

GMR Infrastructure Limited

Corporate Identity Number (CIN): L45203KA1996PLC034805

Registered Office: 25/1, Skip House, Museum Road, Bengaluru - 560 025

Phone: +91-80-40432000 Fax: +91-80-40432333

Email: Adishavaram.Chelukupalli@gmrgroup.in Website: www.gmrgroup.in

PART I

Statement of unaudited standalone financial results for the quarter and six months ended September 30, 2015

(In Rs. crore)

S.No	Particulars	Quarter ended			Six Months Ended		Year ended
		September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations						
	(a) Sales / income from operations	24.99	16.25	19.68	41.24	88.24	164.89
	(b) Other operating income (refer Note 19)	145.81	143.06	123.31	288.87	215.91	484.85
	Total income from operations	170.80	159.31	142.99	330.11	304.15	649.74
2	Expenses						
	(a) Cost of materials consumed	6.37	5.51	6.64	11.88	14.59	33.30
	(b) Subcontracting expenses	17.57	8.15	6.23	25.72	62.02	90.83
	(c) Employee benefits expenses	2.86	4.60	6.53	7.46	14.55	25.03
	(d) Depreciation and amortisation expenses	3.98	4.02	4.45	8.00	9.63	20.03
	(e) Foreign exchange fluctuation loss (net)	-	-	0.15	-	-	-
	(f) Other expenses	14.58	9.45	9.40	24.03	19.88	50.87
	Total expenses	45.36	31.73	33.40	77.09	120.67	220.06
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	125.44	127.58	109.59	253.02	183.48	429.68
4	Other income						
	a) Foreign exchange fluctuation gain (net)	0.16	0.04	-	0.20	6.56	6.67
	b) Other income - others	11.25	0.18	6.42	11.43	6.53	12.81
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)	136.85	127.80	116.01	264.65	196.57	449.16
6	Finance costs	109.01	122.61	126.82	231.62	264.06	537.29
7	Profit / (Loss) from ordinary activities after finance costs and before exceptional items (5 - 6)	27.84	5.19	(10.81)	33.03	(67.49)	(88.13)
8	Exceptional items						
	Provision for diminution in value of investments/advances in subsidiaries (Refer Note 9)	(29.19)	(1.30)	-	(30.49)	-	(262.40)
9	(Loss)/ Profit from ordinary activities before tax (7 ± 8)	(1.35)	3.89	(10.81)	2.54	(67.49)	(350.53)
10	Tax expenses (net)	-	-	7.24	-	9.80	2.12
11	Net (Loss) / Profit from ordinary activities after tax (9 ± 10)	(1.35)	3.89	(18.05)	2.54	(77.29)	(352.65)
12	Paid-up equity share capital (Face value - Re. 1 per share)	603.59	529.58	436.13	603.59	436.13	436.13
13	Paid-up debt capital (refer Note 21)				867.50	1,147.50	967.50
14	Reserve excluding Revaluation Reserves as per balance sheet of previous year						7,883.47
15	Debenture Redemption Reserve (included in reserves in S.No 14 above)				117.38	142.19	121.33
16	Weighted average number of shares used in computing Earning Per Share	5,457,154,192	5,121,213,563	4,315,385,913	5,290,101,748	4,105,064,833	4,232,805,171
17	Earnings per share (of Re. 1 each) (not annualised) Basic and Diluted	(0.00)	0.01	(0.04)	0.00	(0.19)	(0.83)
18	Debt Equity Ratio (refer Note 20)				0.37	0.52	0.46
19	Debt Service Coverage Ratio ('DSCR') (refer Note 20)				0.26	0.16	0.09
20	Interest Service Coverage Ratio ('ISCR') (refer Note 20)				1.01	0.74	0.35

PART II							
Select Information for the quarter and six months ended September 30, 2015							
S.No	Particulars	Quarter ended			Six Months ended		Year Ended
		September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
A	PARTICULARS OF EQUITY SHAREHOLDING						
1	Public shareholding						
	- Number of equity shares	2,334,518,362	1,626,096,576	1,547,203,732	2,334,518,362	1,547,203,732	1,477,160,289
	- Percentage of equity shareholding	38.67%	30.70%	35.48%	38.67%	35.48%	33.87%
2	Promoter and Promoter Group equity shareholding						
a)	Pledged / Encumbered						
	- Number of equity shares	2,973,733,949	3,062,954,211	1,800,017,861	2,973,733,949	1,800,017,861	2,535,332,661
	- Percentage of equity shares (as a % of the total equity shareholding of promoter and promoter group)	80.73%	83.88%	64.38%	80.73%	64.38%	88.46%
	- Percentage of equity shares (as a % of the total equity share capital of the Company)	49.27%	57.84%	41.27%	49.27%	41.27%	58.13%
b)	Non - encumbered						
	- Number of equity shares	709,693,164	588,749,802	996,025,986	709,693,164	996,025,986	330,754,629
	- Percentage of equity shares (as a % of the total equity shareholding of promoter and promoter group)	19.27%	16.12%	35.62%	19.27%	35.62%	11.54%
	- Percentage of equity shares (as a % of the total equity share capital of the Company)	11.76%	11.12%	22.84%	11.76%	22.84%	7.58%
3	Non-promoter and non-public equity shareholding						
	- Number of equity shares	17,999,800	17,999,800	17,999,800	17,999,800	17,999,800	17,999,800
	- Percentage of equity shareholding	0.30%	0.34%	0.41%	0.30%	0.41%	0.42%

	Particulars	Quarter ended September 30, 2015
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	-
	Received during the quarter	111
	Disposed of during the quarter	111
	Remaining unresolved at the end of the quarter	-

GMR Infrastructure Limited							
Report on Standalone Segment Revenue, Results and Capital Employed							
(In Rs. crore)							
S.No	Particulars	Quarter ended			Six Months Ended		Year ended
		September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
a)	EPC	24.99	16.25	19.68	41.24	88.24	164.89
b)	Others	145.81	143.06	123.31	288.87	215.91	484.85
	Total	170.80	159.31	142.99	330.11	304.15	649.74
	Less: Inter Segment	-	-	-	-	-	-
	Net Segment Revenue	170.80	159.31	142.99	330.11	304.15	649.74
2	Segment Results						
a)	EPC	4.68	(5.70)	(1.14)	(1.02)	(8.69)	(1.49)
b)	Others	132.17	133.50	117.15	265.67	205.26	450.65
	Total	136.85	127.80	116.01	264.65	196.57	449.16
	Less: Finance costs	109.01	122.61	126.82	231.62	264.06	537.29
	Add/(less): Exceptional items						
	Provision for diminution in value of investments/advances in subsidiaries (Refer Note 9)	(29.19)	(1.30)	-	(30.49)	-	(262.40)
	(Loss) / Profit before tax	(1.35)	3.89	(10.81)	2.54	(67.49)	(350.53)
3	Capital employed (Segment Assets - Segment Liabilities)						
a)	EPC	170.93	155.58	202.04	170.93	202.04	177.68
b)	Others	14,586.82	14,587.07	13,812.40	14,586.82	13,812.40	14,280.77
c)	Unallocated	(3,774.14)	(3,757.69)	(4,129.05)	(3,774.14)	(4,129.05)	(3,970.77)
	Total	10,983.61	10,984.96	9,885.39	10,983.61	9,885.39	10,487.68

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

1. Statement of assets and liabilities

(In Rs. crore)

Particulars		As at	
		September 30, 2015	March 31, 2015
		Unaudited	Audited
A	EQUITY AND LIABILITIES		
	1 Shareholders' funds		
	(a) Share capital	603.59	1,572.80
	(b) Reserves and surplus	10,238.27	7,883.47
	(c) Money received against share warrants	141.75	141.75
	Sub-total	10,983.61	9,598.02
	2 Share application money pending allotment	-	889.66
	3 Non-current liabilities		
	(a) Long-term borrowings	3,506.38	3,365.98
	(b) Other long-term liabilities	3.87	22.72
	(c) Long-term provisions	1.88	1.74
	Sub-total	3,512.13	3,390.44
	4 Current liabilities		
	(a) Short-term borrowings	135.46	146.03
	(b) Trade payables	93.84	160.80
	(c) Other current liabilities	640.31	988.86
	(d) Short-term provisions	14.05	12.79
	Sub-total	883.66	1,308.48
	Total	15,379.40	15,186.60
B	ASSETS		
	1 Non-current assets		
	(a) Fixed assets	76.19	83.28
	(b) Non-current investments	9,314.05	9,025.56
	(c) Long-term loans and advances	4,826.18	4,125.24
	(d) Trade receivables	40.05	52.40
	(e) Other non-current assets	213.53	761.42
	Sub-total	14,470.00	14,047.90
	2 Current assets		
	(a) Current investments	158.50	100.00
	(b) Inventories	14.27	4.55
	(c) Trade receivables	113.22	147.95
	(d) Cash, cash equivalents and other bank balances	85.63	398.64
	(e) Short-term loans and advances	187.41	228.18
	(f) Other current assets	350.37	259.38
	Sub-total	909.40	1,138.70
	Total	15,379.40	15,186.60

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

- 1 Investors can view the standalone results of GMR Infrastructure Limited (“the Company” or “GMR”) on the Company’s website www.gmrgroup.in or on the websites of BSE (www.bseindia.com) or NSE (www.nse-india.com).

2 Segment Reporting

- a. The Company carries on its business in two business verticals viz., Engineering Procurement Construction (‘EPC’) and others.
- b. The segment reporting of the Company has been prepared in accordance with Accounting Standard 17 on Segment Reporting, notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The business segments of the Company comprise of the following:

Segment	Description of Activity
EPC	Handling of engineering, procurement and construction solutions in Infrastructure Sector
Others	Investment activity and corporate support to various infrastructure SPVs

- 3 a. The Company through its subsidiary GMR Infrastructure (Mauritius) Limited (‘GIML’) has made investments of Rs. 303.93 Crore (USD 4.58 Crore) (including equity share capital of Rs. 153.15 Crore (USD 2.31 Crore) and subordinate loans and interest accrued thereon of Rs 150.78 Crore (USD 2.27 Crore) towards 77% holding in GMR Male International Airport Private Limited (‘GMIAL’) and GIML has placed deposits of Rs. 913.65 Crore (USD 13.78 Crore) with lenders towards loans taken by GMIAL. Further the Company has given a corporate guarantee of Rs. 2,602.28 Crore (USD 39.25 Crore) to the lenders in connection with the borrowings made by GMIAL.

GMIAL entered into an agreement on June 28, 2010 with Maldives Airports Company Limited (‘MACL’) and Ministry of Finance and Treasury (‘MoFT’), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport (‘MIA’) for a period of 25 years (“the Concession Agreement”). On November 27, 2012, MACL and MoFT issued notices to GMIAL stating that the Concession Agreement was void ab initio and that neither MoFT nor MACL had authority under the laws of Maldives to enter into the agreement. It was also stated that MACL would take over the possession and control of MIA within 7 days of the said letter. Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the MIA and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL’s principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. On June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and is valid and binding on the parties. Further, the tribunal declared that the Government of Maldives (‘GoM’) and MACL are jointly and severally liable to GMIAL for loss caused by repudiation of the contract. The quantum of the damages is yet to be decided and the damages are limited to the sum which would have been recovered under clause 19.4.3 (b) had the Concession Agreement been terminated on grounds of public interest pursuant to clause 19.2.1 (h). On November 21, 2014, GMIAL served its schedule of loss on the tribunal and on GoM and MACL together with the termination date claim report and the expert report quantifying the losses incurred by GMIAL and which GMIAL assert are recoverable on account of the tribunal’s award. Further, GoM and MACL, on November 26, 2014, served a letter on the tribunal and on GMIAL asserting that the parties to the arbitration have different interpretations of the limitation in Paragraph 167(1) (g) of the aforesaid award of the tribunal (‘preliminary issue’) and the timetable had been agreed by the parties for hearing of the preliminary issue in the first half of 2015. On June 17, 2015, the

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

tribunal issued its decision in respect of the preliminary issue stating that the limit to damages recoverable in the aforementioned award was intended to apply from the date of concession agreement has been repudiated and also that the limit to recoverable damages identified in the aforementioned award means all damages recoverable by GMIAL and not only contractually contemplated damages. Accordingly, on October 1, 2015, GMIAL served the amended schedule of loss to the tribunal based on the latest development in the arbitration and has proposed the time table for the matter till determination of the quantum by the tribunal and ultimate resolution of the proceedings. The final outcome of the arbitration is pending as at September 30, 2015. In view of the aforesaid matter GMIAL continues to reflect assets amounting to Rs. 1563.06 Crore (USD 23.58 Crore) including claim recoverable of Rs. 1242.08 Crore (USD 18.73 Crore) at their carrying values as at September 30, 2015, net of assets written off of Rs. 202.61 Crore during the year ended March 31, 2013. GMIAL's ability to continue its future business operations and consequential impact on investments made / guarantees given by the Company and GIML is solely dependent on the outcome of arbitration and / or a negotiated settlement.

Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for rehabilitation, expansion, modernization of MIA. Pursuant to the aforesaid takeover of airport, GMIAL has terminated the contracts with GADLIL and these service providers. As per the terms of contracts, in the event of discontinuation of construction, GMIAL is required to pay termination payment to the service providers. GMIAL has received claims of around USD 8.00 Crore as at September 30, 2015 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognized as at September 30, 2015 since the amounts payable are not certain.

Based on the aforesaid award by the tribunal, internal assessment and a legal opinion obtained by GMIAL, the management of the Company is confident that GMIAL would be entitled for compensation under the Concession Agreement at least to the extent of the carrying value of the assets taken over by the GoM / MACL and the subsequent expenditure incurred by GMIAL as at September 30, 2015 and accordingly, these standalone unaudited financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. The statutory auditors of the Company have qualified their limited review report in this regard.

b. The Company received a letter NSE/LIST/243830-W dated July 4, 2014 from the National Stock Exchange of India Limited ('NSE') whereby Securities and Exchange Board of India ('SEBI') has directed NSE to advise the Company to rectify the qualification in respect of the matter described in the paragraph on 'Basis for Qualified Opinion' in the Auditors' Report on the standalone financial statements of the Company for the year ended March 31, 2013, within the end of the next reporting period under paragraph 5(d)(iii) of the SEBI Circular Number CIR/CFD/DIL/7/2012 dated August 13, 2012. The Company is in the process of seeking clarifications from NSE in this regard. The statutory auditors of the Company have drawn an Emphasis of Matter in their limited review report in this regard.

- 4 The Company along with its subsidiaries has investments of Rs. 392.12 Crore (including investments in equity / preference shares of Rs. 239.59 Crore made by the Company and its subsidiaries and loans and interest accrued thereon of Rs. 152.53 Crore,) in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') a subsidiary of the Company as at September 30, 2015. GACEPL has been incurring losses since the commencement of its commercial operations. The management believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the years ended March 31, 2014 and March 31, 2015 till further orders. Based on an internal assessment and a legal opinion obtained by the management, the management of GACEPL is confident that it will be able to claim

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly, the investments in GACEPL has been carried at cost and no provision for diminution in the value of investments has been made as at September 30, 2015. The statutory auditors of the Company have drawn an Emphasis of Matter in their limited review report in this regard.

- 5 In view of lower supplies / availability of natural gas to the power generating companies in India, the Company's subsidiaries GMR Energy Limited ('GEL'), GMR Vemagiri Power Generation Limited ('GVPGL') and GMR Rajahmundry Energy Limited ('GREL') are facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL has not generated and sold electrical energy since April 2013 and GVPGL has not generated and sold electrical energy since May 2013 till March 31, 2015 and have been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply, thereby resulting in erosion of net worth. GREL has not commenced commercial operations pending linkages of natural gas supply from the Ministry of Petroleum and Natural Gas till the period ended September 30, 2015. The consortium of lenders have approved the reschedulement of Commercial Operation Date ('COD') of GREL to October 1, 2015 and repayment of project loans and have agreed for further funding of Rs. 707.00 Crore to meet its cost overruns on account of delays in commissioning of its power plant.

In March 2015, the Ministry of Power, Government of India ('GoI') issued a scheme for utilization of the gas based power generation capacity for the years ended March 31, 2016 and 2017. The scheme envisages supply of imported spot RLNG "e-bid RLNG" to the stranded gas based plants as well as plants receiving domestic gas, upto the target Plant load factor (PLF), selected through a reverse e-bidding process and also intervention / sacrifices to be collectively made by all stakeholders. The gas based power plants of the aforesaid subsidiaries are included in the list of stranded gas based power plants and are entitled to participate in the e-bidding process. GVPGL and GREL have emerged as successful bidders in the auction process organized by the Ministry of Power in May 2015 and in September 2015 and have been awarded the Letter of Intent for gas allocation for 4 months from June, 2015 to September, 2015 and for 6 months from October 2015 to March 2016 respectively, which has facilitated the operations of both GREL and GVPGL at varying capacity and accordingly GVPGL and GREL have become operational from August 2015 and October 2015 respectively. The management and the Association of Power Producers continue to monitor the macro situation and are evaluating various approaches / alternatives to deal with the situation and the management is confident that GoI would take further necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future.

The management carried out valuation assessment of these gas based companies which includes certain assumptions relating to availability and pricing of gas, future tariff and other operating parameters, which it believes reasonably reflect the future expectations from these projects. The management will monitor these aspects closely and take actions as are considered appropriate and is confident that these gas based entities will be able to generate sufficient profits in future years and meet their financial obligations as they arise. Based on the aforementioned reasons, business plans and a valuation assessment, the management is of the view that the carrying value of the investments (including advances) made by the Company in these aforesaid gas based companies as at September 30, 2015 is appropriate and these unaudited standalone financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. In the meantime, the Company has also committed to provide necessary financial support to these companies as may be required for continuance of their normal business operations. The statutory auditors of the Company have drawn an Emphasis of Matter in their limited review report in this regard.

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

- 6 As at September 30, 2015, the Company through its subsidiary, GEL has investments of Rs.3,265.74 Crore (including investments in equity /preference share capital, subordinate loans and interest accrued thereon) in GMR Chhattisgarh Energy Limited ('GCHEPL'), a subsidiary of the Company and has also provided corporate / bank guarantee towards loan taken by GCHEPL from the project lenders. During the six months ended September 30, 2015, GCHEPL has declared commercial operations of Unit-1 and is in the advanced stage of construction of Unit-II of its 1,370 MW coal based thermal power plant at Raipur district, Chhattisgarh. GCHEPL has obtained provisional Mega Power status certificate from the Ministry of Power, GOI, vide letter dated September 8, 2011 and accordingly has availed an exemption of customs and excise duty against bank guarantees and pledge of deposits. The management of GCHEPL is certain of obtaining Mega Power status, pending which cost of customs and excise has not been considered as cost of the project.

GCHEPL has experienced certain delays and incurred cost overruns and expects further delays and cost overruns in the completion of the project including additional claims from EPC contractors. As per the management of GCHEPL, additional claims from EPC contractors are not expected to be material. GCHEPL is in active discussion with the lenders to restructure its loans and towards funding of cost overruns. During the year ended March 31, 2015, GCHEPL has been allotted two coal mines to meet its fuel requirements. Though the COD for Unit I has been declared from June 1, 2015, GCHEPL does not have a power purchase agreement ('PPA') currently and is taking steps to tie up the power supply through power supply agreements on a long/medium term basis with various customers including State Electricity Boards and is expected to commence generation of power in the last quarter of the current financial year. Due to these reasons and based on business plans and valuation assessment, the management is of the view that the carrying value of its investments in GCHEPL as at September 30, 2015 is appropriate. In estimating the future cash flows, the management has, in the absence of PPAs', made certain key assumptions relating to the future revenues based on externally available information, restructuring of loans to the lenders and operating parameters which the management believes reasonably reflect the future expectations of these items. In view of the above, the Company will monitor these assumptions closely on a periodic basis and take action as is considered appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their limited review report in this regard.

- 7 As at September 30, 2015, the Company through its subsidiary, GEL, has investments of Rs.1,191.83 Crore (including investments in equity / preference share capital and subordinate loans / debentures and interest accrued thereon) in EMCO Energy Limited ('EMCO') a subsidiary of the Company and has also provided corporate / bank guarantee towards loans taken by EMCO from the project lenders. EMCO is engaged in the business of generation and sale of electrical energy from its coal based power plant of 600MW situated at Warora. EMCO has accumulated losses of Rs. 1,045.76 Crore which has resulted in erosion of EMCO's entire net worth. EMCO has achieved the COD of Unit I in March 2013 and of Unit II in September 2013 and has tied up entire power supplies capacity with customers and has substantially completed the refinancing of its term and other loans with the lenders. Though the networth of EMCO is fully eroded, the losses have reduced and are Rs 119.65 Crore for the six months ended September 30, 2015 vis a vis losses of Rs 193.14 Crore for the corresponding period in the previous year. . Accordingly, the management of EMCO expects that the plant will generate sufficient profits in the future years and based on business plans and valuation assessment, the management of the Company is of the view that the carrying value of the investments in EMCO as at September 30, 2015 is appropriate.

- 8 As at September 30, 2015, the Company through its subsidiary GEL, has investments of Rs. 2,514.37 Crore (including investments in equity share capital, subordinate loans and interest accrued thereon) in GMR Kamalanga Energy Limited ('GKEL'), a subsidiary of the Company and also provided corporate / bank guarantee towards loan taken by GKEL from the project lenders. GKEL is engaged in development and operation of 3*350 MW under Phase I and

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

1*350 MW under Phase II, coal based power project in Kamalanga village, Orissa and has commenced commercial operation of Phase I of the project. GKEL has a fuel supply agreement for 500 MW with Mahanadi Coal Fields Limited, a subsidiary of Coal India Limited. GKEL has accumulated losses of Rs. 1,633.12 Crore as at September 30, 2015, which has resulted in substantial erosion of GKEL's net worth due to operational difficulties faced during the early stage of its operations. However, the losses have reduced and are Rs 289.76 Crore for the six months ended September 30, 2015 vis a vis losses of Rs 424.22 Crore for the corresponding period in the previous year. Further, pursuant to the Reserve Bank of India's framework for revitalizing distressed assets in the economy (including strategic debt restructuring scheme), the consortium of bankers have amended the rupee term loan agreement on June 29, 2015 and accordingly loan is to be repaid in 66 quarterly structured instalments from October 1, 2017. GKEL's petition for 'Tariff Determination' in case of PPA with GRIDCO Limited and "Tariff Revision" in case of PPA with PTC India Limited is pending before CERC for disposal. GKEL is hopeful of a favourable order by CERC in due course. In view of these matters, business plans, valuation assessment and continued financial support by the Company, the management is of the view that the carrying value of the investments in GKEL as at September 30, 2015 is appropriate.

- 9 During the year ended March 31, 2015, based on a valuation assessment of its investments in GMR Highways Limited ('GMRHL'), subsidiary of the Company, the Company made a provision for diminution in the value of investments / advances of Rs. 262.40 Crore which is disclosed as an 'exceptional item' in the standalone financial statements of the Company for the year ended March 31, 2015. The diminution in value has primarily arisen on account of the diminution in the value of investments / advances in GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') and GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL') for reasons stated in (a) and (b) below.

- a) The Company along with its subsidiaries have made investments of Rs. 663.15 Crore (including investments in equity / preference shares of Rs. 302.03 Crore made by the Company and its subsidiary and loans of Rs. 361.12 Crore) in GHVEPL, a subsidiary of the Company. GHVEPL has been incurring losses since the commencement of its commercial operations, as a result of which, based on a valuation assessment of GHVEPL the Company made a provision for diminution in the value of investments in GMRHL amounting to Rs 131.41 Crore which is disclosed as an exceptional item in the standalone financial statements of the Company for the year ended March 31, 2015

Further, the management of GHVEPL believes that the said diminution in value is primarily due to loss of revenue arising as a result of drop in commercial traffic on account of bifurcation of State of Andhra Pradesh and ban imposed on sand mining in the region. The management based on its internal assessment and a legal opinion, believes that these events constitute a Change in Law as per the Concession Agreement and GHVEPL is entitled to the claim for losses suffered on account of the aforementioned reasons and accordingly filed its claim for the loss of revenue till the year ended March 31, 2014 with NHAI. During the quarter ended September 30, 2015, NHAI rejected the aforementioned claims and the management of GHVEPL is in the process of determining the future course of legal action and accordingly, based on its internal assessment, has made a further provision for diminution in the value of investments/ advances amounting to Rs 27.60 Crore which has been disclosed as an exceptional item. The management of the Company is confident that it will be able to claim compensation from the relevant authorities for the loss it has suffered due to aforementioned reasons and is of the view that no further provision for diminution in the value of investments is necessary as at September 30, 2015. The statutory auditors of the Company have drawn an Emphasis of Matter in their limited review report in this regard.

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

- b) The Company along with its subsidiary made investments of Rs. 733.14 Crore in GKUAEL, a subsidiary of the Company, (including loans of Rs. 33.14 Crore and investments in equity / preference shares of Rs. 700.00 Crore made by the Company and its subsidiary), which is primarily utilized by GKUAEL towards payment of capital advance of Rs. 590.00 Crore to its EPC contractors and Rs. 133.88 Crore towards indirect expenditure attributable to the project and borrowing costs ('project expenses'). GKUAEL has also provided a bank guarantee of Rs. 269.36 Crore to National Highways Authority of India ('NHAI'). GKUAEL had entered into a Concession Agreement with NHAI on November 30, 2011 for six laning of Kishangarh-Udaipur-Ahmedabad section of National Highways 79A, 79, 76 and 8. Pursuant to non-fulfillment of the mandatory 'Conditions Precedent' specified under the Concession Agreement within the due date, GKUAEL had issued a notice to NHAI dated December 21, 2012 of its intention to terminate the Concession Agreement. In response, NHAI vide their letter dated January 1, 2013 termed the notice not maintainable both in law and in facts. NHAI in their letter dated January 17, 2013 to GKUAEL also indicated of making good the alleged defaults of NHAI within the cure period of 90 days. The management of GKUAEL had submitted the proposal for the continuance of the project subject to certain modifications in the financial and other terms in the Concession Agreement and held discussions with NHAI for revival of the project. Considering that the efforts for revival of the project did not succeed, GKUAEL issued a notice of dispute to NHAI dated February 16, 2015 invoking arbitration provisions of the Concession Agreement. Both the parties have appointed their arbitrators and the arbitration process is pending commencement. In the meantime GKUAEL had approached the Hon'ble High Court of Delhi seeking an injunction against invocation of the aforementioned performance bank guarantee by NHAI which has not been accepted by the Hon'ble High Court of Delhi.

In addition, GKUAEL awarded the EPC contract to GMR Projects Private Limited ('GPPL') and had given an advance of Rs 590.00 Crore as stated above. Pursuant to the notice of dispute, GKUAEL has terminated the contract on May 15, 2015. During the quarter ended September 30, 2015, GKUAEL has received a claim of Rs 840.76 crore from the EPC contractor, however no such claim relating to the termination of contract has been recognized by GKUAEL as at September 30, 2015 as the amounts payable are not certain.

Due to the termination of concession agreement with NHAI, initiation of arbitration proceedings and its consequential impact on the operations, the management of the Company, based on its internal assessment, has made a provision for diminution in the value of investments/ advances amounting to Rs 133.88 Crore (including Rs 1.59 Crore during the quarter ended September 30, 2015) which has been disclosed as an exceptional item.

Further, based on an internal assessment and a legal opinion, the management of GKUAEL is confident that it will be able to claim compensation from NHAI for the loss it has suffered due to termination of contract for reasons as stated aforesaid and accordingly is of the view that no further provision for diminution in the value of investments is necessary as at September 30, 2015. The statutory auditors have qualified their limited review report in this regard.

- 10 As at September 30, 2015, the Company along with its subsidiary has investments of Rs. 350.12 Crore (including investments in equity share capital and subordinate loan and interest accrued thereon) in GMR Badrinath Hydro Power Generation Private Limited ('GBHPL'), a subsidiary of the Company. GBHPL is in the process of setting up 300 MW hydro based power plant in Alaknanda river, Chamoli District of Uttarakhand. The Hon'ble Supreme Court of India ('the Court'), while hearing a civil appeal in the matters of Alaknanda Hydro Power Company

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

Limited, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by the 24 projects coming up on the Alaknanda and Bhagirathi basins until further orders. Based on its internal assessment and a legal opinion, the management of GBHPL is confident of obtaining the requisite clearances and based on business plan and a valuation assessment, the management of the Company is of the view that the carrying value of the investments in GBHPL as at September 30, 2015 is appropriate.

- 11 a) The Company through its subsidiaries has investments of Rs.414.79 Crore (USD 6.26 Crore) (including loan and interest accrued there on) in PT Dwikarya Sejati Utama ('PTDSU') as at September 30, 2015. The Company through its subsidiaries acquired PTDSU for a consideration of USD 4.00 Crore and a deferred consideration to be determined and paid on achievement of certain conditions as specified in the share purchase agreement. PT Duta Sarana Internusa ('PTDSI'), a step down subsidiary of PTDSU had pledged 60% shares of PT Barasentosa Lestari ('PTBSL') with the sellers of PTDSU. The achievement of aforementioned conditions for settlement of deferred consideration had been under dispute and the matter was under arbitration and PTDSI had initiated a civil suit seeking direction to the sellers of PTDSU not to act on the pledge agreement provided as security earlier. Pursuant to a settlement agreement dated June 25, 2014, the deferred consideration of USD 2.00 Crore was agreed with the sellers of PTDSU. As per the settlement agreement, USD 0.50 Crore was paid and the balance USD 1.50 Crore was to be paid in 16 equal quarterly instalments, commencing from June 30, 2015. Further, 35% shares of PTBSL is pledged as a security towards the payment of the balance instalments.

The consolidated financial statements of PTDSU and its subsidiaries PTBSL and PTDSI as at September 30, 2015 have accumulated losses of Rs. 30.60 Crore (USD 0.50 Crore). PTBSL, a coal property company commenced coal production on a trial basis and achieved a production of 28,000 MT during the year ended March 31, 2015. Though, these entities are currently unable to produce coal in view of limitations on transportation of coal due to lower water levels in Musi River, the management is hopeful of resuming production once the water levels are stabilized. In addition, the coal prices have significantly declined from May 2015 onwards. However, the management believes that the inability to produce coal as referred above and decline in the prices is expected to be temporary and as such do not have a significant impact on the ability of these entities to continue as a going concern. PTDSU and its subsidiaries are confident of raising finance as may be required for development of mines and continuance of their normal business operations. Based on these factors and valuation assessment, the management is of the view that the carrying value of the investments in PTDSU and its subsidiaries as at September 30, 2015 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

b) The Company through its subsidiary GMR Coal Resources Pte. Limited ('GCRPL') has investments of Rs.3,360.89 Crore (USD 50.69 Crore) in PT Golden Energy Mines ('PTGEMS'), a jointly controlled entity of the Company as at September 30, 2015. PTGEMS along with its subsidiaries is engaged in the business of coal mining and trading activities. Based on the business plan and the valuation assessment carried out during the year ended March 31, 2015, the management of the Company considered that the carrying value of investments in PTGEMS was appropriate. Though, the coal prices have significantly declined from May 2015 onwards, the management of the Company believes that such decline in the prices is expected to be temporary. Further, GCRPL is in active discussion with the lenders to restructure its loans. Based on these factors and valuation assessment, the Company believes that the carrying value of the investments in PTGEMS and its subsidiaries as at September 30, 2015 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

- 12 In case of GHIAL, the Airport Economic Regulatory Authority ('AERA'), vide its powers conferred by section 13(1)(a) of AERA Act, 2008, passed an Aeronautical tariff order No. 38 issued on February 24, 2014, in respect of control period from April 1, 2011 to March 31, 2016.

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

As per the aforesaid order, there is no Passenger Service Fee (Facilitation Component) ('PSF (FC)') for embarking passengers and the same will be considered as part of User Development Fee ('UDF'). Further, the UDF for the period from April 1, 2014 to March 31, 2016 as per the aforesaid tariff order has been determined to be Rs. Nil. Accordingly, revenue from operations, for the months period April 1, 2014 to September 30, 2015, does not comprise of any income from PSF (FC) and UDF.

This has significantly impacted the profitability and cash flows of GHIAL for the six months period ended September 30, 2015. GHIAL filed an appeal challenging the aforesaid AERA order with the AERA tribunal. Due to non-constitution of Airports Economic Regulatory Authority Appellate Tribunal ('AERAAT') bench, AERA tribunal refused to hear the appeal and hence, GHIAL filed a writ petition with the Hon'ble High Court at Hyderabad for the state of Telangana and for the state of Andhra Pradesh ('High Court'). During the quarter ended June 30, 2015, the Ministry of Civil Aviation ('MoCA') vide its order dated June 11, 2015 under section 42(2) of AERA Act, 2008, directed the AERA to adopt hybrid till with 30% cross subsidization for the tariff determination of GHIAL for the period commencing from April 1, 2016. Further, subsequent to the quarter ended September 30, 2015 the High Court passed an order dated October 6, 2015 permitting GHIAL to collect UDF at the rate existing before April 1, 2014. In pursuance of the aforementioned order, Director General of Civil Aviation ('DGCA') has issued notification AIC Sl. No. 4/2015 dated November 2, 2015 for restoration of UDF at GHIAL, whereby GHIAL can collect UDF at the existing rates with effect from November 3, 2015. Accordingly, GHIAL has commenced the collection of UDF. In the meantime, GHIAL has initiated steps towards strategic cash management and in the previous year, entered into an arrangement with the lending institutions to refinance its rupee term loans and received 2 years moratorium for repayment of term loans which are now repayable in 52 quarterly installments beginning from July 31, 2016 as against earlier repayment term of over 56 quarterly installments beginning from July 1, 2010. Further, considering the aforesaid notification, the financial position is expected to improve thereafter. GMR Airports Limited ('GAL'), the holding Company of GHIAL, has agreed to provide necessary financial support, should the necessity arise and the Company has provided a corporate guarantee to the lenders of GHIAL towards servicing of GHIAL's loans.

- 13 DIAL has accumulated losses of Rs.445.37 Crore as at September 30, 2015 which have resulted in part erosion of net worth of DIAL as at September 30, 2015. However, DIAL has earned profits during the quarter and six months ended September 30, 2015 and years ended March 31, 2015 and March 31, 2014 and has met all its obligations as at September 30, 2015.

AERA vide its powers conferred by Section 13(1)(a) of the AERA Act, 2008 passed an Aeronautical tariff order Viz. 03/2012-13 issued on April 24, 2012 which determined the Aeronautical tariff to be levied at Delhi Airport for the fourth and fifth year of tariff period of first five year control period (i.e. 2009 - 2014). The first five year control period referred to above ended on March 31, 2014. Pending determination of the final Aeronautical tariff (s) for the second control period i.e. from 2014 to 2019, AERA vide its order 13/2014-15 dated October 14, 2014, extended the operation of tariff order issued on April 24, 2012 up to January 31, 2015 or until the final determination of the tariff for the second control period (i.e. 2014 - 2019), whichever is earlier.

In addition, DIAL also filed a writ petition before the Hon'ble High Court of Delhi seeking extension of existing tariff as allowed vide AERA order 03/2012-13 issued on April 24, 2012 following the extension granted by AERA vide its order 04/2014-15 dated May 2, 2014 till disposal of DIAL's appeal pending with AERAAT. Subsequently, the Hon'ble High Court of Delhi vide its final order dated January 22, 2015 ordered that the tariff determined by AERA for the First Control Period vide Tariff Order No.03/2012-13 issued on April 24, 2012 shall continue till the disposal of the appeals pending against the said Tariff Order, by the AERAAT.

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

Further, AERA issued consultation paper on January 28, 2015 for determination of Aeronautical tariff in respect of Indira Gandhi International ('IGI') Airport, Delhi for the second control period (i.e. 2014 - 2019). The consultation paper suggests that tariff for aeronautical revenue be reduced by 78.24% of the existing tariff (i.e. tariff as compared to the first control period). DIAL filed its reply to AERA with respect to the consultation paper.

However, in view of Hon'ble High Court of Delhi judgment dated January 22, 2015, AERA vide its public notice no. 16/2014-15 dated January 29, 2015 extended the tariff till the disposal of the appeals pending against the first Control period tariff order, by AERAAT. The revenue so collected by DIAL during this interim period shall be adjusted from the aggregate revenue requirement for the Second control period w.e.f. April 1, 2014. The tariff matters have been listed for hearing by AERAAT on November 26, 2015.

Further, AERA has filed a Special Leave Petition (SLP) dated April 24, 2015 with Hon'ble Supreme Court of India, seeking interim relief from the final order of Hon'ble High Court of Delhi dated January 22, 2015. The matter was heard by bench of Hon'ble Supreme Court of India on July 20, 2015 and the matter is now listed for hearing on December 3, 2015.

Based on the above, the profit earned over the last three financial years, DIAL's business plans, and cash flow projections prepared by the management for the next one year, the management expects to earn sufficient cash profits and do not foresee any difficulty in continuing its business / operations and meeting its financial obligations. Accordingly, the financial results of DIAL continue to be prepared on a going concern basis.

- 14 The Company has given an interest free loan of Rs. 115.00 Crore to Welfare Trust of GMR Infra Employees ('GWT') during the year ended March 31, 2011 for the purpose of employee benefit scheme. Based on the confirmation received from GWT, the trust has utilised the proceeds of the loan received from the Company in the following manner:

	(In Rs. Crore)
Equity shares of the Company	101.55
Equity shares of GAL	11.28
Others	2.17
Total	115.00

SEBI had issued Circular CIR/CFD/DIL/3-2013 dated January 17, 2013 prohibiting listed companies from framing any employee benefit scheme involving acquisition of its own securities from the secondary market. SEBI had issued Circular CIR/CFD/POLICYCELL/14/2013 dated November 29, 2013 extending the date of compliance to June 30, 2014. The management of the Company submitted the details of the GWT to the stock exchanges. SEBI has issued a Notification dated October 28, 2014 notifying "The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014" ("SEBI Regulations") whereby the Companies having existing schemes to which these regulations apply are required to comply with these regulations within one year of the effective date of the regulations and the trusts holding shares, for the purposes of implementing general employee benefit schemes, which exceed ten percent of the total value of the assets of the trusts, shall have a period of five years to bring down trusts' holding in such shares to the permissible limits. Recently, SEBI published Frequently Asked Question ("FAQ") on SEBI Regulations and clarified that appropriation of shares towards ESPS/ESOP/SAR/General Employee Benefits Scheme/ Retirement Benefit Schemes by October 27, 2015 would be considered as compliance with proviso to regulation 3(12) of the SEBI Regulations. The Company may appropriate towards individual employees or sell in the market during next four years so that no unappropriated inventory remains thereafter. The shareholders have approved the revised terms and conditions of the scheme by passing a special resolution in the annual general meeting of the Company held on September 23, 2015 and that the Company will ensure compliance with

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

other applicable provisions of the new regulations within the permissible time period. Further, as per the trust deed, GWT is constituted for undertaking only employee benefit schemes and hence the Company has not consolidated the financial results of GWT in the standalone unaudited financial results of the Company.

- 15 A search under Section 132 of the Income Tax Act, 1961 ('IT Act') was carried out at the premises of the Company by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates thereafter during the year ended March 31, 2013 to check the compliance with the provisions of the IT Act. The Income Tax Department has subsequently sought certain information / clarifications. During the year ended March 31, 2015, the Company received certain orders/demand amounting to Rs 5.83 Crore under Section 143(3) r.w.s.153A of the IT Act from the Income Tax Authorities in respect to Assessment Years 2007-08 & 2008-09. The management of the Company has filed the appeal on April 16, 2015 against the above orders and believes that these demands are not tenable and it has complied with all the applicable provisions of the IT Act with respect to its operations.
- 16 During the year ended March 31, 2014, the Company along with its subsidiaries entered into a definitive agreement ('SPA') with Malaysia Airports MSC Sdn Bhd ('Buyer') for sale of 40% equity stake in their jointly controlled entities, Istanbul Sabiha Gokcen Uluslararası Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi ('ISG') and LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi ('LGM') for a sale consideration of Euro 20.90 Crore (net of equity gap adjustment of Euro 1.60 Crore and subject to debt and other working capital adjustments). The management represented that no further working capital adjustments made on account of the aforesaid sale transaction. Further, the management based on its internal assessment and a legal opinion was of the view that all "Conditions Precedent" were either fulfilled or waived or agreed to be not applicable as at March 31, 2014 except for the buyer to obtain an approval from Bank Negara Malaysia which was obtained on April 3, 2014 and subsequently after receipt of the sale consideration, the shares were transferred to the buyer on April 30, 2014 in view of which, the Company recognized the profit on the sale of its investment in ISG (net of cost incurred towards disposal of Rs. 12.43 Crore) of Rs. 458.78 Crore, which was disclosed as an exceptional item in the standalone financial statements of the Company for the year ended March 31, 2014.

Further, pursuant to the SPA entered with the buyer, the Company along with its subsidiaries has provided a guarantee of Euro 4.50 Crore towards claims, as specified in the SPA for a period till December 2015 and in respect of tax claims, if any, the guarantee period is upto May 2019. The statutory auditors of the Company qualified their audit report for the year ended March 31, 2015.

- 17 During the year ended March 31, 2014, pursuant to the equity shareholders' approval obtained on March 20, 2014, the Company issued 11,366,704 Compulsorily Convertible Preference Shares ('CCPS') of face value of Rs. 1,000 each comprising of (a) 5,683,351 Series A CCPS each fully paid up, carrying a coupon rate of 0.001% per annum ('p.a.') and having a term of 17 months from the date of allotment and (b) 5,683,353 Series B CCPS each fully paid up, carrying a coupon rate of 0.001% p.a. and having a term of 18 months from the date of allotment, to IDFC Limited, Dunearn Investments (Mauritius) Pte Limited, GKFF Ventures, Premier Edu-Infra Solutions Private Limited and Skyron Eco-Ventures Private Limited. The Series A CCPS and Series B CCPS were convertible into equity shares upon the expiry of their respective terms in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital Disclosure Requirements) Regulations, 2009, as amended ('ICDR Regulations') on the basis of the minimum permissible price, computed in accordance with Regulation 76 read with Regulation 71(b) of the SEBI ICDR Regulations on the conversion date. Pursuant to the approval of the Management Committee of the Board of Directors dated August 26, 2015 and September 26, 2015, the Company approved the allotment for conversion of aforesaid Series A CCPS into 359,478,241 equity shares of face value of Re.1 each at a price of Rs.15.81 per equity share

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

(including securities premium of Rs.14.81 per equity share) and the Series B CCPS into 380,666,645 equity shares of face value of Re.1 each at a price of Rs.14.93 per equity share (including Securities premium of Rs.13.93 per equity share) respectively.

- 18 Pursuant to the approval of the Management Committee of the Board of Directors dated April 18, 2015, the Company approved the allotment of 934,553,010 equity shares of face value of Re.1 each at a price of Rs. 15 per equity share (including securities premium of Rs. 14 per equity share) for an amount aggregating to Rs. 1,401.83 Crore to the existing equity shareholders of the Company on rights basis in the ratio of 3 equity shares for every 14 equity shares held by equity shareholders under chapter IV of the SEBI ICDR Regulations and provisions of all other applicable laws and regulations.

The details of utilization of rights issue as at September 30, 2015 is stated below :-

(Rs in Crore)

Particulars	Amount proposed to be utilised from Net proceeds	Amount utilised	Balance Amount as at September 30, 2015
Full or partial repayment or prepayment of borrowings and payment of interest, prepayment penalty or premium on borrowings	1,035.00	988.37	46.63
Extend facilities to Company's subsidiary towards part repayment of the subsidiary's borrowings	215.00	215.00	-
General corporate purpose	131.98	126.16	5.82
Issue related expenses	19.85	19.85	-
Total	1,401.83	1,349.38	52.45

The balance unutilized amount has been temporarily deployed in fixed deposits with the monitoring agent.

- 19 Other operating income includes interest income, dividend income, income from management and other services and profit on sale of current investments considering that the Company undertakes investment activities.
- 20 DSCR represents profit/ loss from operations including exceptional items and other income and before finance costs, and tax expenses/ finance costs plus principal repayment of loan funds during the period. ISCR represents profit/ loss from operations including exceptional items and other income and before finance costs and tax expenses/ finance costs. Finance costs do not include debenture redemption premium which has been adjusted against the securities premium account as permitted under Section 52 of the Companies Act, 2013. Debt - equity ratio represents loan funds (long term borrowings, short term borrowings and current maturity of long term borrowings included in current liabilities)/ shareholders' funds (equity shares + reserves and surplus + share application money pending allotment).
- 21 Paid-up debt capital represents outstanding non-convertible debentures issued by the Company (excluding provision for redemption premium).

Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2015

- 22 Employee benefit expenses and other expenses for quarter and six months ended September 30, 2015 are net of Rs. 30.25 Crore and Rs.56.44 Crore, respectively, cross charged to certain subsidiaries of the Company.
- 23 The unaudited standalone financial results of the Company for the quarter ended September 30, 2015 have been reviewed by the Audit Committee at their meeting on November 13, 2015 and approved by the Board of Directors at their meeting on November 13, 2015.
- 24 The statutory auditors of the Company have carried out a Limited Review of the standalone financial results for the quarter ended September 30, 2015.
- 25 Figures pertaining to previous periods / year have been re-grouped / reclassified, wherever necessary, to conform to the classification adopted in the current period.

For GMR Infrastructure Limited

Bengaluru
November 13, 2015

Sd/-
Grandhi Kiran Kumar
Managing Director

Limited Review Report**Review Report to
The Board of Directors of GMR Infrastructure Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of GMR Infrastructure Limited ('the Company') for the quarter ended September 30, 2015 (the "Statement"), included in the accompanying statement of unaudited standalone financial results, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding', 'Promoter and Promoter Group Shareholding' and 'Non-Promoter and Non-Public Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements ('SRE') 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. As detailed in Note 3(a) to the accompanying statement of unaudited standalone financial results for the quarter ended September 30, 2015, the Company through its subsidiary, GMR Infrastructure (Mauritius) Limited ('GIML') has investments of Rs. 303.93 Crore (USD 4.58 Crore) (including equity share capital of Rs. 153.15 Crore (USD 2.31 Crore) and subordinate loans and interest accrued thereon of Rs 150.78 Crore (USD 2.27 Crore) towards 77% equity shareholding in GMR Male International Airport Private Limited ('GMIAL'). Further GIML, has placed fixed deposits of Rs. 913.65 Crore (USD 13.78 Crore) with lenders towards loan taken by GMIAL and the Company has given a corporate guarantee of Rs. 2,602.28 Crore (USD 39.25 Crore) to the lenders in connection with the borrowings made by GMIAL. The Concession Agreement entered into between GMIAL, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years was declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated the arbitration process to seek remedies under the said agreement and on June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and was valid and binding on the parties. However, the quantum of the damages is yet to be decided and accordingly, pending final outcome of the arbitration, such investments has been carried at cost in the unaudited standalone financial results as at September 30, 2015, as the management is of the view that GMIAL will be able to recover at least the carrying value of the assets of Rs. 1,563.06 Crore (USD 23.58 Crore) including claim recoverable of Rs. 1,242.08 Crore (USD 18.73 Crore) as at September 30, 2015.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for Rehabilitation, Expansion, and Modernization of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and have received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognized in the standalone financial results of GMIAL as at September 30, 2015. The takeover of MIA by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the investments pertaining to the aforesaid entities and any other consequential impact that may arise in this regard on the accompanying unaudited standalone financial results for the quarter ended September 30, 2015. In respect of the above matter, our audit report for the year ended March 31, 2015 and limited review report for the quarter ended June 30, 2015 was similarly qualified. In this regard also refer paragraph 6 (f) below.

4. As detailed in Note 9 (b) to the accompanying statement of unaudited standalone financial results for the quarter ended September 30, 2015, the Company along with its subsidiary has made investments of Rs. 733.14 Crore in GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL'), a subsidiary of the Company (including loans of Rs. 33.14 Crore and investments in equity shares and preference shares of Rs. 700.00 Crore), which is primarily utilized by GKUAEL towards payment of capital advance of Rs. 590.00 Crore to its EPC contractor and Rs. 133.88 Crore towards indirect expenditure attributable to the project and borrowing costs ('project expenses'). GKUAEL has also given a bank guarantee of Rs. 269.36 Crore to National Highways Authority of India ('NHAI'). GKUAEL issued a notice of intention to terminate the Concession Agreement and a notice of dispute to NHAI invoking arbitration provisions of the Concession Agreement during the earlier years. Both the parties have appointed their arbitrators and the arbitration process is pending commencement. Pursuant to the notice of dispute, GKUAEL terminated the EPC contract on May 15, 2015 and has received claims towards such termination. However, no such claims have been recognized in the standalone financial results of GKUAEL as at September 30, 2015.

Based on its internal assessment, the management of the Company made a provision for diminution in the value of investments/ advances amounting to Rs 133.88 Crore (including Rs 1.59 Crore during the quarter ended September 30, 2015). However, the notice of dispute and initiation of arbitration proceedings indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of the GKUAEL. Having regard to this uncertainty, we are unable to comment on the final outcome of the matter and its consequential impact on the carrying value of the Company's investments in GKUAEL in the accompanying unaudited standalone financial results of the Company for the quarter ended September 30, 2015. In respect of the above matter, our audit report for the year ended March 31, 2015 and limited review report for the quarter ended June 30, 2015 was similarly qualified.

5. Based on our review conducted as above, except for the possible effects of the matters described in paragraphs 3 & 4, nothing has come to our attention that causes us to believe that the Statement prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to the following matters in the notes to the accompanying unaudited standalone results for the quarter ended September 30, 2015:
- a) Note 4 regarding investments of Rs. 392.12 Crore (including investments in equity / preference shares of Rs. 239.59 Crore made by the Company and its subsidiaries and loans and interest accrued thereon of Rs. 152.53 Crore) as at September 30, 2015 in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company. Though GACEPL has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration, based on management's internal assessment and legal opinion obtained by the management of GACEPL, such investments has been carried at cost. Accordingly, no provision for diminution in the value of investments has been made in the accompanying unaudited standalone financial results for the quarter ended September 30, 2015.
 - b) Note 5 regarding (i) cessation of operations and the losses, including cash losses incurred by GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiaries of the Company and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) rescheduling of the commercial operation date and the repayment of certain project loans by another subsidiary of the Company, GMR Rajahmundry Energy Limited ('GREL'), pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet short term and long term obligations. The accompanying unaudited standalone financial results of the Company for the quarter ended September 30, 2015 do not include any adjustments that might result from the outcome of this significant uncertainty.
 - c) Note 6 regarding uncertainties in tying up power supplies, cost overrun funding and key assumptions made in the valuation assessment of the investments in GMR Chhattisgarh Energy Limited ('GCHEPL'), a subsidiary of the Company. In the opinion of the management of the Company, no provision for diminution in the value of investments (including loans) is considered necessary at this stage in the accompanying unaudited standalone financial results for the quarter ended September 30, 2015 for the reasons explained in the said note.
 - d) Note 9(a) regarding investments of Rs. 663.15 Crore (including investments in equity / preference shares of Rs. 302.03 Crore made by the Company and its subsidiary and loans of Rs. 361.12 Crore) as at September 30, 2015 in GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL'), a subsidiary of the Company. GHVEPL has been incurring losses since the commencement of commercial operations and based on a valuation assessment, the Company made a provision of Rs 159.01 Crore (including Rs.27.60 Crore during the quarter ended September 30, 2015) for the diminution in the value of these investments as at September 30, 2015. In the opinion of the management of the Company, no further provision for diminution in the value of investments is considered necessary in the accompanying unaudited standalone financial results for the quarter ended September 30, 2015 for reasons explained in the said note.




S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- e) Note 11(a) and 11(b) regarding the uncertainties pertaining to coal prices and other key assumptions made by the management in the valuation assessment of the investments in entities which are engaged in the operation and development of coal mines. In the opinion of the management of the Company, no provision for diminution in the value of investments (including loans) is considered necessary at this stage in the accompanying unaudited standalone financial results for the quarter ended September 30, 2015 for the reasons explained in the said notes.
- f) Note 3(b) regarding receipt of a letter by the Company from National Stock Exchange of India Limited ('NSE') whereby Securities and Exchange Board of India ('SEBI') has directed NSE to advise the Company to rectify the qualification in the Auditors' Report for the year ended March 31, 2013, within the period specified in clause 5(d) (iii) of the SEBI Circular dated August 13, 2012. The Company is in the process of seeking clarifications from NSE in this regard. Also refer paragraph 3 above in respect of this matter.

Our review conclusion is not qualified in respect of these aforesaid matters.

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


per Sunil Bhumralkar
Partner
Membership Number: 35141



Place: Bengaluru
Date: November 13, 2015