with Women's Group (locally called Amma Samuh) and youth for the promotion of enterprise and skills are at the core of empowerment and livelihood strategy of GMRVF. GMRVF organized 2 days training on Elaichi farming and vegetable cultivation for 32 villagers from Tagring and Ghermu VDCs. A Fire victim family in Lili Lamjung was also supported with Relief material. The financial support was extended to Tal Amma Samuha for their community hall construction.

Contribution to Environment Conservation

Smokeless Cooking Stove to Govt. Higher Secondary School in Holi

To “Promote health and environmental friendly Smokeless cooking stoves and to make kitchen smoke free and energy saving, smokeless cooking stove was initiated as pilot project at Higher Secondary School, Holi. 2 Smokeless cooking stoves were installed at the school for the cooking of mid-day meal for more than 600 children. The school management highly appreciated this support of the Foundation. This innovative concept has been taken up by the GSSS Holi for Block level Children Congress competition and got selected for district level.



Children presenting a skit on Bio-diversity on World Earth Day at Rajahmundry, Andhra Pradesh



Awareness rally by school children on World Environment Day at Holi, Himachal Pradesh



Awareness rally by school children on World Environment Day at Badrinath, Uttarakhand



Plantation activity by children at GEL, Kakinada

Community - Our Primary Stakeholder

GMRVF sees the local communities as partners of its development initiatives and not as beneficiaries. Hence, it seeks community involvement in each and every activity and has been quite successful in that. In case of Foundation’s Bala Badis, the activities like identification of land, negotiations with the land owners, construction of buildings etc. are done with close participation of the communities with a little facilitation and financial support from the Foundation. Parents committees have been formed and are strengthened so as to monitor the quality of education in the Anganwadis and Govt. schools. Local communities help the Foundation in many cases to identify Vidya volunteers to be placed in Govt. schools. Youth groups, SHGs and other community groups support the Foundation in organizing health camps, training programs etc.

The CSR activities of GMR Group focus on contributing to the inclusive growth of the country by making the communities surrounding its businesses to grow along with the business. In fact, we count our success not by the journey we made so far as a Group, but by the smiles we created along our path.

Product Stewardship

Climate change

Air emissions

Water management

Occupational health & safety



GMR Energy generates and sells electricity from its various thermal power generating stations located across India to various bulk customers located throughout India. Our customers are various State electricity utilities like State Electricity Boards (SEB), State Discoms, SEB holding Companies, State Power departments and some specified bulk industrial consumers. The majority of our customers are the electricity utilities owned by State Governments.

Besides long term PPA, GMR Energy Trading Ltd traded ~ 20% of electricity generated by GMR Energy's power plants to various State electricity utilities, Discoms & bulk industrial consumers in more than 15 States & UT and also on two Power Exchanges of India during FY 2014.



Power Transmission

Following impacts are envisaged from two transmission lines almost constructed and ready for commissioning in Rajasthan State.

Environmental Impact

During construction phase of transmission lines, the main impacts of air pollution are due to dust, noise; water pollution due to runoff from the construction site as well as ecological impact due to land acquisition. During its operation phase ambient air and noise will be monitored regularly. Water will be sprayed to suppress dust and PPEs are provided in noisy areas. Sufficient plantation will also be raised around the transmission towers.

Health & Safety Impact

Transmission lines pass through agriculture fields and community areas. GMR Energy is endeavoured to cause zero effect to its surrounding community. The live transmission lines when exposed continuously develop detectable impairments to the exposed individual due to the electromagnetic field close to these live conductors. Hence, all live conductors of these transmission lines passing through the community are erected by maintaining the minimum distance to avoid effects of static field and magnetic field noise levels. GMR Energy imparts electrical safety education for employees, workers & community in the vicinity of High Voltage Transmission (HT) lines for 'safe' living in these areas through campaigns, safety rally, screening of safety video films, etc. No injury or fatality to the public due to GMR Energy's operating plants / projects occurred during the reporting year.



Social Impact

GMR Energy's product and services aim to address specific needs of the community arising out of transmission lines and guiding for vocational training / career opportunities for the local population.

GMR-ETL is 'Trading cum Clearing Member' on both operative Power Exchanges in India promoted by MCX & NSE. Out of total ~ 20% of power generated by GMR Energy's power stations traded by GMR-ETL, about 10% of power was traded on two Power Exchanges of India.

Customer Health & Safety

To consistently attain a high quotient on Indian and international standards, we integrate safety at the design stage itself. We deploy the best manufacturing practices to ensure highest possible health and safety standards and undertake a comprehensive review of health and safety impact of products, projects and services. Our plants, projects and product (electricity) transmitted come with adequate labelling and signage systems, operation and maintenance manuals, standard operating procedures, standard maintenance procedures and awareness/training to customer's personnel is provided as well.

Utmost care is taken to ensure health and safety of our employees, associates and other stakeholders during electricity production and in all areas under operational control.

Before charging the transmission lines laid from generating station to pooling receiving station, advertisements and alert messages are issued in local newspaper for ensuring safety of people living / moving around the lines. Upon charging, these lines are inspected regularly. Wild tree / bushes growth is cleared off within Right of Way (ROW) and below the transmission lines, before and after the monsoon.

Transmission of electricity beyond main receiving sub-station / pooling receiving station and its onward distribution is beyond the scope of GMR Energy.

GMR Energy strives for solutions that support the transformation to a fair, inclusive and low-carbon economy. GMR Energy continually takes challenges to improve the environmental performance of its product. GMR Energy is concerned about a safe environment for the society it dwells in and for its consumers. Health and safety of our customers is a not-negotiable aspect of all our products and services. From development and generation to usage and disposal, the health and safety of our products are important criteria. We have an in-house expertise for equipment and structures

There were no incidents of non-compliance regarding regulatory and voluntary codes concerning the health and safety aspects of our product in the reporting period.

Customer Engagement

GMR Energy knows the importance of developing and maintaining positive customer relationships. Customer Relationship Management (CRM) is instituted towards strengthening relationship with state & regional regulatory authorities and our customers. Daily information related to market knowledge & dynamics, expected market situations, paying capacity, etc are shared with existing and prospective customers. A dedicated portfolio manager has been assigned to handle power portfolio of every key customer(s). A Control Room has been installed in Delhi for round the clock monitoring and customers' grievance. Periodical consumer meets are organised for commercial and industrial consumers with senior management participation. Regular structured interaction with customers

takes place on an on-going basis for sharing of feedbacks and experiences including health and safety aspects of GMR Energy's product and services.

GMR-ETL supplied 280 MU to bulk industrial consumers during the reporting period.

Product & Service Labeling

We procure and use only the all electrical & automation products and industrial machinery marked with national or international label. These equipments are certified and are verified and tested at third party laboratories.

All the mandatory disclosures are complied with. All electrical installations are labelled as warranted. The information stated in product and service clearly list out the known potential utility risks and mention ways to disseminate or eliminate such risks.

We provide necessary specific information/documents to customers. There are no significant requirements of product and service labelling in GMR Energy. There were no incidences of non-compliance pertaining to product labelling and information regulations. There have been no complaints pertaining to the breach of customer privacy, safety and loss of customer data as such.



Marketing Communications

Electricity sector in India is a regulated sector. The Electricity Act 2003 provides the basic framework for functioning and development of the electricity sector in the country. The CEA has overall responsibility of planning and formulation of technical standards for electrical plants and electrical lines. GMR Energy is strictly complying with the Grid code and Grid Standards. Regional Load Dispatch Centers have the responsibility of scheduling, dispatch and monitoring of grid operations.

The impact of marketing is not limited to the sale of product and services, but also influences customer perceptions of the entire organization. Thus, clarity in communication is our constant endeavour. We abide by all norms, standards and voluntary codes with respect to marketing communications, including advertising, promotion, and sponsorship. No false

claims and / or unfair means are used while promoting a product or a service. There were no complaints with regards to incorrect or misleading marketing communications.

The major reports are tariff and regulatory orders. These are communicated via print media and consumer collaterals. To remove all the impediments in the communication, GMR Energy has introduced pictorial depiction of signage/safety warnings and customer complaints facility. Fully integrated systems are in place to conform to all the statutory laws and standards related to marketing communication and promotion. During the reporting period, there were no incidents pertaining to violation of any regulation or voluntary codes pertaining to marketing communication.

Compliance

For the sale of electricity to bulk customers, there are no laws, standards and voluntary codes related to marketing, communications including advertising, promotion and

sponsorship. The basic reason for this being the specific characteristic of electricity as a product and the structure of power sector in India.

At GMR Energy, the goal is to deliver 100% conformance to compliance with regulations of product and service; voluntary codes concerning health & safety; product information and labelling. At GMR Energy, all statutory regulations and voluntary codes concerning our product and services are adhered to with absolute diligence. Across all our units we implement a structured system to monitor, track, report and ensure compliance to the regulatory norms. We also have adequate software and systems to monitor compliance.

During the reporting period, there were no incidents of non-compliance. No monetary fines / penalties were imposed.



EUSS AND GRI – G4 GENERAL AND SPECIFIC STANDARD DISCLOSURES INDEX

GMR Energy's FY 2014 Corporate Sustainability Report is prepared in accordance with Electric Utilities Sector Supplement (EUSS) released by GRI in 2009 and GRI G4 Sustainability Reporting Guidelines at 'Core' level. This index lists GRI G4 General and Specific Standard Disclosures and EUSS standard disclosures. It also summarizes GMR Energy's coverage and details where we report in relation to each Standard Disclosures. Information can be found in our GMR Energy Corporate Sustainability Report. This report is assured by Ernst & Young LLP, India (EY). Some of the information can also be found in Annual Report (AR) of FY 2013-14 (AR2014) of GMR Infrastructure Limited (GIL) and on our website (www.gmrgroup.in/energy). For a detailed explanation of GRI G4 Standard Disclosures, please visit www.globalreporting.org

GRI G4 Content Index – In accordance with 'Core'

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|--|--|---|------------------------|---------------------------|-----------------------------|-----------------------|
| Strategy and Analysis | | | | | | |
| C4-1 | Energy Business Chairman's statement | 2 | | | | Yes (Pages 189 – 191) |
| C4-2 | Key impacts and opportunities | 62-65 | | | | |
| Organizational Profile | | | | | | |
| C4-3 | Name of the organization | Cover Page, 1, 4 | | | | |
| C4-4 | Primary brands products and services | 8, 18-20 | | | | Yes (Pages 189 – 191) |
| C4-5 | HQ location | 5, Back cover | | | | Yes (Pages 189 – 191) |
| C4-6 | Countries of operation | 5, 18-20, 24 | | | | Yes (Pages 189 – 191) |
| C4-7 | Nature of ownership | 5, 18, 36, 41 | | | | Yes (Pages 189 – 191) |
| C4-8 | Markets served | 5, 10, 15, 18-19, 23, 25, 159-161 | | | | Yes (Pages 189 – 191) |
| C4-9 | Scale of operation | 5, 18-20, 23, 25-26 | | | | Yes (Pages 189 – 191) |
| C4-10 | Number of employees | 12, 97 | | | | Yes (Pages 189 – 191) |
| C4-11 | Collective bargaining agreements | 12, 90, 94, 103 | | | | Yes (Pages 189 – 191) |
| C4-12 | Supply chain description | 11, 13, 55, 66, 75, 77, 80, 85, 89, 103 | | | | |
| C4-13 | Significant changes | 5, 18-19, 21, 33, 56, 85, 103 | | | | |
| C4-14 | Precautionary approach | 3, 60, 71-73 | | | | |
| C4-15 | External charters | 3-4, 60, 76-77, 80, 88 | | | | |
| C4-16 | Memberships and partnerships | 60 | | | | |
| EU1 | Installed capacity, broken down by primary energy source and by regulatory regime. | 5, 18-20, 23 | | | | Yes (Pages 189 – 191) |
| EU2 | Net energy output broken down by primary energy source and by regulatory regime. | 23-24 | | | | Yes (Pages 189 – 191) |
| EU3 | Number of residential, industrial, institutional and commercial customer accounts. | 10, 15, 22-23, 159-160 There are no residential, institutional and commercial customers. | | | | |
| EU4 | Length of above and underground transmission and distribution lines by regulatory regime | 20, 25-26, (Under construction / in pipeline) | | | | |
| EU5 | Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading framework | 102-103, 114-115 | | | | |
| Material Aspects and Boundaries | | | | | | |
| C4-17 | List of entities | 4-5 | | | | Yes (Pages 189 – 191) |
| C4-18 | Defining report content | 4-5 | | | | Yes (Pages 189 – 191) |

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|-------------------------------|---|----------------------------|------------------------|---|--|-----------------------|
| C4-19 | Material aspects and boundaries | 8-9, 68-73, 173 | | | | Yes (Pages 189 - 191) |
| C4-20 | | | | | | |
| C4-21 | Restatements | First Report | | | | |
| C4-22 | Significant reporting changes | First Report | | | | |
| Stakeholder Engagement | | | | | | |
| C4-24 | Stakeholder groups | 82-83 | | | | Yes (Pages 189 - 191) |
| C4-25 | Basis for identification | 82-83 | | | | Yes (Pages 189 - 191) |
| C4-26 | Approach to stakeholder engagement | 82-83 | | | | Yes (Pages 189 - 191) |
| C4-27 | Key topics raised | 82-83 | | | | Yes (Pages 189 - 191) |
| Report Profile | | | | | | |
| C4-28 | Reporting period | Cover Page, 2, 4, 6 | | | | Yes (Pages 189 - 191) |
| C4-29 | Previous report | -- | | | | |
| C4-30 | Reporting cycle | Cover Page, 2, 4, 6 | | | | Yes (Pages 189 - 191) |
| C4-31 | Contact point | 5 | | | | Yes (Pages 189 - 191) |
| C4-32 | Content index and in accordance | 3, 4-5, 162-173, 189-191 | | | | Yes (Pages 189 - 191) |
| C4-33 | Assurance | 162-173, 189-191 | | | | Yes (Pages 189 - 191) |
| Governance | | | | | | |
| C4-34 | Governance structure | 41-46 | | | | |
| C4-35 | Governance processes | 41, 48-50, 73 | | | | |
| C4-36 | Governance processes | 41, 48-50, 73 | | | | |
| C4-37 | Governance processes | 41, 48-50, 73, 80-81 | | | | |
| C4-38 | Highest governance body | 41-46, 73 | | | | |
| C4-39 | Highest governance body (Chair) | 41-46, 73 | | | | |
| C4-40 | Nomination process | 41-46, 80-81 | | | | |
| C4-41 | Conflicts of interest | 42-46 | | | | |
| C4-42 | Role in values and strategy development | 42-46 | | | | |
| C4-43 | Competencies and performance evaluation | 42-46 | | | | |
| C4-44 | Board performance | 42-46 | | | | |
| C4-45 | Board role in risk management | 37-40, 42-46, 80-81, 75-76 | | | | |
| C4-46 | Board role in risk management | 37-40, 42-46, 75-76 | | | | |
| C4-47 | Frequency of ESC review | 73 | | | | |
| C4-48 | Review of Corporate sustainability Report | 37-40, 73, | | | | |
| C4-49 | Reporting critical concerns | 37-40, 73, 80-81 | | | | |
| C4-50 | Number of critical concerns | 68-73 | X | The information is subject to specific confidentiality constraints. | We do not disclose details of what is discussed at Board meetings. | |
| C4-51 | Remuneration disclosures | 45-46 | | | | |
| C4-52 | | | | | | |
| C4-53 | | | | | | |
| C4-54 | | | | | | |
| C4-55 | | | | | | |

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|----------------------------------|---|--|------------------------|---|---|-----------------------|
| Ethics and Integrity | | | | | | |
| C4-56 | Codes of conduct | 53-55 | | | | |
| C4-57 | Internal and external mechanisms (hotlines, whistleblowing) | 53-55 | | | | |
| Economic Category | | | | | | |
| Economic Performance | | | | | | |
| C4-EC1 | Direct economic value generated and distributed | 101-102 | | | | Yes (Pages 189 - 191) |
| C4-EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | 102 | | | | Yes (Pages 189 - 191) |
| C4-EC3 | Coverage of the organization's defined benefit plan obligations | 102-103 | | | | Yes (Pages 189 - 191) |
| C4-EC4 | Financial assistance received from government | 103 | | | | Yes (Pages 189 - 191) |
| Market Presence | | | | | | |
| C4-EC5 | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation | | X | The information is currently unavailable. | We do not measure and report this by gender as we are in multiple locations and this would be very complex. We pay above minimum wage applicable in States of our operations. | Yes (Pages 189 - 191) |
| C4-EC6 | Proportion of senior management hired from the local community at significant locations of operation | 90 Excluding the Group Headquarters, in which personnel from various States are represented. At operational site locations, senior management are mostly non-local. | | | | Yes (Pages 189 - 191) |
| Indirect Economic Impacts | | | | | | |
| C4-EC7 | Development and impact of infrastructure investments and services supported | 10 | | | | Yes (Pages 189 - 191) |
| C4-EC8 | Significant in direct economic impacts, including the extent of impact | 10 | | | | Yes (Pages 189 - 191) |
| Procurement Practices | | | | | | |
| C4-EC9 | Proportion of spending on local suppliers at significant locations of operation | 103-104 GMR Energy has a policy and practice to favor national market suppliers preferably within the State (local) where we operate. National level market suppliers account for > 90% of suppliers, State level (local) market suppliers' account for 30-58%. | | | | Yes (Pages 189 - 191) |
| EU6 | Management approach to ensure short and long-term electricity availability and reliability | 18-20, 22, 25-26 | | | | |
| EU7 | Demand-side management programs including residential, commercial, institutional and industrial programs | 10, 15, 22-23, 159-160 There are no residential, institutional and commercial customers. | X | The Standard Disclosure or part of the Standard Disclosure is not applicable. | Not applicable. Supplied to only State grids & bulk industrial customers | |
| EU8 | Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development | 159-161 | X | | No product R&D is done. Process & systems improvement is driven through GBEM. | |
| EU9 | Provisions for decommissioning of nuclear power sites | -- | X | The Standard Disclosure or part of the Standard Disclosure is not applicable. | Not applicable | |

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|-------------------------------|--|--------------------------|------------------------|---|--|-----------------------|
| EU10 | Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime. | 23-24 | | | | |
| EU11 | Average generation efficiency of thermal plants by energy source and regulatory regime. | 23-24 | 20-21 | | | Yes (Pages 189 - 191) |
| EU12 | Transmission and distribution losses as a percentage of total energy. | 20, 25-26 | X | The information is currently unavailable. | Not applicable. Transmission lines yet to be commissioned. Not in distribution business. | |
| Environmental Category | | | | | | |
| Materials | | | | | | |
| G4-EN1 | Materials used by weight or volume | 113 | | | | Yes (Pages 189 - 191) |
| G4-EN2 | Percentage of materials used that are recycled input materials | 113 | | | | |
| Energy | | | | | | |
| G4-EN3 | Energy consumption within the organization | 113 | | | | Yes (Pages 189 - 191) |
| G4-EN4 | Energy consumption outside of the organization | 113-114 | | | | |
| G4-EN5 | Energy intensity | 113 | | | | Yes (Pages 189 - 191) |
| G4-EN6 | Reduction of energy consumption | 113-114 | | | | Yes (Pages 189 - 191) |
| G4-EN7 | Reductions in energy requirements of products and services | 113-114 | | | | |
| Water | | | | | | |
| G4-EN8 | Total water withdrawal by source | | | | | Yes (Pages 189 - 191) |
| G4-EN9 | Water sources significantly affected by withdrawal of water | 115-117 | | | | |
| G4-EN10 | Percentage and total volume of water recycled and reused | 115-117 | | | | Yes (Pages 189 - 191) |
| Biodiversity | | | | | | |
| G4-EN11 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 8, 71-73 | | | | Yes (Pages 189 - 191) |
| G4-EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | 8, 71-73 | | | | |
| G4-EN13 | Habitats protected or restored | 8, 71-73 | | | | |
| G4-EN14 | Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk | 8, 71-73 | | | The IUCN red list species are not found in location of our operations. | |
| EU13 | Biodiversity offset habitats compared to the biodiversity of the affected areas | 8, 71-73 | | | | |
| Emissions | | | | | | |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (scope 1) | 9, 114 | | | | Yes (Pages 189 - 191) |
| G4-EN16 | Energy indirect greenhouse gas (GHG) emissions (scope 2) | | X | The information is currently unavailable. | We will report it in future reports in the medium term. | Yes (Pages 189 - 191) |

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|-------------------------------|--|--------------------------|------------------------|---|--|-----------------------|
| C4-EN17 | Other indirect greenhouse gas (GHG) emissions (scope 3) | | X | The information is currently unavailable. | We will report it in future reports in the medium term. | |
| C4-EN18 | Other indirect greenhouse gas (GHG) emissions (scope 3) | | X | The information is currently unavailable. | We will report it in future reports in the medium term. | |
| C4-EN19 | Reduction of greenhouse gas (GHG) emissions | 9, 114 | | | | |
| C4-EN20 | Emissions of ozone-depleting substances (ODS) | | X | The information is currently unavailable. | Emissions of ozone-depleting substances in our manufacturing processes are negligible. This standard disclosure is thus not considered to be material. | |
| C4-EN21 | NOx, SOx, and other significant air emissions | 115 | | | | Yes (Pages 189 - 191) |
| Effluents & Wastes | | | | | | |
| C4-EN22 | Total water discharge by quality and destination | 118 | | | | Yes (Pages 189 - 191) |
| C4-EN23 | Total weight of waste by type and disposal method | 118 | | | | Yes (Pages 189 - 191) |
| C4-EN24 | Total number and volume of significant spills | 118 | | | | |
| C4-EN25 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention annex i, ii, iii, and viii, and percentage of transported waste shipped internationally | 11, 118 | X | The information is currently unavailable. | We do not currently collate this, as our handling of these substances is not significant. | |
| C4-EN26 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff | 118 | | | | |
| Products and Services | | | | | | |
| C4-EN27 | Extent of impact mitigation of environmental impacts of products and services | 15, 159-160 | | | | |
| C4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category | 15, 159-160 | X | The Standard Disclosure or part of the Standard Disclosure is not applicable. | Packaging is not relevant to our product 'Power' generation. Waste water generated is recycled / reused in the process. Recycled/reclaimed materials are not used in our 'power generation'. | |
| Compliance | | | | | | |
| C4-EN29 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | 11, 15, 60, 159-161 | | | | Yes (Pages 189 - 191) |
| Transport | | | | | | |
| C4-EN30 | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | 159-160, 120 | X | The information is currently unavailable. | Compared with our production processes, our impacts from transportation are not significant. Details of transport methods used are briefed in the report. | |
| Overall | | | | | | |
| C4-EN31 | Total environmental protection expenditures and investments by type | 120 | | | | Yes (Pages 189 - 191) |

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|---|---|--------------------------|------------------------|---|---|-----------------------|
| Supplier Environmental Assessment | | | | | | |
| C4-EN32 | Percentage of new suppliers that were screened using environmental criteria | | X | The information is currently unavailable. | The information is currently unavailable. | |
| C4-EN33 | Significant actual and potential negative environmental impacts in the supply chain and actions taken | | X | | We screen for availability of relevant statutory clearances as a measure of non-compliance of only significant suppliers with our Supplier Code of Conduct which includes social and environmental non-compliance. Compliance clauses are included in PO / WO placed on every supplier. | |
| Environmental Grievance Mechanisms | | | | | | |
| C4-EN34 | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms | 11 | X | The information is currently unavailable. | There were no non-compliance penalties in the reporting period. A number of these came through formal grievance procedures with the authorities and periodic plant operation review meetings. Significant ones were recorded and actions were taken. We will report on cases reported and actions in future reports in the medium term. | Yes (Pages 189 – 191) |
| Social Category | | | | | | |
| Labor practices and decent work | | | | | | |
| Employment | | | | | | |
| C4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | 97 | | | | Yes (Pages 189 – 191) |
| C4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | 91 | | | | Yes (Pages 189 – 191) |
| C4-LA3 | Return to work and retention rates after parental leave, by gender | 90-91 | X | The information is currently unavailable. | We do not yet measure this at a consolidated Group level. We are a diverse Group with operations in regions and markets, and are continually expanding. We are in the process of improving our information-gathering systems throughout the Group and will be able to report more fully on this standard disclosure in the medium to long term. | |
| EU14 | Programs and processes to ensure the availability of a skilled workforce | 90-94, 96-97 | | | | |
| EU15 | Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region | 98 | | | | Yes (Pages 189 – 191) |
| EU16 | Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors | 89, 110, 125-130 | | | | |
| Labor/Management Relations | | | | | | |
| C4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | | X | The Standard Disclosure or part of the Standard Disclosure is not applicable. | Not applicable | |

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|--|--|--|------------------------|---|--|-----------------------|
| Occupational Health and Safety | | | | | | |
| G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | 125 | | | | |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | 126 | | | | Yes (Pages 189 - 191) |
| G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | 130 | | | | |
| G4-LA8 | Health and safety topics covered in formal agreements with trade unions | 94 | X | The Standard Disclosure or part of the Standard Disclosure is not applicable. | Not applicable as there is no trade union. However, health & safety topics are covered in the training for contract workers. | |
| EU17 | Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities. | 126 The same is used in LTI/FR & Severity Rate calculation. | | | | |
| EU18 | Percentage of contractor and subcontractor employees that have undergone relevant health and safety training. | 12, 128-129 | | | | |
| EU25 | Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases. | 125-130, 159-160 No such things to public occurred in FY2014. | | | | |
| Training and Education | | | | | | |
| G4-LA9 | Average hours of training per year per employee by gender, and by employee category | 93 | | | | Yes (Pages 189 - 191) |
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | 92-96 | | | | |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | 13, 92, 96 | | | | Yes (Pages 189 - 191) |
| Diversity and Equal Opportunity | | | | | | |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other standard disclosures of diversity | 92 | | | | |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | 13, 88-89 | X | The information is currently unavailable. | Although we gather this information, the difference in grading of job levels across multiple locations and the low number of women in certain job categories does not allow meaningful comparison. We will investigate the implications of collating this data in a more meaningful manner and report on our conclusions in future reports in the long term. | |

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|---|--|--|------------------------|---|---|-----------------------|
| Supplier Assessment for Labor Practices | | | | | | |
| G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria | | X | The information is currently unavailable. | All new suppliers are screened according to our Sustainable Procurement Initiative and Supplier Code of Conduct. We have initiated to assess the whole suppliers base for social and environmental criteria. | |
| G4-LA15 | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken | | X | The information is currently unavailable. | We screen for statutory non-compliances of significant suppliers with our Supplier Code of Conduct which includes social and environmental non-compliances. We will report on cases reported and actions in future reports in the medium term. | |
| Labor Practices Grievance Mechanisms | | | | | | |
| G4-LA16 | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms | | X | | We do not currently collate this at Group level as grievances are dealt with at company level. We are in the process of upgrading our information systems and will report on this in the future (medium term). We will report on cases reported and actions in future reports in the medium term. | |
| Human rights Investment | | | | | | |
| G4-HR1 | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 89, 92-93 100% of all investment agreements and contracts (work/service orders) include human rights clauses. We also consider human rights in our major investment decisions. GMR Energy provided training for all new employees on equal opportunities policies and procedures. Employees undergo online training on ethics, human rights policies and procedures. These trainings and numbers of training hours are included in the overall training hours standard disclosure thereof in Chapter – Human Capital. | | | | Yes (Pages 189 – 191) |
| G4-HR2 | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | 92-93 | | | | Yes (Pages 189 – 191) |
| Non-discrimination | | | | | | |
| G4-HR3 | Total number of incidents of discrimination and corrective actions taken | 13, 55, 89 | | | | Yes (Pages 189 – 191) |
| Freedom of Association and Collective Bargaining | | | | | | |
| G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights | 12, 90, 94,103 | X | The Standard Disclosure or part of the Standard Disclosure is not applicable. | We monitor our human rights performance through CoBCE. In FY 2014, there are no such incidents of freedom of association reported. | |
| Child Labor | | | | | | |
| G4-HR5 | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor | 13, 55, 89-90 | | | | |

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|--|--|--------------------------|------------------------|---|---|-----------------------|
| Forced or Compulsory Labor | | | | | | |
| C4-HR6 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor | 13, 55, 89-90 | | | | |
| Security Practices | | | | | | |
| C4-HR7 | Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations | 13, 56-59 | X | The information is currently unavailable. | We monitor our human rights performance through CoBCE and contract clauses. All Security staff of Raixa had been trained on human rights policies and procedures as a part of induction. | |
| Indigenous Rights | | | | | | |
| C4-HR8 | Total number of incidents of violations involving rights of indigenous peoples and actions taken | 13, 55, 85-86, 89-90 | X | The information is currently unavailable. | There were no incidents of violations involving rights of indigenous peoples reported in FY 2013-14. | |
| Assessment | | | | | | |
| C4-HR9 | Total number and percentage of operations that have been subject to human rights reviews or impact assessments | | X | The information is currently unavailable. | CoBCE, contract clauses, corporate policies, etc are uniformly applicable to all operations. | |
| Supplier Human Rights Assessment | | | | | | |
| C4-HR10 | Percentage of new suppliers that were screened using human rights criteria | | X | The information is currently unavailable. | All new suppliers are screened according to our Sustainable Procurement Initiative and Supplier Code of Conduct. We have initiated to assess the whole suppliers base for social and environmental criteria. | |
| C4-HR11 | Significant actual and potential negative human rights impacts in the supply chain and actions taken | | X | The information is currently unavailable. | We screen for statutory non-compliances of significant suppliers with our Supplier Code of Conduct which includes social and environmental non-compliances. We will report on cases reported and actions in future reports in the medium term. | |
| Human Rights Grievance Mechanisms | | | | | | |
| C4-HR12 | Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms | | X | The information is currently unavailable. | We do not currently collate this at Group level as grievances are dealt with at company level. We are in the process of upgrading our information systems and will report on this in the future (medium term). We will report on cases reported and actions in future reports in the medium term. | |
| Society | | | | | | |
| Local Communities | | | | | | |
| G4-S01 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | 14, 136 | | | | Yes (Pages 189 - 191) |
| G4-S02 | Operations with significant actual and potential negative impacts on local communities | 75-76, 159-161 | | | There were no reports that we are aware of on significant negative impacts on communities. | Yes (Pages 189 - 191) |
| EU19 | Stakeholder participation in the decision making process related to energy planning and infrastructure development. | 75-76, 80-81 | | | | |
| EU20 | Approach to managing the impacts of displacement | 75-76 | | | | |

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|--|--|--|------------------------|---|---|-----------------------|
| EU21 | Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans. | 129-130 | | | | |
| EU22 | Number of people physically or economically displaced and compensation, broken down by type of project. | 75-76 | X | The information is currently unavailable. | All operational plants & under construction projects have paid compensation. We'll cover it for projects in pipeline in future reports in medium term. | |
| Anti-corruption | | | | | | |
| G4-S03 | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified | 5, 9, 13 53-55 | | | | |
| G4-S04 | Communication and training on anti-corruption policies and procedures | 53-55, 92-93 | | | | Yes (Pages 189 - 191) |
| G4-S05 | Confirmed incidents of corruption and actions taken | 9, 13, 53-55 No incidents of corruption are reported in FY 2014 | | | | |
| Public Policy | | | | | | |
| C4-S06 | Total value of political contributions by country and recipient/beneficiary | 9, 13, 53-55, 92-93 | | | | |
| Anti-competitive Behavior | | | | | | |
| C4-S07 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | 9, 13, 53-55, 92-93 | | | | |
| Compliance | | | | | | |
| C4-S08 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulation | 11, 15, 60, 159-161 | | | | Yes (Pages 189 - 191) |
| Supplier Assessment for Impacts on Society | | | | | | |
| C4-S09 | Percentage of new suppliers that were screened using criteria for impacts on society | | X | The information is currently unavailable. | All new suppliers are screened according to our Sustainable Procurement Initiative and Supplier Code of Conduct. We have initiated to assess the whole suppliers base for social and environmental criteria. | |
| C4-S010 | Significant actual and potential negative impacts on society in the supply chain and actions taken | | X | The information is currently unavailable. | We screen for statutory non-compliances of significant suppliers with our Supplier Code of Conduct which includes social and environmental non-compliances. We will report on cases reported and actions in future reports in the medium term. | |
| Grievance Mechanisms for Impacts on Society | | | | | | |
| C4-S011 | Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms | | X | | We do not currently collate this at Group level as grievances are dealt with at company level. We are in the process of upgrading our information systems and will report on this in the future (medium term). We will report on cases reported and actions in future reports in the medium term. | |

| GRI Reference & Description | Title | Page Number or Reference | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|-------------------------------------|---|------------------------------|------------------------|---|--|--------------------|
| Product Responsibility | | | | | | |
| Customer Health & Safety | | | | | | |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | | X | | Information is not currently collated at a group level. This is not one of our most material aspects at this stage. We will investigate the implications of collating this data and report on our conclusions in future reports in the long term. | |
| G4-PR2 | Total number of incidents of noncompliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their lifecycle, by type of outcomes | 11, 15, 60, 159-161 | | | | |
| Product and Service Labeling | | | | | | |
| G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements | 159-161 | | | | |
| G4-PR4 | Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | 159-161 | | | | |
| G4-PR5 | Results of surveys measuring customer satisfaction | 159-161 | X | The Standard Disclosure or part of the Standard Disclosure is not applicable. | Not applicable to our product. | |
| Marketing Communications | | | | | | |
| G4-PR6 | Sale of banned or disputed products | 159-161 | X | | No banned or disputed products are manufactured or sold. | |
| G4-PR7 | Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes | 159-161 | X | | Information is not currently collated at a global level. This is not one of our most material aspects at this stage. We will investigate the implications of collating this data and report on our conclusions in future reports in the long term. | |
| G4-PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | 159-161 | X | | Information is not currently collated at a global level. This is not one of our most material aspects at this stage. We will investigate the implications of collating this data and report on our conclusions in future reports in the long term. | |
| Compliance | | | | | | |
| G4-PR9 | Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services | 11, 15, 60, 159-161 | | | | |
| EU23 | Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services. | 11, 15, 60, 159-161, 159-161 | | | | |
| EU24 | Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services | 130, 161 | | | | |

Material aspects and boundaries

| GMR Energy Material Aspects Review | Material within Organisation | Material External to organisation | GRI Aspects | Comments |
|------------------------------------|------------------------------|-----------------------------------|---|---|
| Asset Liquidity | √ | √ | Economic performance Market presence | Material to both: Positive and multiple economic impacts benefit both society and the shareholders of the company. |
| Coal Accessibility | √ | √ | Economic performance Market presence | Material to both: Positive and multiple economic impacts benefit both society and the shareholders of the company. |
| Community Development | | | Local communities | Material to both as good community relations are fundamental to our continuing freedom to operate. Employees are also members of local communities. |
| Energy | √ | | | |
| Biodiversity | | √ | Biodiversity | |
| Water | √ | √ | Water | Material to both. We are not the only users of water and our activities can have an impact on communities and the local watershed. |
| Climate Change | √ | √ | Emissions | Material to both: Discharge is into the environment and affects communities and neighbours and is subject to regulations. |

ALIGNMENT TO NVG PRINCIPLES AND BRR (SEBI)

The report is aligned to the nine principles of Ministry of Corporate Affairs' (MCA) National Voluntary Guidelines (NVG) on social, environmental and economic responsibilities of business. For a detailed explanation of 9 principles under of NVGs, please visit http://www.mca.gov.in/Ministry/latestnews/CG_Voluntary_Guidelines_2009_24dec2009.pdf

GMR Energy does not publish Business Responsibility Reporting (BRR). However, parent organisation GMR Infrastructure limited (GIL) publishes BRR annually mandated by Securities and Exchange Board of India (SEBI). GMR Energy and its subsidiaries participate in Business Responsibility (BR) initiatives on a wide range of topics and are aligned to the activities under the aegis of GMRVF, a Corporate Social Responsibility (CSR) arm of the Company, which develops social infrastructure and enhance the quality of life of communities around the locations, where GMR Energy / subsidiaries have a presence. For a detailed explanation of NVG, please visit http://www.mca.gov.in/Ministry/latestnews/CG_Voluntary_Guidelines_2009_24dec2009.pdf. The principles of Business Responsibility Reporting (BRR) adopted by GMR Energy are also briefly addressed below:

Alignment to National Voluntary Guidelines (NVGs) on Social, Environmental & Economic Responsibilities of Business

| Principle | National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business | Coverage in Section / Chapter of Sustainability Report FY 2013-2014 | Page Number |
|--|---|---|------------------------------|
| 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability | Corporate Governance | 9, 36-40, 42-48-51, 54-56 |
| | | Stakeholder Engagement | 80-81 |
| | | Organisation Profile | 27-34 |
| 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle | Sustainable Sourcing and replenishment of resources covered in: | |
| | | Materiality (Coal Accessibility, Water Management) | 8-9, 71, 73 |
| | | Greenbelt development | 72, 119-120, 122-123 |
| | | Promotion of sustainable practices (improving agricultural productivity) | 150-153 |
| | | Sustainable Manufacturing of Products covered in: | |
| | | Adopting a renewable portfolio (non-carbon emitting sources i.e. low Carbon growth path) | |
| | | Minimising Carbon intensity under 'Combating Climate Change' | 7, 24-25, 114 |
| | | Water conservation under Water Management | 114-115 |
| | | Resource conservation (Energy, Indirect Energy, Waste Management, Rainwater Harvesting) | 6, 115-117 |
| | | Sustainable products : covered in Chapters - Sustainability Approach, Product Stewardship | 113-117 |
| Sustainable use of service : covered in 'Combating Climate Change' and Chapter - Product Stewardship | 68-74, 159-161 | | |
| 3 | Businesses should promote the well-being of all employees | Human Capital | 83-91, 96-97 |
| | | Social Performance | 135-137 |
| 4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized | Mechanism of engaging and consulting with the stakeholders are covered in Chapters - Stakeholder Engagement, Human Capital | 80-81, 88-90 |
| | | Responsiveness to all stakeholders including those who are marginalized, covered in Chapters - Organisation Profile, Stakeholder Engagement, Social Performance | 27-32, 80-81, 85-86, 148-153 |

| Principle | National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business | Coverage in Section / Chapter of Sustainability Report FY 2013–2014 | Page Number |
|-----------|--|--|-------------------------------|
| 5 | Businesses should respect and promote human rights | Human Rights | 9, 13, 89–90 |
| 6 | Businesses should respect, protect, and make efforts to restore the environment | As mentioned in Principle – 2 | As mentioned in Principle – 2 |
| 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner | Responsible engagement in influencing public and regulatory policy – covered in Ethics and Compliance, Anti-corruption Policies, Public Policy Advocacy in Chapter – Corporate Governance | 9, 11, 13, 15, 53–56, 60 |
| 8 | Businesses should support inclusive growth and equitable development | Philosophy and expenditure towards social responsibility and details of social responsibility initiatives are covered in Chapter – Social Performance | 85–86, 132, 148–153 |
| 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner | Mechanism of engagement with stakeholders: covered in Chapter – Stakeholder Engagement; Responsible value provision to customers and consumers: covered in Customer Safety in Chapter – Product Stewardship | 80–81 159–160 |

Alignment to Business Responsibility Report (BRR)

| Item | Title / description | Covered in Chapter / Section | Page No. |
|--|--|---------------------------------|--------------------------------|
| Section A | | | |
| General Information about the Company | | | |
| 1 to 5 | Company Identity & Contact Address | Reporting Process Back cover | Cover Page, 4–5, Back cover |
| 6 – 7 | Financial Year reported, Sector engaged | Reporting Process | 4–5 |
| 8 – 9 | Products / Services, Number of locations | Reporting Process | 4–5 |
| | | Organisation Profile | 7, 18–20 |
| 10 | Markets served | Executive Summary | 8, 10, 15 |
| | | Organisation Profile | 18–19, 22 |
| | | Product Responsibility | 159–160 |
| Section B | | | |
| Financial Details of the Company | | | |
| 1 to 3 | Capital, Turnover, PAT | Executive Summary | 9–10 |
| | | Economic Performance | 100–102 |
| 4 | Spending on CSR | Social Performance | 132 |
| 5 | CSR activities covered | Organisation Profile | 27–32 |
| | | Social Performance | 132, 134 |
| Section C | | | |
| Other Details | | | |
| 1 | Subsidiary companies | Reporting Process | 4–5 |
| | | Organisation Profile | 7, 18–20, 24–27 |
| 2 | Participation in BR initiatives | Executive Summary | 13–14 |
| | | Sustainability Approach | 68–74 |
| | | Organisation Profile | 27–32 |
| | | Social Performance | 134 |

| | | | |
|--|--|--|--|
| 3 | Suppliers / distributors participation in BR initiatives | Presently, the suppliers / distributors do not participate in BR initiatives of GMR Energy. | — |
| Section D BR Information | | | |
| 1 | Director responsible for BR | Business Chairman – Energy | — |
| | BR Head | Ms. Mohana V, Company Secretary, GMR Energy | |
| 2 | BR policies for every 9 NVG principles | All 9 principles are applicable and addressed. They are covered in this Sustainability Report. | — |
| 3 | Review frequency of BR performance | On annual basis | — |
| 4 | BR Report or Sustainability Report | Annual Report of GIL containing BRR is available in www.gmrgroup.in . First Sustainability Report of GMR Energy is available in www.gmrgroup.in/energy | — |
| Section E Principle-wise performance | | | |
| Principle-1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability | | | |
| 1 | Policy Ethics, bribery & corruption | Code of Business Conduct & Ethics Policy, Values & Beliefs for internal stakeholders; Whistle Blower policy is extended to internal and external stakeholders; Supplier Code of Conduct and Business Ethics; Ethics and Intelligence department; Covered in Chapter – Corporate Governance. | 9, 36-40, 42-48-51, 53 |
| 2 | Stakeholder complaints received and resolved | All 223 investors' complaints received by parent company GIL in FY 2014 have been resolved. | — |
| Principle-2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle | | | |
| 1 | Incorporation of social, environmental concerns, risks and / or opportunities | Covered in Chapters – Sustainability Approach, Environmental Performance, Organisation Profile, Social Performance, Product Responsibility <i>(EHS Framework, statutory clearances, pollution control, environmental management, environmental monitoring systems, IMS, compliance management, NCES, supercritical technology power plant at GCEL, CDM projects, clean and renewable energy resource, sustainability Report FY 2014)</i> | 27-32 37-40 65-74 80-81 110-112 114-118 132 – 134 159-161 |
| 2 | Resource use (energy, water, raw material, etc) per unit of product | Covered in Chapters – Organisation Profile, Environmental Performance | 113-116 |
| 3 | Procedure for sustainable sourcing. | Covered in Chapters – Organisation Profile, Sustainability Approach, Economic Performance <i>(Procurement Policy, Vendors in agreement with GMR Code of Conduct and Business Ethics, Local suppliers, etc)</i> <i>The gas fuel is sourced through pipelines to the plant avoiding wastages like leak, vapourisation, etc)</i> | 18-20, 26, 56, 71-72, 80-81, 85, 103-104 |
| 4 | Good & services obtained from local & small producers, communities; Capacity & capability of local & small vendors | Covered in Chapters – Economic Performance, Social Performance <i>(There are several services at the construction sites of GMR Energy for which local people have been given opportunity. These include housekeeping services, horticulture, photography, canteen, mess services, printing stationary, etc. Supply of various building materials such as sand, aggregate, fly ash bricks, moorum, etc. has been given to local suppliers or vendors only. Many local people have been appointed and trained in various technical skills for execution of work like quality laboratory technicians, plant and machineries' helpers, store assistants, operators for transit mixture and tough rider. Now, many of them have been absorbed by EMCO and other subsidiaries through various outsourcing O&M contractors. Selling of products made by nearby community are managed through GMRVF.)</i> | 80-81, 85 103-104 132-134 |

| | | | |
|---|---|---|--------------------------|
| 5 | Recycling of products and wastes (waste water, solid wastes, etc) | Covered in Chapter – Environmental Performance | 115-117, 118 |
| Principle- 3 Businesses should promote the wellbeing of all employees | | | |
| 1 to 3 | Employees | In Chapter – Human Capital | 89-91 |
| 4 | Number of permanent employees with disabilities: | Nil | – |
| 5 to 6 | Employee association recognized by management? | Nil | – |
| 7 | Complaints relating to child labour, forced labour, involuntary labour, sexual harassment in FY 2013-14 | Nil | – |
| 8 | Safety & skill up-gradation training to Employees | All employees receive mandatory safety training before entering their premises, on the job training and skill up-gradation training. | 92-93 127-129 |
| Principle- 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized | | | |
| 1 | Mapping of internal & external stakeholders | In Chapter –Stakeholder Engagement | 80-81 |
| 2 to 3 | Disadvantaged, vulnerable & marginalized stakeholders | <p>Covered in Chapter – Social Performance</p> <p><i>(There is a specific focus on identifying the vulnerable amongst the stakeholders. These include landless, tribal communities, socially and economically backward sections, people with disabilities, differently-abled persons, elders, migrant labour, women-headed households, etc.</i></p> <p><i>To address the health care needs of disadvantaged elderly people, GMRVF is running 4 Mobile Medical Units at different locations which take quality health care to the doorsteps of about 7000 elderly and vulnerable people. At Shahdol (MP), GMRVF partnered with Women and Child Welfare department to set up Anganwadi centers in tribal hamlets which provide pre-school education, nutrition support, etc. for children of 0-5 years age, adolescent girls, pregnant and lactating women. Further, to ensure all the children access quality education, GMRVF is providing school bus support, boarding support, etc. for the children (mostly from tribal communities) in hilly remote areas which enabled them to continue their education. GMRVF is also running 10 Nutrition Centers which provide supplementary nutrition, health check-ups and health awareness to pregnant and lactating women from under-privileged families. In the vocational training program of GMRVF also, preference is given to the candidates from disadvantaged backgrounds and special efforts are put to mainstream them through provision of required skills. GMRVF also has focused programmes to reach out to women and improve their livelihoods.)</i></p> | 134, 150-154 |
| Principle- 5 Businesses should respect and promote human rights | | | |
| 1 | Human Rights | GMR Energy has guideline around Human Rights. Additionally, policies like Code of Conduct, Whistle Blower Policy, Disciplinary Policy, Policy against Sexual Harassment, and Policy on Work Environment coupled with transparent HR processes and practices adequately cover the human rights aspects. | 13 36, 53-54 88-90 |
| 2 | Stakeholders' complaint | No complaints received by GMR Energy during FY 2014 | – |
| Principle – 6 Business should respect, protect, and make efforts to restore the environment | | | |
| 1 | Coverage of Policy related to Principle – 6 | It is applicable to all employees & its contractors of GMR Energy and its subsidiaries at all its office / plant / project locations | – |

| | | | |
|---|--|---|---------------------------------------|
| 2 | Initiatives for Global environmental issues such as climate change, global warming, etc. | In Chapter – Environmental Performance | 102, 114-114 |
| 3 | Identify and assess potential environmental risks | In Chapters – Sustainability Approach, Environmental Performance All operating units have implemented Environmental Management System (EMS) as ISO 14001 international standard requirements and have been certified by external certifying agencies. | 73-74 75-76 110-112 |
| 4 | Project related to Clean Development Mechanism | In Chapter – Environmental Performance | 115 |
| 5 | Clean technology, energy efficiency, renewable energy, etc. | In Chapters – Organisation Profile, Environmental Performance <i>(The operating power plants viz., GPCL and GVPGL are already identified as energy efficient power plants as per the Notification [S.O. 687 (E) dated March 30, 2012] issued by the Ministry of Power under the Perform, Achieve and Trade (P-A-T) mechanism. Supercritical Technology at GCEL, clean fuel (NG) based projects, NCES based projects under renewable portfolio, use of municipal sewage for plant feed water in GPCL, etc, are few such initiatives.)</i> | 20, 24-25 113-115 |
| 6 | Emissions / Wastes within statutory limits of CPCB / SPCB | Emissions and wastes generated by GMR Energy plants are well within the permissible limits prescribed by CPCB / SPCB. | 111-112, 118 |
| 7 | Number of show cause / legal notices received from CPCB / SPCB during DY 2013-14 | Nil | 11, 15 53-55 111-112 160-161 |
| Principle – 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner | | | |
| 1 | Memberships of trade and chamber / association | Public Policy Advocacy in Chapter- Corporate Governance | 60 |
| 2 | Areas of advocacy | Broad areas are economic reforms, public utility, energy sector, inclusive development policies, etc. | – |
| Principle – 8 Businesses should support inclusive growth and equitable development | | | |
| 1 | Programmes / projects related to Principle 8 | In Chapters – Organisation Profile, Social Performance | 27-32 132-134 |
| 2 | In-house team / own foundation / external NGO / government structures | GMR Energy implements the community development programmes through GMRVF, a Company registered under Section 25 of the Companies Act, 1956. GMRVF is governed by a Board of eminent professionals chaired by GMR Group Chairman. It has its own professional staff drawn from top academic institutions. | – |
| 3 | Impact assessment study of initiatives | GMRVF conducts impact assessment studies, both external and internal, in its project locations to understand the effectiveness of the programmes. | – |
| 4 | Contribution to community development projects & projects | In Chapter – Social Performance | 132 |

| | | | |
|---|---|---|----------------------|
| 5 | Community development initiative adopted by the community | In Chapters – Organisation Profile, Social Performance GMRVF lays great emphasis on involving community in their development process. Towards this, GMRVF conducts wide consultations with the communities before initiating any programmes and develops programmes based on the local needs identified by the communities. Community members are engaged at every stage of the programmes and all the systems and procedures have been made accountable and transparent for the communities. For example, in the education programmes, GMRVF strengthens School Management Committees & Parents Associations and facilitates parent – teacher meetings so that these committees monitor the programmes closely and effectively. Where relevant, SHG federations have been formed and strengthened so that they would take the responsibility of facilitating and monitoring the SHGs. Child clubs, Youth clubs, SHGs and other community based institutions are made involved in all the community development programmes which help in building ownership of the programmes. | 27-32 132-134 |
| Principle – 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner | | | |
| 1 | Customer complaints / consumer cases pending | Nil | 160-161 |
| 2 | Product labelling | Not applicable. Explained in Chapter – Product Stewardship | 160 |
| 3 | Cases filed by stakeholders regarding unfair trade practices, anti-competitive behaviour, irresponsible advertising in last 5 years and pending | Nil | 9 55 |
| 4 | Consumer survey / consumer satisfaction trends | Not applicable. Explained in Chapter – Product Stewardship | 160-161 |

ALIGNMENT TO INTERNATIONAL FINANCE CORPORATION (IFC) – PERFORMANCE STANDARDS ON ENVIRONMENTAL & SOCIAL SUSTAINABILITY

This sustainability report is also partially aligned to eight Performance Standards (PS) on Environmental and Social Sustainability (ESS) effective January 1, 2012, published by International Finance Corporation (IFC) – a World Bank Group. For a detailed explanation of eight PS, please visit www.ifc.org/sustainability

| Performance Standards | Title / description | PS Requirements | Covered in Chapter / Section | Page No. |
|-----------------------|--|---|--|--|
| PS – 1 | Social and Environmental Assessment & Management Systems | <ul style="list-style-type: none"> Environmental & Social Impact Assessment Application of robust Management System to address social and environmental aspects & impacts Organizational capacity with well-defined roles, responsibilities & authority Training for employees & contractors for effective implementation Broader social considerations by Community engagement in all relevant issues through disclosure, consultation & grievance redressal mechanism Monitoring & reporting Mechanism (internal as well as external) for performance assurance Address legal requirements for both social & environmental parameters | Executive Summary Sustainability Approach Environmental Performance Occupational Health & Safety Performance Organisation Profile Social Performance Corporate Governance Human Capital | 11-14 69-74 110-112, 114-115, 121-124 126-129 27-32 132-135 43, 47-48 92-94 |
| PS – 2 | Labour and Working Conditions | <ul style="list-style-type: none"> Well defined HR policy Applies four core ILO policies <ul style="list-style-type: none"> Elimination of forced and compulsory labor Abolition of child labor Elimination of discrimination in respect of employment and occupation Freedom of association and collective bargaining Fair wages and fair labor practices through defined wages, benefits, hours of work, overtime arrangements, compensation, etc. Increased health and safety focus (Occupational Health & Safety) Impacts associated with supply chains where low labor cost is a factor in competitiveness of item supplied. | Corporate Governance Human Capital Occupational Health & Safety Performance Economic Performance | 53 89-91 126-129 103-104 |

| Performance Standards | Title / description | PS Requirements | Covered in Chapter / Section | Page No. |
|-----------------------|--|--|--|--|
| PS - 3 | Pollution Prevention and Abatement | <ul style="list-style-type: none"> • Avoid release of pollutants or minimize & control the intensity or load of the release • Avoid and minimize generation of hazardous & non-hazardous waste substances • Preparedness to address any process upset, accidental & emergency situations • Emergency response plan to address the training, resources, responsibilities, communication, procedure and other aspects • Adherence with the applicable EHS guidelines • Emphasis on clean production and energy efficiency | Executive Summary Organisation Profile Environmental Performance Occupational Health & Safety Performance Social Performance | 11 21-22 110-120 126-130 157 |
| PS - 4 | Community, Health, Safety and Security | <ul style="list-style-type: none"> • Evaluation of risks and potential impacts on health & safety of local community by avoiding or minimizing risks & impacts • Disclosure of risks and potential impacts to affected communities and concerned government agencies • Adequate safety measures to safeguard personnel and property • Adequate safety measures for handling of hazardous substances • Avoid and minimize adverse impacts of the project on soil, water and other natural resources in use by the affected community • Avoid exacerbation of impacts caused by natural hazards if any, through project activities • Prevent or minimize potential for exposure to water borne, water based risks, water related, vector borne diseases and other communicable diseases • Training on rules of conduct, handling of security equipment to all the security personnel • Prevention or minimizing potential for exposure to water borne, water based risks, water related, vector borne diseases and other communicable diseases that could result from the project activities • Focused in part on gaining community support through effective consultation | Organisation Profile Corporate Governance Occupational Health & Safety Performance Product Stewardship Social Performance Environmental Performance | 27-32 59-60 128-130 159-161 134, 150-153, 157 121-124 |

| Performance Standards | Title / description | PS Requirements | Covered in Chapter / Section | Page No. |
|-----------------------|---|--|---|-----------------------------------|
| PS – 5 | Land Acquisition and Involuntary Resettlement | <ul style="list-style-type: none"> Requires to consider project design so as to avoid or at least minimize physical or economic displacement Compensation and benefits to affected people and communities Consult with and facilitate participation of the affected people and communities in decision making processes related to resettlement Continual process of consultation during implementation, monitoring and evaluation of compensation payment and resettlement Grievance redressal mechanism to address concerns about compensation and relocation Resettlement planning and implementation with appropriate socio-economic baseline data Compensation for loss of income and/or livelihood due to the project Collaboration with government agency to achieve desired outcomes | Sustainability Approach Organisation Profile Social Performance | 75-76 27-32 150-153 |
| PS – 6 | Biodiversity Conservation and Sustainable Resource Management | <ul style="list-style-type: none"> Emphasis on sustainable management of biodiversity and habitat beyond protected areas (modified habitat, natural habitat, critical habitat and legally protected areas) No international introduction of invasive alien species Management of renewable resources Includes consideration of habitat restoration measures after construction | Sustainable Approach Environmental Performance Social Performance | 71-73 114, 121-124, 130 157 |

| Performance Standards | Title / description | PS Requirements | Covered in Chapter / Section | Page No. |
|-----------------------|---------------------|--|---|-----------------------------------|
| PS - 7 | Indigenous Peoples | <ul style="list-style-type: none"> • Avoid impact on indigenous communities to the extent feasible • Develop an ongoing relationship with indigenous communities through the life of the project • Involve representatives (council of elders) including men and women for collective decision making • Protect cultural heritage of indigenous people • Provide them a forum to express their views and concerns in their own language • Provide them opportunities for culturally appropriate development benefits | Executive Summary Stakeholder Engagement Social Performance | 11 85-86 134-140 150-153 |
| PS - 8 | Cultural Heritage | <ul style="list-style-type: none"> • Include “heritage” versus the “property” to encompass intangible culture such as locations of archeologically important or religious / spiritual importance) • Avoid removing cultural heritage unless there are no alternatives, and benefits outweigh costs • To be carried out as per prevalent rules of the land | Not applicable to GMR Energy | — |

ACRONYMS

| | |
|------------|---|
| 3C | Combat Climate Change |
| 3R | Reuse, Reduce and Recycle |
| AAQ | Ambient Air Quality |
| AAQMS | Ambient Air Quality Monitoring Systems |
| ACE | Accelerated Career Enhancement |
| AGM | Annual General Meeting |
| AIDS | Acquired Immune Deficiency Syndrome |
| ALAR | Asset Light Asset Right |
| ALC | Adult Learning Center |
| AOP | Annual Operating Plan |
| AP | Andhra Pradesh |
| AP Transco | Transmission Corporation of Andhra Pradesh Limited |
| APC | Auxiliary Power Consumption |
| APCE | Air Pollution Control Equipment |
| APM | Administered Pricing Mechanism |
| APP | Associate of Power Producers |
| AR | Annual Report |
| AR2014 | Annual Report of FY 2013-14 of GMR Infrastructure Ltd. |
| AS | Accounting Standards |
| ASLC | After School Learning Centers |
| ASSOCHAM | The Associated Chambers of Commerce and Industry of India |
| ATSC | Aravali Transmission Service Company Ltd. |
| AW | Anganawadi |
| AWC | Anganawadi Centers |
| AWRS | Ash Water Recirculation System |
| BBS | Behaviour Based Safety |
| BCM | Business Chairman |
| BCP | Business Continuity Planning |
| BDL | Below Detectable Limit |
| BE | Business Excellence |
| BEE | Bureau of Energy Efficiency |
| BOD | Biological Oxygen Demand |
| BOO | Build, Own and Operate |
| BOOT | Build, Own, Operate and Transfer |
| BoP | Balance of Plant |
| BOT | Build, Operate and Transfer |
| BPL | Below Poverty Line |
| BPO | Business Process Outsourcing |
| BR | Business Responsibility |
| BRM | Business Review Meeting |
| BRR | Business Responsibility Report |
| BSC | Balanced Score Card |

| | |
|-------------------|--|
| BSE | Bombay Stock Exchange |
| BTG | Boiler, Turbine, Generator |
| BU | Billion Unit |
| CA | Companies Act, 2013 |
| CAAQMS | Continuous Ambient Air Quality Monitoring Stations |
| CAGR | Compounded Annual Growth Rate |
| Calendar Year | Year ending on December 31 |
| CAO | Compliance Advisor Ombudsman |
| CAR | Capital Adequacy Ratio |
| CARE | Credit Analysis & Research Limited |
| CBD | Convention on Biological Diversity |
| CBSE | Central Board of Secondary Education |
| CCC | Child Care Center |
| CCEA | Cabinet Committee on Economic Affairs |
| CCL | Cash Credit Limit |
| CCTV | Closed Circuit Television |
| CDM | Clean Development Mechanism |
| CDP | Carbon Disclosure Project |
| CDR | Corporate debt restructuring |
| CDSL | Central Depository Services (India) Limited |
| CEA | Central Electrical Authority |
| CEMS | Continuous Stack Emission Monitoring System |
| CER / CERs | Certified Emission Reductions |
| CERC | Central Electricity Regulatory Commission |
| CFCs | Chloro-Fluoro-Carbons |
| CFL | Compact Fluorescent Lamps |
| CFO | Chief Financial Officer |
| CH ₄ | Methane |
| CHC | Community Health Center |
| CIG | Corporate Integration Group |
| CII | Confederation of Indian Industries |
| CIL | Coal India Limited |
| CIP | Continuous Improvement Projects |
| CMPGB | Central Madhya Pradesh Gramin Bank |
| CO ₂ | Carbon Dioxide |
| CO ₂ e | Carbon Dioxide Equivalent |
| CoBCE | Code of Business Conduct & Ethics |
| CoD | Commercial Operation Date |
| COD | Chemical Oxygen Demand |
| CoP | Communication on Progress |
| COP | Conference of Parties |
| CHC | Community Health Centre |

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|---------|--|
| CHR | Corporate Human Resources |
| CPCB | Central Pollution Control Board |
| CPD | Central Procurement Department |
| CPP | Captive Power Plant |
| CR | Community Relations |
| CRM | Customer Relationship Management |
| CRP | Community Relations Program |
| CS | Community Service |
| CSC | Corporate Sustainability Committee |
| CSEB | Chhattisgarh State Electricity Board |
| CSI | Customer Satisfaction Index |
| CSPD | Corporate Strategic Planning Department |
| CSR | Corporate Social Responsibility |
| CTO | Consent to Operate |
| CTU | Central Transmission Utility |
| Cu | Cubic |
| Cum | Cubic Meter |
| CVD | Countervailing Duty |
| CWC | Central Water Commission |
| Discoms | Electricity Distribution Companies |
| DFO | District Forest Officer |
| DMP | Disaster Management Plan |
| DNA | Designated National Authority |
| DNHPDCL | Dadar & Nagar Haveli Power Distribution Corporation Limited |
| DNV | Det Norske Veritas |
| DoP | Delegation of Power |
| DOT | Directly Observed Therapy |
| DP | Depository Participant |
| DP ID | Depository Participant Identity |
| DPR | Detailed Project Report |
| DRP | Disaster Recovery Planning |
| DSM | Demand Side Management |
| DTA | Deferred Tax Asset |
| E&I | Ethics & Intelligence |
| EBITDA | Earnings Before Interest, Taxes, Depreciation and Amortization |
| ECBC | Energy Conservation Building Code |
| ECG | Electrocardiography |
| EC | Environmental Clearance |
| ECS | Electronic Clearance Service |
| ED | Executive Director |
| EDP | Executive Development Program |
| EES | Employee Engagement Survey |
| EEES | Employee Engagement & Ethical Culture |
| EGM | Extraordinary General Meeting |

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|----------|--|
| EGoM | Empowered Group of Ministers |
| EHS | Environment, Health & Safety |
| EHSQ | Environment, Health & Safety and Quality |
| ELC | Early Learning Centres |
| EMPOWER | Enabling Marketing of Products of Women Entrepreneurs |
| EMS | Environment Management System |
| EN | Environmental Performance Indicator |
| EPC | Engineering, Procurement and Construction |
| EPM | Enterprise Process Model |
| ER | Eastern Region |
| ERC | Energy Regulatory Commission |
| ERM | Enterprise Risk Management |
| ES Certi | Energy Saving Certificates |
| ESIA | Environmental and Social Impact Assessments |
| ESP | Electro-Static Precipitator |
| ESS | Environmental & Social Sustainability |
| ETP | Effluent Treatment Plant |
| EUSS | Electric Utilities Sector Supplement |
| EVIs | Environment Voluntary Initiatives |
| EY | Ernst & Young LLP, India |
| FC | Financial Closure |
| FDI | Foreign Direct Investment |
| FEMA | The Foreign Exchange Management Act |
| FIC | Farmers Information Center |
| FICCI | Federation of Indian Chambers of Commerce and Industry |
| FIIIs | Foreign Institutional Investors |
| Fls | Financial Institutions |
| FMS | Facility Management Systems |
| FPI | Foreign Portfolio Investors |
| FRA | Forest Right Act |
| FRP | Financial Restructuring Package |
| FSA | Fuel Supply Agreement |
| FVCI | Foreign Venture Capital Investors |
| FY | Fiscal Year or Financial Year |
| G - 4 | Generation - 4 |
| G&L | Gas & Liquid Fuel based Assets |
| GAAP | Generally Accepted Accounting Principles |
| GAIL | Gas Authority of India Limited |
| GBEM | GMR Business Excellence Model |
| GCM | GMR Group Chairman |
| GCoC | GMR Code of Conduct |
| GCV | Gross Calorific Value |

| | |
|--------|---|
| GDP | Gross Domestic Product |
| GEL | GMR Energy Limited |
| GET | Graduate Engineer Trainees |
| GHB | GMR Group Holding Board |
| GHG | Green House Gases |
| GHIAL | GMR Hyderabad International Airport Limited |
| GHPL | GMR Holdings Private Limited |
| GIL | GMR Infrastructure Limited |
| Gj | Giga Joules |
| GL | Generation License(s) |
| GMRVF | GMR Varalakshmi Foundation |
| GMTC | GMR Management Training Centre |
| GOI | Government of India |
| Govt. | Government |
| GPAC | Group Performance Advisory Council |
| GRC | Governance Risk & Compliance |
| GRI | Global Reporting Initiative |
| GRIDCO | Grid Corporation of Odisha Limited |
| GSAs | Gas Supply Agreements |
| GSCM | Green Supply Chain Management |
| GW | Giga-Watt |
| HCFCs | Hydro-Chloro-Fluoro-Carbons |
| HEP | Hydro Electric Power Project |
| HFO | Heavy Fuel Oil |
| HIV | Human Immunodeficiency Virus |
| HP | Himachal Pradesh |
| HQ | Head Quarters |
| HR | Human Resources |
| HT | High Tension |
| HVS | High Volume Sampler |
| IAA | Institute of Internal Auditors |
| ICAI | Institute of Chartered Accountants of India |
| ICSI | Institute of Company Secretaries of India |
| IDFC | Infrastructure Development Finance Company |
| IDPs | Individual Development Plans |
| IEEE | Institute of Electrical and Electronics Engineers |
| IFC | International Finance Corporation |
| IFRS | International Financial Reporting Standards |
| IGA | Income Generation Activities |
| IGC | Investors' Grievance Committee |
| IGCAR | India Gandhi Centre for Advanced Research |
| IGCC | Integrated Gasification Combined Cycle |
| IIA | The Institute of Internal Auditors |

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|--------|--|
| IIF | India Infrastructure Fund |
| ILO | International Labour Organization |
| IMS | Integrated Management System |
| IND-AS | Indian Accounting Standards |
| IOCL | Indian Oil Corporation Limited |
| IPC | The Indian Penal Code |
| IPO | Initial Public Offering |
| IPPAI | Independent Power Producers Association of India |
| IPPs | Independent Power Producers |
| IR | Industrial Relations |
| ISL | Individual Sanitary Lavatories |
| ISO | International Standards Organization |
| IT | Information Technology |
| IT Act | The Income Tax Act |
| ITBP | Indo-Tibetan Border Police |
| ITES | Information Technology Enabled Services |
| ITI | Industrial Training Institute |
| IUCN | International Union for Conservation of Nature |
| JDA | Joint Development Agreement |
| JNNSM | Jawaharlal Nehru National Solar Mission |
| JV | Joint Venture |
| KBAs | Key Behavioural Attributes |
| Kg | Kilo-Grams |
| K-Hub | Knowledge Hub |
| KL | Kilo-Litres |
| KM | Knowledge Management |
| Km | Kilo-Meter |
| KPI | Key Performance Indicators |
| KRA | Key Results Areas |
| KV | Kilo-Volt |
| KW | Kilo-Watt |
| KWh | Kilo-Watt-Hour (also termed as 'Unit') |
| L&D | Learning & Development |
| LED | Learning Effectiveness & Development |
| LIC | Life Insurance Corporation of India |
| LKG | Lower Kindergarten |
| LNG | Liquefied Natural Gas |
| LoA | Letter of Assurances |
| LPG | Liquefied Petroleum Gas |
| ISD | Investor Services Department |
| LDO | Light Diesel oils |
| LSHS | Low Sulphur Heavy Stock |
| Ltd. | Limited |
| LTIFR | Lost Time Incident Frequency Rate |

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|------------------|--|
| MAG | Management Assurance Group |
| MCA | Ministry of Corporate Affairs |
| MCL | Mahanadi Coalfields Limited |
| MDC | Management Development Centre |
| MDG | Manager Development Programme |
| MDP | Millennium Development Goals |
| mg/l | Milligram/Litre |
| MG-NREGS | Mahatma Gandhi National Rural Employment Guarantee Scheme |
| MIS | Management Information System |
| MLD | Million Litres per day |
| mmbtu | Million Metric British Thermal Units |
| MMSCMD | Million Metric Standard cubic Meter per Day |
| MMT | Million Metric Tonnes |
| MMTPA | Million Metric Tonnes Per Annum |
| MMU | Mobile Medical Unit |
| MNRE | Ministry of New and Renewable Energy |
| MoC | Ministry of Coal |
| MoEF | Ministry of Environment and Forests |
| MoF | Ministry of Finance |
| MoM | Minutes of Meeting |
| MoP | Ministry of Power |
| MoPNG | Ministry of Petroleum and Natural Gas |
| MoU | Memorandum of Understanding |
| MSEDCL | Maharashtra State Electricity Distribution Company Limited |
| MT | Million Tonnes |
| MTPA | Million Tonnes per Annum |
| MU | Million Units (equivalent to Million KWh) |
| MVA | Mega Volt-Amperes |
| MW | Mega Watts |
| MWh | Mega Watt Hour |
| N ₂ O | Nitrous Oxide |
| NABARD | National Bank for Agriculture and Rural Development |
| NCES | Non-Carbon Emitting Sources |
| ND | Non Detectable |
| NEA | Nepal Electricity Authority |
| NEBOSH | National Examination Board in Occupational Safety and Health |
| NEDs | Non-Executive Directors |
| NELP | New Exploration Licensing Policy |
| NG | Natural Gas |
| NGO | Non-Government Organization |
| NGT | National Green Tribunal |

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|-----------------|--|
| NMEEE | National Mission on Enhanced Energy Efficiency |
| NO _x | Oxides of Nitrogen |
| NRLM | National Rural Livelihood Mission |
| NSC | National Safety Council |
| NSD | National Safety Day |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| NTP | National Tariff Policy |
| NVG / NVG-SEE | National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business |
| O&G | Oil and Grease |
| O&M | Operations and Maintenance |
| OBC | Other Backward Class |
| ODP | Ozone Depleting Potential |
| ODS | Ozone Depleting Substances |
| OEM | Original Equipment Manufacturer |
| OFI | Opportunities for Improvement |
| OGL | Open General License |
| OHSAS | Occupational Health & Safety Assessment Series |
| OIL | Oil India Limited |
| ORM | Operation Review Meeting |
| ORS | Oral Rehydration Salts |
| PA / P.A. | Per Annum |
| PAF | Project Affected Families |
| PAPs | Project Affected Persons |
| PAT | Profit After Tax |
| P-A-T | Perform, Achieve and Trade |
| PDM | Performance Development Matrix |
| PGCIL | Power Grid Corporation of India Limited |
| PHC | Primary Health Centre |
| PL | Prospecting License |
| PLF | Plant Load Factor |
| PM | Particulate Matter |
| PMA | Project Management Audit |
| PMI | Power Management Institute |
| PMO | Prime Minister's Office |
| PMP | Performance Management Plan |
| PMS | Performance Management System |
| PNB | Punjab National Bank |
| POP | Persistent Organic Pollutants |
| POSH | Prevention of Sexual Harassment |
| PPA | Power Purchase Agreement |
| PPE | Personal Protective Equipment |
| ppm | parts per million |

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| PPP | Public Private Partnership |
| PRD | Performance Review Discussion |
| PS | Performance Standards |
| PTA | Parent Teachers Association |
| PTW | Permit to Work |
| PV | Photo-Voltaic |
| QMS | Quality Management System |
| R&R | Rewards & Recognition |
| RAC | Refrigeration and Air-conditioning |
| RASCI | Responsible, Approve, Support, Consulted, and Informed |
| RCH | Reproductive and Child Health |
| RDS | Respirable Dust Sampler |
| REC | Renewable Energy Certificate |
| RIL | Reliance Industries Limited |
| RLDC | Regional Load Dispatch Centers |
| RLNG | Regasified Liquefied Natural Gas |
| RMC | Risk Management Committee |
| RMSC | Risk Management Sub-Committee |
| RO | Reverse Osmosis |
| RoC | Registrar of Companies |
| ROCE | Return on Capital Employed |
| ROE | Return on Equity |
| RPCs | Regional Power Committees |
| RPO | Renewable Purchase Obligation |
| ₹ / Rupees | Indian Rupees |
| RTI | Right to Information |
| SA-8000 | Social Accountability 8000 Standard |
| SAC | Sustainability Advisory Council |
| SAD | Special Additional Duty of Customs |
| SBD | Standard Bidding Document |
| SBU | Strategic Business Unit |
| SC | Scheduled Castes |
| SD | Sustainable Development |
| SDM | Strategy Deployment Matrix |
| SEB | State Electricity Board |
| SEBI | Securities and Exchange Board of India |
| SECL | South Eastern Coal Fields Limited |
| SEPCO | Shandong Electric Power Construction Corporation, China |
| SERC | State Electricity Regulation Commission |
| SHG | Self Help Group |
| SLT | Senior Leadership Team |
| SMART | Supply Management Adaptive & Responsive Tool |
| SMS | Safety Management System |
| SO ₂ | Sulphur Dioxide |
| SOPs | Standard Operating Procedures |

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|---------------|--|
| SOS | Safety Observation System |
| SPCB | State Pollution Control Board |
| SPG | Strategic Planning Group |
| SPM | Suspended Particulate Matter |
| SPS | Structured Problem Solving |
| SPV | Special Purpose Vehicle |
| SRI | System of Rice Intensification |
| SSC | Safety Steering Committee |
| SSP | Standard Secretarial Practices |
| ST | Scheduled Tribes |
| Std. | Standard (or class of education) |
| STP | Sewage Treatment Plant |
| STU | State Transmission Utility |
| Supreme Court | Supreme Court of India |
| SVP | Social Volunteering Projects |
| TANGEDCO | Tamil Nadu Generation and Distribution Corporation Limited |
| TDS | Total Dissolved Solids |
| TEC | Techno-Economic Clearance |
| TLM | Teaching and Learning Material |
| TN | Tamil Nadu |
| TNEB | Tamil Nadu Electricity Board |
| TNERC | Tamil Nadu Electricity Regulatory Commission |
| TPP | Thermal Power Plant |
| TSDF | Treatment, Storage and Disposal Facilities |
| TSS | Total Suspended Solids |
| UHBVN | Uttar Haryana BijiVitran Nigam, Government of Haryana |
| UK | United Kingdom |
| UMPPs | Ultra Mega Power Projects |
| UN | United Nation |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNGC | United Nation Global Compact |
| UP | Uttar Pradesh |
| UT | Union Territory of India |
| V | Volt |
| VCS | Verified Carbon Standard Registry |
| VDAC | Village Development Advisory Committees |
| VDC | Village Development Committee |
| VER | Verified Emission Reductions |
| VOC | Volatile Organic Compounds |
| VVF | Variable Frequency Drive |
| WBCSD | World Business Council for Sustainable Development |



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Independent Assurance Statement

The Board of Directors and Management

GMR Energy Limited
 IBC Knowledge Park, Phase 2,
 'D' Block, 10th Floor,
 4/1, Bannerghatta Road,
 Bengaluru - 560029, India

Ernst & Young LLP (EY) was appointed by GMR Energy Limited ('the Company') to provide independent assurance to the Company's Sustainability Report (the 'Report') for the financial year 2013 - 14.

The development of the Report is based on the Global Reporting Initiative (GRI) G4 Guidelines (2013) as per the 'In Accordance' Core criteria. The Company's management is responsible for the content of the Report, identification of the key aspects, engagement with stakeholders and its presentation. EY's responsibility, in accordance with the company's management's instructions, is to carry out a limited assurance engagement on the Report and to include specific observations from our work. The assurance statement should not be taken as a basis for interpreting the Company's performance across the scope of aspects covered in the Report.

Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk.

Scope of Assurance

The scope of assurance covers the following aspects of the Report:

- ▶ Review of the sustainability report for detecting, on a test basis, any major anomalies between the information reported on performance with respect to identified GRI G4 (2013) disclosures and relevant source data / information, for the period 1st April 2013 to 31st March 2014, covering the Company's Corporate Offices at Bengaluru and Delhi as well as at the following sites of operations:
 - Thermal power plant at Kamalanga, Odisha,
 - Thermal power plant at Chennai, Tamil Nadu
- ▶ The level of adherence to GRI G4 (2013) Guidelines, including materiality analysis and stakeholder engagement followed by the Company in preparing the Sustainability Report.

Limitations of our review

The assurance scope excludes:

- ▶ Operations of the Company other than those mentioned in the 'Scope of Assurance';

- ▶ Aspects of the Report and data/information (qualitative or quantitative) other than those mentioned above;
- ▶ Data and information outside the defined reporting period i.e. 1st April 2013 to 31st March 2014;
- ▶ The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company.

Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000) on reporting principles, as well as conformance to standard disclosures as per GRI G4 (2013) Guidelines.

What we did to form our conclusions

In order to form our conclusions we undertook the following key steps:

1. Interviewed select key senior personnel of the Company to understand the current processes in place for capturing sustainability performance data as per GRI G4 (2013) guidelines;
2. Reviewed relevant documents and systems for gathering, analyzing and aggregating sustainability performance data for Environmental (EN), Labour Practices and Decent Work (LA), Human Rights (HR), Society (SO) and Product Responsibility (PR) standard disclosures in the reporting period; The engagement team for the Sustainability Report assurance did not review the Economic (EC) disclosures, as these were taken from the audited financial statement of the Company;
3. Interviewed the top management to understand their commitment to sustainability, systems for sustainability performance management, systems for stakeholder engagement, materiality assessment and future outlook.

Observations and opportunities for improvement

- ▶ The Company has disclosed its sustainability performance to its stakeholders using the internationally accepted GRI G4 (2013) guidelines. However, there is scope to improve the adherence to GRI G4 (2013) guidelines, specifically with respect to the mapping of specific standard disclosures to the identified material aspects;
- ▶ It was observed that the Company has several initiatives towards Corporate Social Responsibility (CSR) around the Company's sites, as described in the Report;
- ▶ There is scope to strengthen the Company's data management systems and internal controls, especially with respect to environmental disclosures, social development data, and human resources' data, to ensure greater accuracy and consistency in data being reported.

Our Conclusions

On the basis of our review scope and methodology, our conclusions are as follows:

- ▶ Stakeholder inclusiveness:



The Company has disclosed its stakeholder engagement approach and activities in the Sustainability Report. We are not aware of any matter that would lead us to conclude that the Company has not applied the principle of inclusivity in engaging with key stakeholder groups.

- ▶ **Materiality:**
The Company has identified key aspects material to its sustainability performance and described the process for materiality analysis in the Sustainability Report. Nothing has come to our attention that causes us to believe that any material aspects so identified have been excluded from sustainability reporting by the Company. Going forward the Report could provide a stronger linkage between the material aspects identified and the choice of GRI G4 (2013) specific standard disclosures.
- ▶ **Sustainability context:**
The Report describes the Company's risks and opportunities in relation to its sustainability context. However, there is scope to expand the context by focusing on long-term impacts from current sustainability issues (e.g. carbon emission norms, gas availability, India's power deficit etc.).
- ▶ **Completeness:**
Nothing has come to our attention that causes us to believe that the coverage of the report is inadequate with respect to material aspects, sufficient to reflect significant economic, environmental and social impacts of the Company.
- ▶ **Reliability of performance information:**
We reviewed the accuracy and completeness of sustainability information in the Report. Nothing has come to our attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with the GRI G4 (2013) guidelines. Data errors identified in the reporting of GRI G4 specific standard disclosures during the assurance were subsequently corrected by the Company.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics¹ for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

For Ernst & Young LLP

Sudipta Das
Partner
9th September 2014
Kolkata

¹ International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants (2013) establishes ethical requirements for professional accountants.

FEEDBACK

We value your feedback and welcome comments on this report or any aspect of our approach to Sustainability Reporting.

Please email us at:

Sustainability.Energy@gmrgroup.in

Please write to us at:

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For more information visit

www.gmrgroup.in/energy

More Online

View our Sustainability Report

www.gmrgroup.in/energy

View online Annual Report FY 2013–2014 of GIL

http://www.gmrgroup.in/Investors/Annual_Reports.html

2486.35 MW
in operation using coal, LSHS, NG,
RLNG, solar & wind

503 EMPLOYEES
volunteered 2200 personal hours

7200 CUBIC
meters/day of municipal sewage is treated & used
for plant use

22 MEDICAL CLINICS
for 2500 people per year

269 SHGs
involving 3200 women

₹148.8 MILLION
CSR spending

0.183 LTIFR
reduced from 0.196

152 HEALTH AWARENESS
programs for 10000 people

4.85%
EBITDA MARGIN

45,73,045 MT
CO₂/annum CERs registered with UNFCCC



GMR

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