GMR Infrastructure Limited

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August 17, 2012

BSE Limited
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Dalal Street
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza
Plot no. C/1, G Block
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051

Dear Sir(s),

Sub: Press Release

This is to inform you that Delhi International Airport Private Limited, a Subsidiary of the Company, is proposing to issue a press release titled "Comments on Comptroller & Auditor General's Performance Audit of Airports Authority of India (AAI)", a copy of which is enclosed.

Please take the same on record.

Thanking you,

Yours faithfully,
For GMR Infrastructure Limited

C.P. Sounderarajan
Company Secretary & Compliance Officer

Encl: Press Release [Two Pages]

Regd. Office:
25/1, Skip House,
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PRESS RELEASE

COMMENTS ON COMPTROLLER & AUDITOR GENERAL'S PERFORMANCE AUDIT OF AIRPORTS AUTHORITY OF INDIA (AAI)

New Delhi: 17th August, 2012: The Comptroller and Auditor General (CAG) has tabled a report on the Implementation of Public-Private Partnership at Indira Gandhi International Airport before the august Houses of the Parliament.

This report pertains to an audit conducted by the CAG on the performance of the AAI with particular reference to the privatization process of Indira Gandhi International Airport (IGIA). Therefore, the appropriate and competent authority for redressal of all queries on this issue is the Airport Authority of India (AAI) or the Ministry of Civil Aviation (MOCA).

Even though many of these issues have already been discussed between the ministry and auditors and were responded to in detail, they have not been reflected in the final report. Even the former Secretary Civil Aviation had expressed this view in a separate letter to the Audit Authority.

Hence, we feel sad that a showcase airport created with dedicated efforts and a well-thought-out policy of the national government has come in for adverse remarks. We have also noted with concern that the reputation of this company has been questioned regularly in the media based on incomplete and inaccurate facts. Hence, purely in order to put the records straight, we would like to state the following without prejudice to our rights:

1. Delhi International Airport Private Limited (DIAL) has NOT received any undue benefits from the government before, during or after the bidding process. The entire process of the privatization and selection of Joint Venture was based on a transparent, international, competitive bidding which was guided and presided over by competent bodies and has been upheld as such by the Hon'ble Supreme Court in 2006.
2. It is alleged that with the airport modernization project DIAL was effectively handed over land valued at Rs. 1,63,557 Crore for only Rs. 100 per year.
   a. The purpose of leasing the airport land by AAI to DIAL was neither sale of land nor earning of a rental income from it.
   b. The basis of providing the concession to operate the airport was the revenue share quoted by the bidders to AAI.
   c. The entire commercial land available with DIAL neither has any immediate commercial value nor can be put to use and therefore cannot be monetized immediately. Thus, just using value of one acre and extrapolating the same for the entire land parcel is at best an arithmetic exercise and not practical.

d. In fact, using the same method of calculation, AAI will receive Rs. 3 to 4 Lakh Crore from DIAL as revenue share over the 54 years.

3. The allegation that Airport Development Fee (ADF) was an afterthought and done only to benefit DIAL is absolutely untrue:
   a. ADF is allowed as per section 22 A of AAI Act 1994 as amended in 2003 – long before the bidding process – and hence was known to all bidders
   b. AAI Act is the primary governing legislation for the concession as provided in the transaction documents
   c. The levy of ADF was upheld by the Hon'ble Supreme Court vide its order dated 26th April 2011
4. The concession period of 30 years with 30 years extension being an unfair advantage to DIAL is also not true:
   a. Such long concession periods are quite normal in infrastructure projects where the investment is large and gestation period is long
   b. Moreover, as this was a bid condition known to all bidders, they had already considered this condition while quoting the bids

The Indira Gandhi International Airport (IGIA), Delhi is a shining example of the success of PPP model of infrastructure development in India. IGIA is currently rated as the second best airport in the world in the 25-40 million passengers per year category. The current Airport Service Quality (ASQ) rating of IGIA stand at 4.73/5.00 which far exceeds that stipulated in the concession agreement - at 3.75/5.00. It is currently the largest airport in India - catering to 36 million passengers per annum (mppa), handling 600,000 tonnes of cargo and managing over 300,000 aircraft movements every year. According to NCAER, IGIA contributes 0.45 per cent to the national GDP and 13.53 per cent to state GDP of Delhi. It has also created 15,78,000 jobs which is 25.9 per cent of Delhi's total employment and 0.34 per cent of national total employment.

About DIAL

Delhi International Airport (P) Ltd (DIAL) is a joint venture company; comprising the GMR Group, Airports Authority of India, Fraport and Malaysia Airports Holdings Berhad. The project being developed by DIAL under Public Private Partnership has been given the mandate to finance, design, build, operate and maintain the Delhi Airport for 30 years with an option to extend it by another 30 years.

For Further details, please contact:

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