

GMR Infrastructure Limited

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PART I

Statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

Particulars	[in Rs. crore]					
	Quarter ended			Nine months ended		Year ended
	December 31, 2015 Unaudited	September 30, 2015 Unaudited	December 31, 2014 Unaudited	December 31, 2015 Unaudited	December 31, 2014 Unaudited	March 31, 2015 Audited
1. Income from operations						
a) Sales/ Income from operations	3,540.84	3,070.75	2,727.83	9,539.81	8,063.24	10,935.25
b) Other Operating income - Refer Note 33	23.41	19.97	33.47	81.17	111.53	152.43
Total Income from operations	3,564.25	3,090.72	2,761.30	9,620.98	8,174.77	11,087.68
2. Expenditure						
a) Revenue share paid/ payable to concessionaire grantors	633.03	564.14	535.88	1,761.28	1,520.44	2,064.86
b) Consumption of fuel	650.50	583.98	518.56	1,758.60	1,640.29	2,091.06
c) Cost of materials consumed	6.29	8.88	16.57	23.42	35.51	46.81
d) Purchase of traded goods	139.98	184.60	183.22	580.81	737.28	1,044.18
e) (Increase) or Decrease in stock in trade	(14.38)	(19.37)	(7.58)	(21.51)	(35.80)	(20.00)
f) Sub-contracting expenses	147.53	154.10	140.69	424.18	395.47	565.51
g) Employee benefits expenses	178.03	139.52	165.61	455.56	478.41	619.65
h) Depreciation and amortisation expenses	583.99	504.78	468.96	1,543.11	1,396.90	1,812.53
i) Other expenses	463.11	562.36	507.28	1,503.37	1,486.47	2,068.07
j) Foreign exchange fluctuations loss (net)	-	12.51	30.07	-	42.31	52.90
Total expenses	2,788.08	2,695.50	2,559.26	8,028.82	7,697.28	10,345.57
3. Profit / (Loss) from operations before other income, finance costs and exceptional items (1) - (2)	776.17	395.22	202.04	1,592.16	477.49	742.11
4. Other income						
a) Foreign exchange fluctuations gain (net)	38.91	-	-	19.04	-	-
b) Other income - others	104.58	93.39	81.46	345.54	242.64	327.46
Total other income	143.49	93.39	81.46	364.58	242.64	327.46
5. Profit / (Loss) from operations before finance costs and exceptional items (3) + (4)	919.66	488.61	283.50	1,956.74	720.13	1,069.57
6. Finance costs	1,129.14	873.29	927.56	2,908.44	2,604.25	3,571.86
7. (Loss) / Profit after finance costs but before exceptional items (5) - (6)	(209.48)	(384.68)	(644.06)	(951.70)	(1,884.12)	(2,502.29)
8. Exceptional items						
a) Profit on sale of jointly controlled entities - Refer Note 25	-	-	-	-	-	34.44
b) Loss on impairment of assets in subsidiaries - Refer Note 14, 16 and 26	-	-	-	-	(35.94)	(115.74)
c) Reimbursement of expenses pertaining to earlier years received by a subsidiary - Refer Note 13(b)	-	51.42	-	51.42	-	-
d) Loss on account of provision towards claims recoverable - Refer Note 6	-	-	-	-	-	(130.99)
e) Breakage cost of interest rate swap - Refer note 28	-	-	-	-	-	(91.83)
9. (Loss) / Profit from ordinary activities before tax (7) ± (8)	(209.48)	(333.26)	(644.06)	(900.28)	(1,920.06)	(2,806.41)
10. Tax expenses / (credit)	135.02	41.26	24.70	229.15	90.06	152.81
11. Net (Loss) / Profit from ordinary activities after tax but before minority interest and share of loss from associates (9) ± (10)	(344.50)	(374.52)	(668.76)	(1,129.43)	(2,010.12)	(2,959.22)
12. Share of loss / (profit) from associates	3.52	0.69	-	6.13	-	12.98
13. Minority interest - share of (profit) / loss	(31.36)	(23.46)	30.43	(71.94)	168.73	238.91
14. Net (Loss) / Profit after tax, minority interest and share of loss of associates (11) ± (12) ± (13)	(379.38)	(398.67)	(638.33)	(1,207.50)	(1,841.39)	(2,733.29)
15. E B I T D A ((3) + (2(h)) + (4(a)))	1,399.07	900.00	671.00	3,154.31	1,874.39	2,554.64
16. Paid-up equity share capital (Face value - Re. 1 per share)	603.59	603.59	436.13	603.59	436.13	436.13
17. Reserves excluding revaluation reserves as per consolidated balance sheet of previous accounting year						4,305.77
18. Weighted average number of shares used in computing Earnings per share	6,035,945,275	5,457,154,192	4,361,247,379	5,539,620,310	4,190,769,539	4,232,805,171
19. Earnings per share - Basic and Diluted - (Rs.) (not annualised)	(0.63)	(0.73)	(1.46)	(2.18)	(4.39)	(6.46)

GMR Infrastructure Limited

Report on Consolidated Segment Revenue, Results and Capital Employed

[in Rs. crore]

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014	March 31, 2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue						
a) Airports	1,701.70	1,502.42	1,421.28	4,724.41	4,030.86	5,468.64
b) Power	1,560.83	1,304.83	1,061.81	4,014.28	3,280.78	4,454.49
c) Roads	192.74	201.02	185.95	601.23	573.88	766.98
d) EPC	57.67	24.98	30.18	98.90	118.42	164.89
e) Others	210.79	177.28	194.03	572.45	520.38	707.07
	3,723.73	3,210.53	2,893.25	10,011.27	8,524.32	11,562.07
Less: Inter Segment	159.48	119.81	131.95	390.29	349.55	474.39
Segment revenue from operations	3,564.25	3,090.72	2,761.30	9,620.98	8,174.77	11,087.68
2. Segment Results						
a) Airports	433.79	290.59	245.95	1,128.13	653.12	913.53
b) Power	302.97	64.72	(104.34)	342.04	(357.20)	(403.29)
c) Roads	74.62	69.81	50.98	224.65	185.20	208.59
d) EPC	1.33	4.76	(8.66)	0.46	(18.44)	(3.18)
e) Others	126.30	110.41	140.62	365.90	358.47	480.46
	939.01	540.29	324.55	2,061.18	821.15	1,196.11
Less: Inter Segment	92.43	89.67	83.91	269.41	214.81	294.63
Net Segment Results	846.58	450.62	240.64	1,791.77	606.34	901.48
Less: Finance costs (net)	1,056.06	835.30	884.70	2,743.47	2,490.46	3,403.77
Add/ (Less) : Exceptional items						
a) Profit on sale of jointly controlled entities - Refer Note 25	-	-	-	-	-	34.44
b) Loss on impairment of assets in subsidiaries - Refer Note 14, 16 and 26	-	-	-	-	(35.94)	(115.74)
c) Loss on account of provision towards claims recoverable - Refer Note 6	-	-	-	-	-	(130.99)
d) Breakage cost of interest rate swap - Refer note 28	-	-	-	-	-	(91.83)
e) Reimbursement of expenses pertaining to earlier years received by a subsidiary - Refer Note 13(b)	-	51.42	-	51.42	-	-
(Loss) /Profit before tax	(209.48)	(333.26)	(644.06)	(900.28)	(1,920.06)	(2,806.41)
3. Capital employed (Segment Assets - Segment Liabilities)						
a) Airports	16,004.32	15,867.93	15,818.39	16,004.32	15,818.39	15,757.40
b) Power	29,372.25	28,961.96	28,549.73	29,372.25	28,549.73	28,717.08
c) Roads	5,178.65	5,299.92	5,511.68	5,178.65	5,511.68	5,247.52
d) EPC	88.80	286.76	273.54	88.80	273.54	278.08
e) Others	18,807.35	16,755.24	16,095.90	18,807.35	16,095.90	16,575.99
	69,451.37	67,171.81	66,249.24	69,451.37	66,249.24	66,576.07
Less: Inter Segment	8,041.01	8,010.95	7,670.20	8,041.01	7,670.20	7,677.94
Unallocated Assets / (Liabilities)	(52,846.21)	(50,117.22)	(48,544.83)	(52,846.21)	(48,544.83)	(49,238.40)
Total	8,564.15	9,043.64	10,034.21	8,564.15	10,034.21	9,659.73

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

1. Consolidation and Segment Reporting

- a. GMR Infrastructure Limited ('the Company' or 'GIL') carries on its business through various subsidiaries, jointly controlled entities and associates (hereinafter referred to as 'the Group'), being special purpose vehicles exclusively formed to build and operate various infrastructure projects. The consolidated results have been prepared in accordance with the principles and procedures as set out in the Accounting Standard ('AS') - 21 on 'Consolidated Financial Statements', AS - 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' and AS - 27 on 'Financial Reporting of Interests in Joint Ventures'.
- b. The segment reporting of the Group has been prepared in accordance with AS-17 on 'Segment Reporting'.

The business segments of the Group comprise of the following:

Segment	Description of Activity
Airports	Development and operation of airports
Power	Generation of power, transmission of power, mining and exploration and provision of related services
Roads	Development and operation of roadways
EPC	Handling of engineering, procurement and construction solutions in the infrastructure sector
Others	Urban infrastructure and other residual activities

- c. Investors can view the standalone results of the Company on the Company's website www.gmrgroup.in or on the websites of BSE (www.bseindia.com) or NSE (www.nse-india.com).
2. During the year ended March 31, 2014, the Company along with its subsidiaries GMR Infrastructure (Global) Limited and GMR Infrastructure Overseas Limited entered into a definitive agreement ('SPA') with Malaysia Airports MSC Sdn Bhd ('the buyer') for sale of their 40% equity stake in jointly controlled entities Istanbul Sabiha Gokcen Uluslararası Havalimani Yatırım Yapım Ve İşletme Anonim Şirketi ('ISG') and LGM Havalimani İşletmeleri Ticaret Ve Turizm Anonim Şirketi ('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 were 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 Group recognized the profit on the sale of its shares in ISG (net of costs of Rs. 164.98 crore incurred towards such sale) of Rs. 1,658.93 crore, which was disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2014.

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

3. During the year ended March 31, 2015, the Company received a letter from National Stock Exchange of India Limited ('NSE') whereby Securities and Exchange Board of India ('SEBI') directed NSE to advise the Company to restate the consolidated financial statements of the Group for the year ended March 31, 2013 for the qualifications in the Auditor's Report for the year then ended in respect of the matters stated in the Paragraph 1 and 2 of 'Basis for Qualified Opinion' in the said Auditors' Report, pursuant to the Paragraph 5(d)(ii) of the SEBI Circular CIR/CFD/DIL/7/2012 dated August 13, 2012. Further, SEBI vide Circular CIR/CFD/DIL/9/2013 dated June 5, 2013 had clarified that restatement of books of account indicated in Paragraph 5 of the aforesaid circular shall mean that the Company is required to disclose the effect of revised financial accounts by way of revised pro-forma financial results immediately to the shareholders through Stock Exchanges. However, the financial effects of the revision may be carried out in the annual accounts of the subsequent financial year as a prior period item.

In response to its representations made, the Company received a letter from SEBI dated April 27, 2015, whereby SEBI has re-iterated its earlier advice for restatement of financial results, in terms of the aforementioned circulars. Further, SEBI has advised the Company to restate financial results for financial year

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

2012-13 and 2013-14 and the effect of these restatement adjustments may be carried out in the annual accounts of the financial year 2014-15, as a prior period item in terms of the aforementioned circulars. With regard to matter described in Note 6, the Group made adjustments in the financial statements for the year ended March 31, 2015. With regard to the matter described in Note 9(b), the Hon'ble High Court of Delhi, while hearing the writ petition filed by the Group in this regard, directed SEBI not to insist on restatement of accounts till the next hearing date, which is currently scheduled on March 3, 2016. Further, the High Court of Delhi directed the Company that if the accounts for 2014-15 are prepared, the aforementioned issue will be reflected in the accounts and the effect of both capitalisation and non-capitalisation on the networth will also be disclosed in due prominence, in the financial accounts prepared by the Company. The Company has made necessary disclosures in its annual accounts for the financial year 2014-15 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 Group has investments of Rs. 393.40 crore (including loans and interest accrued thereon of Rs. 148.70 crore and investments in equity / preference shares of Rs. 244.70 crore made by the Company and its subsidiaries) in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company as at December 31, 2015. GACEPL has been incurring losses since the commencement of its commercial operations. The management of the Group believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the years ended March 31, 2014, March 31, 2015 and nine months ended December 31, 2015 till further orders. Based on an internal assessment and a legal opinion, the management of the Group is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly, the carrying value of net assets of Rs. 190.27 crore (after providing for losses till date of Rs. 203.13 crore) as regards investments in GACEPL as at December 31, 2015 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
5. a) GMR Male International Airport Private Limited ('GMIAL'), a subsidiary of the Company, entered into an agreement on June 28, 2010 with Maldives Airports Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years ('the Concession Agreement'). On November 27, 2012, MACL and MoFT issued notices to GMIAL stating that the concession agreement was void ab initio and that neither MoFT nor MACL had authority under the laws of Maldives to enter into the agreement. It was also stated that MACL would take over the possession and control of MIA within 7 days of the said letter.

Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the MIA and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL's principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. On June 18, 2014, the tribunal delivered its award declaring that the concession agreement was not void ab initio and is valid and binding on the parties. Further, the tribunal declared that the Government of Maldives ('GoM') and MACL are jointly and severally liable 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 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 December 31, 2015. In view of the aforesaid matter, GMIAL continues to reflect assets

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

amounting to Rs.1,613.02 crore (USD 24.22 crore) including claim recoverable of Rs. 1,259.01 crore (USD 18.90 crore) at their carrying values as at December 31, 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 net assets / guarantees given by the Company and GMR Infrastructure (Mauritius) Limited, a subsidiary of the Company, is solely dependent on the outcome of arbitration and / or a negotiated settlement. However, financial statements of GMIAL as at and for the nine months ended December 31, 2015 have been prepared and accordingly consolidated on a going concern basis.

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 December 31, 2015 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognised as at December 31, 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 Group is confident that GMIAL would be entitled for compensation under the concession agreement atleast to the extent of the carrying value of the assets taken over by the GoM / MACL and the subsequent expenditure incurred by GMIAL as at December 31, 2015 and accordingly, the consolidated financial results of the Group do not include any adjustments that might result from the outcome of this uncertainty. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

The results of GMIAL do not reflect results of the airport operations post December 7, 2012. The details of its results consolidated till period ended December 31, 2015 are as follows:

(in Rs. crore)

	Quarter ended December 31, 2015	Quarter ended September 30, 2015	Quarter ended December 31, 2014	Nine months ended December 31, 2015	Nine months ended December 31, 2014	Year ended March 31, 2015
Total income	-	-	0.35	0.03	24.81	25.05
Profit/ (loss) after tax and minority interest (before consolidation adjustments)	(9.91)	(17.19)	(11.93)	(31.96)	(7.67)	(12.66)

b) GADLIL, is re-registered in the Republic of Maldives for upgrading of existing terminal and construction of new terminal at the MIA. As per the work construction contract dated October 25, 2010 entered into with GMIAL, the expected substantial completion date of the construction was July 01, 2014, and GADLIL's registration in the Republic of Maldives is valid till December 31, 2016. However, pursuant to the takeover of MIA by MACL, GMIAL has terminated the work construction contract with GADLIL on December 10, 2012. These conditions indicate the existence of a material uncertainty about the going concern of GADLIL which is fully dependent on the outcome of the arbitration process between GMIAL and GoM and MACL. However, based on internal assessment and business plans the financial statements of GADLIL as at and for the period ended December 31, 2015 have been prepared and accordingly consolidated on a going concern basis. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

6. The Company along with its subsidiary has investments of Rs. 734.80 crore (including loans of Rs. 34.80 crore and investments in equity shares / preference shares of Rs. 700.00 crore made by the Company and its subsidiary) in GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL'), a subsidiary of the Company, which is primarily utilised towards payment of capital advance of Rs. 590.00 crore to its EPC contractors and Rs. 136.46 crore towards indirect expenditure attributable to the project and borrowing costs ('project expenses'). The Group 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 issued a notice to NHAI dated December 21, 2012 of its intention to terminate the

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

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.

Pursuant to the issue of notice of dispute, GKUAEL transferred the aforesaid project costs of Rs. 136.43 crore (including Rs 2.55 crore and Rs.5.44 crore for the quarter and nine months ended December 31, 2015) incurred upto December 31, 2015 to claims recoverable. Based on its internal assessment and in view of the letter received from NSE, as detailed in note 3, the Group made a provision for such claims recoverable (including Rs. 130.99 crore for the year ended March 31, 2015) which has been disclosed as an 'exceptional item'.

In addition, GKUAEL awarded the EPC contract to GMR Projects Private Limited ('GPPL') to whom the GKUAEL has given an advance of Rs. 590.00 crore as stated above. Pursuant to the issue of notice of dispute as stated above, GKUAEL terminated the contract on May 15, 2015. During the nine months ended December 31, 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 December 31, 2015 as the amounts payable are not certain.

The termination of concession agreement with NHAI, 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 the GKUAEL and the consequential impact on the net assets / bank guarantee given by the Group and is solely dependent on the outcome of arbitration.

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 considers, that no further adjustments have been considered necessary as at December 31, 2015. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

7. GMR Energy Limited ('GEL'), a subsidiary of the Company had entered into a Power Purchase Agreement ('PPA') with Karnataka Power Transmission Corporation Limited for supply of energy during the period December 15, 1997 to July 7, 2008. GEL had a Fuel Supply Agreement ('FSA') with a fuel supplier towards purchase of Naptha for generation of electricity during the aforementioned period. The FSA provided for payment of liquidated damages to the fuel supplier in the event there was a shortfall in the purchase of the annual guaranteed quantity.

During the year ended March 31, 2013, GEL received a notice for Good Faith Negotiation under erstwhile FSA entered into between GEL and the fuel supplier with respect to dispute regarding liquidated damages amounting to Rs. 296.16 crore along with an interest of Rs. 5.55 crore towards failure of GEL to purchase the annual guaranteed quantity for the period from November 21, 2001 to June 6, 2008. GEL vide its letter dated October 31, 2012 had disputed the demand from the fuel supplier towards the aforementioned damages.

During the year ended March 31, 2014, the fuel supplier had filed a petition in the Hon'ble High Court of Karnataka seeking appointment of a sole arbitrator for the resolution of the dispute. GEL filed its reply on January 8, 2014 and as per the High court order dated September 11, 2014 arbitrators have been appointed. During the year ended March 31, 2015, the fuel supplier submitted its statement of claim amounting to Rs. 272.63 crore (after adjusting dues of Rs. 29.08 crore payable to GEL) towards liquidated damages and interest at the rate of 15% per annum on such liquidated damages. Further, GEL filed its statement of defense and counter claim amounting to Rs. 35.96 crore along with interest at the rate of 18% per annum. The final outcome of the arbitration is pending conclusion. However based on its internal assessment and a legal opinion, the management of the Group is confident that the claim of the fuel supplier towards such liquidated damages is not tenable and accordingly no adjustments have been made to the unaudited consolidated financial results of the Group and the claim from the fuel supplier has been considered as a contingent liability as at December 31, 2015.

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

8. GMR Power Corporation Limited ('GPCL'), a subsidiary of the Company, approached Tamil Nadu Electricity Regulatory Commission ('TNERC') to resolve the claims / counterclaims arising out of the PPA and Land Lease Agreement ('LLA') in respect of the dues recoverable from Tamil Nadu Generation and Distribution Corporation Limited ('TAGENDCO') on account of sale of energy including reimbursement towards interest on working capital, Minimum Alternate Tax ('MAT'), rebate, start/ stop charges and payment of land lease rentals to TAGENDCO. GPCL received a favourable Order from TNERC on April 16, 2010 and in pursuance of the Order, GPCL filed its claim on April 30, 2010 amounting to Rs. 481.68 crore and recognised Rs. 79.55 crore as income in the books of account.

TAGENDCO filed a petition against TNERC Order in Appellate Tribunal for Electricity ('APTEL'). In terms of an interim Order on November 19, 2010 from APTEL, TAGENDCO deposited Rs. 537.00 crore including interest on delayed payment of the claim amount. APTEL vide its Order dated February 28, 2012, upheld the claim of GPCL and further directed GPCL to verify and pay counter claims of TAGENDCO in respect of the benefits earned if any, by GPCL with regard to the delayed payment towards fuel supply that are not as per the terms of the FSA. GPCL had appealed to the Hon'ble Supreme Court in Civil Appeals seeking certain interim relief with respect to the benefits pointed out by APTEL on credit period of Fuel Supplies in terms of the FSA. The legal counsel handling the matter has confirmed that on April 24, 2014, the Hon'ble Supreme Court has disposed off the appeal of TAGENDCO and directed GPCL and TAGENDCO to file their respective claim / account statement before TNERC. GPCL and TAGENDCO have filed their respective petitions before TNERC during August 2014.

GPCL was availing tax holiday under Section 80IA of the Income Tax Act, 1961 ('IT Act') in respect of its income from power generation. Considering that the substantial amount, though under protest, has been received by GPCL, based on an expert opinion, GPCL offered the claims upto March 31, 2013 as income in its tax returns and claimed the deduction as available under Section 80IA of the IT Act.

In accordance with the above, the amount received towards the above mentioned claims after the date of Order is being disclosed as advance from the customer in the books of account. Further, GPCL has been legally advised that pending adjudication of petition, the entire matter is now sub-judice and has not attained the finality.

Hence, in accordance with the Group's accounting policy, pending acceptance of claims by TAGENDCO and pending adjudication of petition before the Hon'ble Supreme Court, the Group has not recognised such balance claim in the books of account.

The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

9. a) In view of lower supplies / availability of natural gas to the power generating companies in India, the Company's subsidiaries 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 had 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 22, 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 aforementioned gas based power plants of the Group 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 organised 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 commenced operations on an intermittent basis from

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

August 2015 and October 2015 respectively. The Group 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 of the Group 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 of the Group 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 of the Group 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 of the Group considers that the going concern assumption and the carrying value of the net assets of the aforesaid entities as at December 31, 2015 is appropriate and these unaudited consolidated financial results of the Group do not include any adjustments that might result from the outcome of this uncertainty. In the meantime, the Company has 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.

b) In respect of gas based power plant at Rajahmundry, pending securing supply of requisite natural gas, the Group had put on hold active construction work of the plant from the period July 2012 to June 2015. Considering that GREL has emerged as a successful bidder in the auction process organized by the Ministry of Power and has been awarded the Letter of Intent for gas allocation till March 2016, GREL has completed the construction of the plant and has declared its COD during the quarter ended December 31, 2015. The management of the Group believes that the indirect expenditure attributable to the construction of the project and borrowing costs incurred during the period of uncertainty around securing gas supplies qualifies for capitalisation under paragraphs 9.3 and 9.4 of AS -10 and paragraphs 18 and 19 of AS -16. GREL had approached the Ministry of Corporate Affairs ('MCA') seeking clarification / relaxation on applicability of the aforementioned paragraphs to the gas availability situation referred in 9(a) above. MCA vide its General Circular No. 35/2014 dated August 27, 2014 on capitalisation under AS-10 and capitalisation of borrowing cost during extended delay in commercial production has clarified that only such expenditure which increases the worth of the assets can be capitalised to the cost of the fixed assets as prescribed by AS 10 and AS 16. Further the circular states that costs incurred during the extended delay in commencement of commercial production after the plant is otherwise ready does not increase the worth of fixed assets and therefore such costs cannot be capitalised. The Group approached MCA seeking further clarification on the applicability of the said Circular to its Rajahmundry plant and pending receipt of requisite clarification, the Group has capitalised the aforesaid expenses of Rs. 1,238.20 crore incurred during the period July 2012 to June 2015 (including Rs.Nil and Rs. 133.28 crore respectively during the quarter and nine months ended December 31, 2015) . The statutory auditors of the Company have qualified their Limited Review Report in this regard. Also refer note 3.

10. The Company through its subsidiary has investments of Rs. 2,522.69 crore (including investments in equity share capital, subordinate loans and interest accrued thereon) in GMR Kamalanga Energy Limited ('GKEL'), a subsidiary of the Company as at December 31, 2015 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 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. 1,467.06 crore 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. 123.69 crore for the nine months ended December 31, 2015 vis a vis losses of Rs. 648.45 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. During the quarter ended December 31, 2015, GKEL has received a favourable order with regard to its petition for 'Tariff Determination' in case of PPA with GRIDCO Limited as detailed in note 11. GKEL's 'Tariff Revision' in case of PPAs with Haryana DISCOMS through PTC India Limited is pending before Central Electricity Regulatory Commission ('CERC') for disposal and 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 of the Group is of the view that the carrying value of the net assets in GKEL as at December 31, 2015 is appropriate.

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11. GKEL has committed to sell upto 262.5 MW for twenty five years to GRIDCO Limited under long term PPAs for tariff to be determined in accordance by the appropriate authorities. GKEL had made an application under Section 79 of the Electricity Act, 2003 ('Electricity Act') to the Central Electricity Regulatory Commission ("CERC") for determining the tariff of the generating station of the petitioner under Section 62 read with Section 79(1)(b) in Petition No. 77/GT/2013.

CERC passed an Order on January 3, 2014 on the maintainability of the Tariff Petition filed by GKEL. CERC, inter alia, held GKEL is an inter-state generating station having a composite scheme for generation and supply of electricity to more than one State in terms of Section 79(1)(b) of the Electricity Act and it has jurisdiction to determine the tariff for supply of power to GRIDCO. GRIDCO filed an appeal before the Hon'ble Appellate Tribunal for Electricity ('APTEL') challenging CERC order dated January 03, 2014 with respect to its jurisdiction to determine tariff and stay the Order. On May 30, 2014, the Hon'ble APTEL passed an Order declining to stay the Order dated January 03, 2014 and holding that the issue of CERC jurisdiction is a legal point which will be taken up at the time of disposal of the Appeal and that the proceedings before CERC shall be subject to the result/ outcome of the Appeal filed by GRIDCO. The Hon'ble Appellate Tribunal for Electricity concluded the hearing in the main appeals on January 11, 2016 and reserved its Judgment.

CERC has, after considering the submissions by both the parties vide its Order dated November 12, 2015, arrived at tariff for the year 2013-14 in terms of 2009 tariff regulations. GKEL has done detailed workings for computation of tariff as per the project cost approved in accordance with CERC Regulations and has submitted supplementary bill to GRIDCO for differential tariff over and above the provisional tariff separately for Financial Year 2013-14 of Rs. 4.55 crore as determined by the Order. GKEL has also raised supplementary bills for the financial years 2014-15 and 2015-16 till December 31, 2015 aggregating to Rs 243.29 crore pending final approval of tariff in terms of Regulations 7(8)(i) of CERC tariff regulations 2014-19 and has recognised the same as revenue in the unaudited consolidated financial results for the quarter ended December 31, 2015.

The management of the Group has been legally advised that CERC Order is enforceable as on date and is in operation and that GKEL has a good arguable case in support of CERC Order with respect to the appeals filed by the customers against the said order with APTEL. The management of the Group further relies on the fact that CERC had earlier considered the issue of jurisdiction and vide its Order dated August 20, 2009, Orissa Electricity Regulatory Commission ('OREC') had directed that CERC is the competent authority for determination of the Tariff which was subsequently endorsed by CERC in its order dated December 16, 2013 and also GKEL has been accorded Mega Power Project Status by letter dated March 16, 2009, which is awarded only to the generating station supplying power to more than one state. Legal opinion obtained by GKEL concurs with the view that GKEL has an arguable case on the jurisdiction and it is entitled to raise the invoices based on CERC order.

In view of the favourable order from CERC, rejection of stay petition from APTEL and legal opinion received from legal counsel that GKEL has good arguable case with respect to the jurisdiction related appeal filed by GRIDCO pending before APTEL and the assessment by the management of the Group that it would not be unreasonable to expect ultimate collection of the amount involved, GKEL has recognized aggregate revenue of Rs.100.25 crore towards the differential Tariff till March 31, 2015 and an amount of Rs.147.59 crore being the differential Tariff for the period from April 1, 2015 to December 31, 2015 as revenue from operations. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

12. During the quarter and nine months ended December 31, 2015, GMR Hotels and Resorts Limited ('GHRL'), a subsidiary of GMR Hyderabad International Airport Limited ('GHIAL'), has incurred net loss of Rs. 3.75 crore and Rs. 14.00 crore respectively and has accumulated losses of Rs. 143.19 crore as at December 31, 2015, which has resulted in complete erosion of GHRL's net worth and its current liabilities exceeded its current assets as at December 31, 2015. The management of the Group expects that there will be significant increase in the operations of GHRL that will lead to improved cash flows and long term sustainability. The Group has undertaken to provide such financial support as necessary, to enable GHRL to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, unaudited consolidated financial results of the Group do not include any adjustments relating to the recoverability of carrying amount of net assets if GHRL were unable to continue as a going concern.
13. a) The Company through its subsidiary has investments of Rs. 1,191.83 crore (including investments in equity / preference share capital and debentures / subordinate loans and interest accrued thereon) in GMR Warora Energy Limited ('GWEL') (formerly known as 'EMCO Energy Limited'), a subsidiary of the Company, as at December 31, 2015 and has also provided corporate / bank guarantee towards loans taken by GWEL from the project lenders. GWEL is engaged in the business of generation and sale of electrical energy from its coal

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

based power plant of 600 MW situated at Warora. GWEL has accumulated losses of Rs. 1,070.15 crore as at December 31, 2015, which has resulted in erosion of GWEL's entire net worth. GWEL 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 GWEL is fully eroded, the losses have reduced and are Rs. 144.04 crore for the nine months ended December 31, 2015 vis a vis losses of Rs. 249.97 crore for the corresponding period in the previous year. Accordingly, the management of GWEL expects that the plant will generate sufficient profits in the future years and based on business plans and valuation assessment, the management of the Group considers that the carrying value of the net assets in GWEL as at December 31, 2015 is appropriate.

b) GWEL entered into a PPA with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') on March 17, 2010 for sale of power for an aggregate contracted capacity of 200 MW, wherein power was required to be scheduled from power plant's bus bar. MSEDCL disputed place of evacuation of power with Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC has directed GWEL to construct separate lines for evacuation of power through State Transmission Utility ('STU') though GWEL was connected to Central Transmission Utility ('CTU'). Aggrieved by the MERC Order, GWEL preferred an appeal with APTEL. APTEL vide its interim Order dated February 11, 2014 directed GWEL to start scheduling the power from GWEL's bus bar and bear transmission charges of inter-state transmission system towards supply of power. GWEL in terms of the interim order scheduled the power from its bus bar from March 17, 2014 and paid inter-state transmission charges. APTEL vide its final Order dated May 8, 2015 upheld GWEL's contention of scheduling the power from bus bar and directed MSEDCL to reimburse the inter-state transmission charges hitherto borne by GWEL as per its interim order. Accordingly as at December 31, 2015, GWEL has raised claim of Rs. 108.01 crore towards reimbursement of transmission charges from March 17, 2014 till December 31, 2015. MSEDCL preferred an appeal with Hon'ble Supreme Court of India and also applied for stay proceedings for the above order of APTEL, which was rejected by the Hon'ble Supreme Court of India. MSEDCL on rejection of stay Order by the Hon'ble Supreme Court of India paid an amount of Rs. 75.39 crore towards such reimbursements for the period March 17, 2014 to July 31, 2015.

In view of the favorable Order from APTEL, rejection of stay petition of MSEDCL by the Hon'ble Supreme Court of India, receipt of substantial amount towards reimbursement of transmission charges and also considering legal opinion, received from legal counsel that GWEL has good tenable case with respect to the appeal filed by MSEDCL against the said Order which is pending before Hon'ble Supreme Court of India, GWEL has recognized the reimbursement of transmission charges of Rs. 56.59 crore relating to the period from April 1, 2015 to December 31, 2015 as reduction from transmission expenses and Rs. 51.42 crore as an 'exceptional item' in the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015, as the said recovery pertains to the period prior to April 1, 2015. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

14. The Group through its subsidiary has investments of Rs. 65.00 crore (including goodwill of Rs. 61.80 crore) in equity share capital of SJK Powergen Limited ('SJK'), a subsidiary of the Company as at December 31, 2015. SJK is in the early stage of developing a 2*660 MW imported coal based power plant at Village Lalapur, Madhya Pradesh. During the year ended March 31, 2015, based on an internal assessment, the Group provided for impairment in the value of goodwill in full and disclosed the same as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2015.
15. The Company along with its subsidiary has investments of Rs. 663.15 crore (including loans of Rs. 361.12 crore and investments in equity / preference shares of Rs. 302.03 crore made by the Company and its subsidiary) in GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') a subsidiary of the Company. GHVEPL has been incurring losses since the commencement of its commercial operations. The management of the Group believes that these losses are 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 nine months ended December 31, 2015, NHAI rejected the aforementioned claims. The management of GHVEPL is in the process of determining the future course of legal action and 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 believes that the carrying value of net assets of Rs. 373.35 crore (after providing for losses till date of Rs. 289.80 crore) as regards investments in GHVEPL as at December 31, 2015 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

16. During the year ended March 31, 2015, based on a valuation assessment of its investments including unsecured loans in GMR Gujarat Solar Power Private Limited ('GGSPPPL'), a subsidiary of the Company, the Group had made an impairment provision of Rs. 18.00 crore towards the carrying value of the net assets of GGSPPPL, which has been disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2015.
17. a) The Company through its subsidiaries has investments of Rs. 407.43 crore (USD 6.12 crore) including loan and interest accrued thereon in PT Dwikarya Sejati Utama ('PTDSU') as at December 31, 2015. The Group acquired PTDSU for a consideration of USD 4.00 crore and a deferred consideration to be determined and paid on achievement of certain conditions as specified in the share purchase agreement. 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, the Group has paid USD 0.50 crore and the balance USD 1.50 crore was to be paid in 16 equal quarterly instalments, commencing from June 30, 2015. Further the Group has pledged 35% shares of PTBSL as a security towards the payment of the balance instalments.

The consolidated financial statements of PTDSU and its subsidiaries PTBSL and PTDSI as at December 31, 2015 have accumulated losses of Rs. 33.11 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 a valuation assessment, management of the Group is of the view that the carrying value of the net assets in PTDSU and its subsidiaries as at December 31, 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. 3,376.09 crore (USD 50.69 crore) in PT Golden Energy Mines ('PTGEMS'), a jointly controlled entity of the Company as at December 31, 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 Group considered that the carrying value of net assets in PTGEMS was appropriate. Though, the coal prices have significantly declined from May 2015 onwards, the management of the Group believes that such decline in the prices is expected to be temporary. Further, the Group along with GCRPL is in active discussion with the lenders to restructure its loans. Based on these factors and valuation assessment, the Group believes that the carrying value of the net assets in PTGEMS and its subsidiaries as at December 31, 2015 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
18. The Comptroller and Auditor General of India ('CAG') had conducted the performance audit of Public Private Partnership ('PPP') project of Airport Authority of India ('AAI') at Delhi Airport, for the period 2006 to 2012. CAG had presented its report before the Rajya Sabha on August 17, 2012 wherein they had made certain observations on Delhi International Airport Limited ('DIAL'). The Public Accounts Committee ('PAC'), constituted by the Parliament of India, has examined the CAG report and submitted its observations and recommendations to Lok Sabha vide its ninety fourth report in February 2014. The management of the Group is of the opinion that the observations in the CAG report and the PAC report do not have any financial impact on the unaudited consolidated financial results of the Group for the quarter and nine months ended December 31, 2015.
19. A search under Section 132 of the IT Act was carried out at the premises of the Company and certain entities of the Group by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates during the year ended March 31, 2013, to check the compliance with the provisions of the IT Act. The Income Tax department has subsequently sought certain information / clarifications. During the year ended March 31, 2015, block assessments have been completed for some of the companies of the Group and appeals have been filed with the Income Tax Department against the disallowances made in the assessment orders.

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The management of the Group believes that it has complied with all the applicable provisions of the IT Act with respect to its operations.

20. 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 GMR Airports Limited ('GAL') (a subsidiary of the Company)	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 the Company will ensure compliance with 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 Group has not consolidated the financial results of GWT in these consolidated financial results of the Group.

21. As at December 31, 2015, the Company along with its subsidiary has investments of Rs. 356.41 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, while hearing a civil appeal in the matters of Alaknanda Hydro Power Company Limited, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by the 24 projects coming up on the Alaknanda and Bhagirathi basins until further orders. Based on its internal assessment and a legal opinion, the management of the Group is confident of obtaining the requisite clearances and based on business plan and a valuation assessment, the management is of the view that the carrying value of net assets of Rs. 251.47 crore of GBHPL is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
22. As at December 31, 2015, GMR Infrastructure (Cyprus) Limited, a subsidiary of the Company, has fixed deposits of Rs. 454.38 crore with Eurobank, Cyprus. The Republic of Cyprus is presently facing economic difficulties. The management is of the view that in spite of such economic difficulties, the amount held as fixed deposit with Eurobank is good for recovery though withdrawal of the amount from the Republic of Cyprus would be subject to restriction as may be imposed by the Central Bank of Cyprus.
23. a) As at December 31, 2015, the Company through its subsidiary has investments of Rs. 3,357.88 crore (including investments in equity share capital, preference share capital, share application money pending allotment, 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 nine months ended December 31, 2015, GCHEPL has declared commercial operations of Unit I 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

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

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 was declared from June 1, 2015, GCHEPL commenced generation of power on November 1, 2015 and sold power through Indian Energy Exchange and Power Exchange India Limited. However it 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 has commenced generation of power during the quarter ended December 31, 2015. Due to these reasons and based on business plans and valuation assessment, the management of the Group is of the view that the carrying value of the net assets in GCHEPL as at December 31, 2015 is appropriate. In estimating the future cash flows, the management has, in the absence of long term / medium term 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 Group 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.

b) GCHEPL had not capitalised Unit 1 of its power plant from the declared date of commercial operation, which is June 1, 2015. During the year ended March 31, 2015, GCHEPL was allotted two coal mines to meet its fuel requirements. The management is of the view that these coal mines have become integral part of the power plant and Unit 1 of the power plant is linked to one of the coal mines for the purpose of its operations and it will commence production once the coal mine becomes operational. The said mine had started extraction from August 1, 2015, however the coal extracted was not sufficient to consider the coal mine operational to run Unit 1 of its power plant on a continuous basis. Post ramp-up of coal production, GCHEPL has started commercial generation of power from Unit 1 of the power plant from November 01, 2015 and has declared COD of Unit 1 along with one of its mines w.e.f. October 31, 2015. In view of the same, cost of Unit 1 of the power plant and one of its coal mines is considered as project cost and accordingly the Group capitalised indirect expenditure and borrowing costs incurred during the period June 1, 2015 to October 31, 2015 amounting to Rs. 43.36 crore and Rs.219.01 crore respectively (including Rs. 4.10 crore and Rs. 42.89 crore, respectively for the quarter ended December 31, 2015) and has also not charged depreciation with effect from June 1, 2015 of Rs. 97.64 crore (including Rs. 21.05 crore for the quarter ended December 31, 2015) in the accompanying unaudited consolidated financial results. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

24. DIAL has accumulated losses of Rs. 369.20 crore as at December 31, 2015 which have resulted in part erosion of net worth of DIAL as at December 31, 2015. However, DIAL has earned profits during the quarter and nine months ended December 31, 2015 and years ended March 31, 2015 and March 31, 2014 and has met all its obligations as at December 31, 2015.

The Airport Economic Regulatory Authority ('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.

DIAL had filed a writ petition before the Hon'ble High Court of Delhi seeking extension of existing tariff as allowed vide AERA order No. 03/2012-13 issued on April 24, 2012 till disposal of DIAL's appeal pending before AERAAT. Subsequently, 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 AERAAT. The tariff matters have been listed for hearing by AERAAT on February 25, 2016.

Subsequently, AERA has filed a Special Leave Petition ("SLP") dated April 24, 2015 in the 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 Registrar of the Supreme Court of India in lieu of the SLP filed in the Hon'ble Supreme Court

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

closed the right of the Federation of Indian Airlines to file its Counter Affidavit and directed the matter to be listed before the Hon'ble Court in due course.

During the current quarter, AERA released the tariff order No. 40/2015-16 dated December 08, 2015 (issued on December 10, 2015) for second control period i.e. 2014 -2019, which as per AERA order would be implemented upon the final outcome of the legal proceedings attached to that order. As per AERA order, tariff for aeronautical revenue will be reduced by 89.40% of the existing tariff (i.e. tariff as compared to the first control period).

DIAL has filed an appeal against the AERA order No. 40/2015-16 dated December 08, 2015 with Airports Economic Regulatory Authority Appellate Tribunal ('AERAAT') on January 11, 2016. In view of above legal surroundings around the implementation of AERA order for second control period, the said order cannot be implemented till the disposal of all legal issues associated with the order. 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.

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

25. During the year ended March 31, 2015, the Group divested 26% of its stake in Delhi Cargo Service Center Private Limited and 40% of its stake in Devyani Food Street Private Limited and realised a profit of Rs. 34.44 crore on such divestment, which is disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2015.
26. During the quarter and nine months ended December 31, 2015, GMR Aero Technic Limited ('GATL') (formerly known as 'MAS GMR Aero Technic Limited'), a subsidiary of the Company, has incurred a net loss of Rs. 13.55 crore and Rs. 36.41 crore respectively and has accumulated losses of Rs. 331.54 crore as at December 31, 2015, which has resulted in erosion of entire net worth of GATL. The Group entered into a definitive agreement with the joint venture partner of GMR Aerospace Engineering Company Limited' ('GAECL') (formerly known as 'MAS GMR Aerospace Engineering Company Limited), the Holding Company of GATL, for termination of the joint venture agreement and towards purchase of the remaining equity stake in GAECL for a purchase consideration of USD 1, consequent to which, the Group had made a provision of Rs. 35.94 crore during the year ended March 31, 2015 towards impairment in the carrying value of net assets, which has been disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2015.

GATL has incurred losses in the current nine months ended December 31, 2015 and in the previous year and its current liabilities exceeded its current assets as at December 31, 2015. Though the networth of GATL is fully eroded, the losses have reduced and are Rs. 36.41 crore for the nine months ended December 31, 2015 vis a vis losses of Rs. 56.33 crore for the corresponding period in the previous year. Further, the management of the Group expects that there will be a significant increase in the operations of GATL that will lead to improved cash flows and long term sustainability. The Group has undertaken to provide such financial support as necessary, to enable GATL to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, the management of the Group believes that the carrying value of net assets of GATL as at December 31, 2015 is appropriate.

27. As per the advice from the Ministry of Home Affairs and the Standard Operating Procedures ('SOP') issued by Ministry of Civil Aviation ('MoCA') on March 6, 2002, GHIAL, through its wholly owned subsidiary, Hyderabad Airport Security Services Limited ('HASSL') constructed residential quarters for Central Industrial Security Forces ('CISF') deployed at the Hyderabad airport. After completion of such construction, the total construction cost including the cost of land amounting to Rs. 69.91 crore was debited to the Passenger Service Fee (Security Component) Fund [PSF(SC) Fund] with intimation to MoCA. The CAG, during their audits of PSF (SC) Fund, observed that, GHIAL had not obtained prior approval from MoCA for incurring such cost from the PSF(SC) Fund as required by the guidelines dated January 8, 2010 and April 16, 2010 issued by MoCA. However, management of the Group is of the opinion that these guidelines were issued subsequent to the construction of the said residential quarters and approached MoCA for approval to debit such costs to the PSF (SC) Fund account and also, made an application for increase in PSF (SC) tariff to recover these dues and to meet the shortfall in discharging other liabilities from PSF (SC) Fund.

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

During the year ended March 31, 2015, MoCA responded that, it is not in a position to consider the request for enhancement in the PSF (SC) tariff. As a result, GHIAL requested MoCA to advise the AERA for considering the cost of land/ construction and other related costs with regard to the aforesaid residential quarters in determination of Aeronautical Tariff for the Hyderabad airport. However, MoCA returned the proposal stating that the matter is sub-judice and hence, no decision has been taken. Pending final conclusion of the same, residential quarters continue to be accounted in the PSF(SC) Fund and no adjustments have been made to the unaudited consolidated financial results of the Group for the quarter and nine months ended December 31, 2015. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

28. DIAL has issued 6.125% senior secured notes due 2022 of USD 28.88 crore on February 3, 2015 to refinance its existing external commercial borrowings. As a result of such refinancing, certain Interest Rate Swap ('IRS') which were outstanding on the existing external commercial borrowings of USD 28.88 crore, prior to refinancing were cancelled and DIAL paid Rs. 91.83 crore towards such cancellation of IRS. The same was disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2015.
29. The Company through its subsidiary has investments of Rs. 164.98 crore in the equity share capital of GPCL. The PPA entered into by GPCL with TAGENDCO for 15 years expired on February 14, 2014 and was extended till February 14, 2015. There has been no further renewal of the PPA post the aforementioned date and as a result GPCL has not generated and sold electricity subsequent to February 14, 2015. The going concern assumption of GPCL is significantly dependent upon its PPA arrangements, achievement of business plans and continued availability of funds. The management of GPCL is in discussion with TAGENDCO and several industrial consumers for the supply of its power and is confident of entering into power supply agreements and raising funds to meet its financial commitments. In view of these aspects and a valuation assessment, the management of the Group believes that the carrying value of the net assets in GPCL as at December 31, 2015 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
30. 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 (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.
31. 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 December 31, 2015 is stated below:

(in Rs. crore)			
Particulars	Amount proposed to be utilised from net proceeds	Amount utilized	Balance amount as at December 31, 2015
Full or partial repayment or prepayment of borrowings and payment of interest,	1,035.00	1,035.00	-

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

(in Rs. crore)

Particulars	Amount proposed to be utilised from net proceeds	Amount utilized	Balance amount as at December 31, 2015
prepayment penalty or premium on borrowings			
Extend facilities to Company's subsidiary towards part repayment of the subsidiary's borrowings	215.00	215.00	-
General corporate purpose	131.98	131.98	-
Issue related expenses	19.85	19.85	-
Total	1,401.83	1,401.83	

32. Pursuant to the approval of the Management Committee of the Board of Directors dated December 10, 2015, the Company has issued 7.50% Foreign Currency Convertible Bonds ('FCCBs') of USD 30.00 crore (Rs 1,998.00 crore) to Kuwait Investment Authority with a maturity period of 60 years.

33. Other operating income comprises of:

- interest income, dividend income, income from management and other services and profit on sale of current investments for companies which undertake investment activities; and
- other operating income for other companies.

34. Information pertaining to the Company on a standalone basis:

(in Rs. crore)

	Quarter ended			Nine months ended		Year ended
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014	March 31, 2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a) Revenue from operations	181.83	170.80	171.09	511.94	475.24	649.74
(b) (Loss) / profit before tax and after exceptional items	(2.41)	(1.35)	(18.77)	0.13	(86.26)	(350.53)
(c) (Loss) / profit after tax	(2.41)	(1.35)	(12.90)	0.13	(90.19)	(352.65)

35. The unaudited consolidated financial results of the Group for the quarter ended December 31, 2015 have been reviewed by the Audit Committee in their meeting on February 9, 2016 and approved by the Board of Directors in their meeting on February 10, 2016.

36. The statutory auditors of the Company have carried out a Limited Review of the unaudited consolidated financial results for the quarter ended December 31, 2015.

Notes to the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015

37. 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
February 10, 2016

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 consolidated financial results of GMR Infrastructure Limited ('the Company'), its subsidiaries, jointly controlled entities and associates (together, 'the Group' and individually as 'components'), for the quarter and nine months ended December 31, 2015 (the 'Statement'), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements ('SRE') 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. (a) The unaudited financial results and other financial information of 2 subsidiaries, with total assets of Rs. 13,999.83 crore as at December 31, 2015, total revenue (including other income) of Rs. 1,326.48 crore and Rs. 3,618.06 crore for the quarter and nine months then ended and total loss of Rs. 77.68 crore and Rs. 187.70 crore for the quarter and nine months then ended have been reviewed by us jointly with other auditors.

(b) We did not review the unaudited financial results and other financial information of (i) 95 subsidiaries, with total assets of Rs. 43,115.94 crore as at December 31, 2015, total revenue (including other income) of Rs. 1,572.09 crore and Rs. 4,112.31 crore for the quarter and nine months then ended and total loss of Rs. 296.94 crore and Rs. 869.86 crore for the quarter and nine months then ended; (ii) 21 jointly controlled entities (including 15 jointly controlled entities consolidated for the period April 1, 2015 to September 30, 2015) with Group's share of total assets of Rs. 4,643.27 crore as at December 31, 2015, total revenue (including other income) of Rs. 192.36 crore and Rs. 572.55 crore for the quarter and nine months then ended and total profit of Rs. 2.16 crore and 18.96 crore for the quarter and nine months then ended. The unaudited financial results and financial information for these subsidiaries and jointly controlled entities have been reviewed by the other auditors whose reports have been furnished to us, and our review report on the unaudited consolidated financial results is based solely on the reports of the other auditors.

(c) We did not review the unaudited financial results and other financial information of (i) 15 subsidiaries (including 1 subsidiary consolidated for the period April 1, 2015 to September 30, 2015), with total assets of Rs. 63.59 crore as at December 31, 2015, total revenue (including other income) of Rs. 0.95 crore and Rs. 1.05 crore for the quarter and nine months then ended and total loss of Rs. 10.93 crore and Rs. 24.73 crore for the quarter and nine months then ended; (ii) 3 jointly controlled entities (including 1 jointly controlled entity consolidated for the period April 1, 2015 to September 30, 2015) with Group's share of total assets of Rs. 48.76 crore as at December 31, 2015, total revenue (including other income) of Rs. 6.81 crore and Rs. 7.01 crore for the quarter and nine months then ended and total loss of Rs. 0.39 crore and Rs. 0.43 crore for the quarter and nine months then ended; and (iii) 3 associates with Group's share of total loss of Rs. 3.52 crore and Rs. 6.13 crore for the quarter and nine months then ended. The unaudited financial results and other financial information for these subsidiaries, jointly controlled entities and associates have been incorporated in the unaudited consolidated financial results of the Group based on unaudited financial results and other financial information as certified by the management of the Group as reviewed financial results of such component entities as at and for the period ended December 31, 2015 are not available and our review report in so far as it relates to the affairs of such subsidiaries, jointly controlled entities and associates is based solely on the basis of management certified financial results and other financial information. Our review conclusion is not qualified in respect of this matter



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Total assets, revenue and profit / loss disclosed in paragraph 3(a), 3(b) and 3(c) are after adjustments on consolidation.

4. As detailed in Note 9(b) to the accompanying statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2015, GMR Rajahmundry Energy Limited ('GREL'), a subsidiary of the Company has capitalised Rs. 1,238.20 crore during the period July 2012 to June 2015 towards indirect expenditure and borrowing costs (net of income earned during aforementioned period) incurred on a plant under construction where active construction work was put on hold during the said period pending securing supply of requisite natural gas and has approached the Ministry of Corporate Affairs ('MCA') seeking clarification on the applicability of the General Circular 35/2014 dated August 27, 2014 issued by MCA. However, in our opinion, the aforesaid capitalisation of such expenses is not in accordance with the relevant Accounting Standards. Further, on account of the aforesaid capitalisation, the depreciation expenses for the quarter and nine months ended December 31, 2015 are higher by Rs. 10.22 crore. Had the aforesaid expenditure not been capitalized and depreciation not been charged, loss after tax and minority interest of the Group for the quarter ended December 31, 2015 would have been lower by Rs. 10.22 crore and loss after tax and minority interest of the Group for the nine months ended December 31, 2015 and cumulatively upto December 31, 2015 would have been higher by Rs. 123.06 crore and Rs. 1,182.68 crore respectively. In respect of the above matter, our audit report for the year ended March 31, 2015 and limited review report for the quarters ended June 30, 2015 and September 30, 2015 were similarly qualified. Also refer paragraph 9(d) and 9(h) in respect of this matter.
5. As detailed in Note 23(b) to the accompanying statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2015, GMR Chhattisgarh Energy Limited ('GCHEPL'), a subsidiary of the Company has not capitalised Unit 1 of its power plant from the date of declaration of commercial operations on June 1, 2015 and also one of its mines which was ready for its intended use from August 1, 2015 and continued the capitalisation of the indirect expenditure and borrowing costs incurred subsequent to the said dates amounting to Rs. 43.36 crore and Rs. 219.01 crore respectively (including Rs. 4.10 crore and 42.89 crore respectively, for the quarter ended December 31, 2015). The Group has also not charged depreciation of Rs. 97.64 crore (including Rs. 21.05 crore for the quarter ended December 31, 2015) in the accompanying financial results with regard to Unit 1 of its power plant. However, in our opinion, the aforesaid accounting treatment is not in accordance with the relevant Accounting Standards. Had the aforesaid expenditure not been capitalized and had the depreciation expenses been recognized, loss after tax and minority interest of the Group for the quarter ended and cumulatively upto December 31, 2015 would have been higher by Rs. 68.04 crore and Rs. 360.01 crore, respectively. In respect of the above matter, our limited review report for the quarter ended June 30, 2015 and September 30, 2015 was similarly qualified. Also refer paragraph 9(f) in respect of this matter.
6. As detailed in Note 6 to the accompanying statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2015, GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL'), a subsidiary of the Company issued a notice of intention to terminate the Concession Agreement with National Highways Authority of India ('NHAI') and issued 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. GKUAEL incurred and capitalised indirect expenditure and borrowing costs of Rs. 136.43 crore till December 31, 2015 and has given capital advances of Rs. 590.00 crore to its EPC Contractor. The Group also provided a bank guarantee of Rs. 269.36 crore to NHAI. Pursuant to the notice of dispute, GKUAEL terminated the EPC contract on May 15, 2015 and received claims towards such termination. However, no such claims from the EPC contractor have been recognised in the accompanying statement of unaudited consolidated financial results as at December 31, 2015. GKUAEL has also transferred the aforesaid project costs of Rs 136.46 crore to claims recoverable and consequent to the letter received from National Stock Exchange of India Limited ('NSE'), the Group has made a provision of Rs. 136.43 crore cumulatively upto December 31, 2015 (including Rs. 2.55 crore and Rs.5.44 crore for the quarter and nine months ended December 31, 2015 respectively) towards such claims recoverable.

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 and its impact on the net assets / performance guarantee provided by the Group. Having regard to the uncertainty in view of the dispute, we are unable to comment on the final outcome of the matter and its consequential impact on the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015. In



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respect of the above matter, our audit report for the year ended March 31, 2015 and limited review report for the quarters ended June 30, 2015 and September 30, 2015 were similarly qualified. Also refer paragraph 9(h) in respect of this matter.

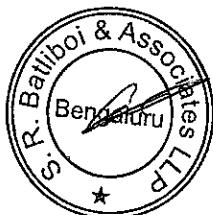
7. As detailed in Note 5(a) and 5(b) to the accompanying statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2015, the Concession Agreement entered into between GMR Male International Airport Private Limited ('GMIAL'), a subsidiary of the Company, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years was declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated 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, GMIAL continues to recognise the assets at their carrying values of Rs. 1,613.02 crore (USD 24.22 crore) as at December 31, 2015 including the claim recoverable of Rs. 1,259.01 crore (USD 18.90 crore) as the management is of the view that GMIAL will be able to recover at least the carrying value of the assets.

Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for Rehabilitation, Expansion and Modernization of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and have received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognised in the accompanying statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 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. However, the financial statements of GMIAL and GADLIL as at and for the nine months ended December 31, 2015 continue to be prepared and consolidated on a going concern basis.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the assets in GMIAL and GADLIL and any other consequential impact that may arise in this regard on the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015. In respect of the above matter, our audit report for the year ended March 31, 2015 and limited review report for the quarters ended June 30, 2015 and September 30, 2015 were similarly qualified.

8. Based on our review conducted as above, except for the effects of the matters described in the paragraphs 4 and 5 and the possible effects of the matters described in the paragraphs 6 and 7 and on consideration of reports of other auditors and certification by the management of the unaudited separate quarterly financial results and the other financial information of the components nothing has come to our attention that causes us to believe that the Statement of unaudited consolidated financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
9. We draw attention to the following matters in the notes to the accompanying unaudited consolidated financial results for the quarter and nine months ended December 31, 2015:
 - a) Note 4 regarding the carrying value of net assets of Rs. 190.27 crore (after providing for losses till date of Rs. 203.13 crore) as regards investments in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company. Though GACEPL has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration, based on management's internal assessment and legal opinion obtained by the management of GACEPL, the

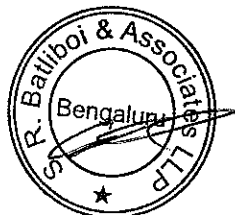


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management of the Group is of the view that the carrying value of the net assets (after providing for losses till date) of GACEPL as at December 31, 2015 is appropriate.

- b) Note 8 which indicates that the entire matter relating to claims / counter claims arising out of the Power Purchase Agreement ('PPA') and Land Lease Agreement, filed by GMR Power Corporation Limited ('GPCL'), a subsidiary of the Company and Tamil Nadu Generation and Distribution Corporation Limited ('TAGENDCO'), is sub-judice before the Hon'ble Supreme Court of India and has not attained finality. However, pending the resolution of matter, no adjustments have been made in the accompanying unaudited consolidated financial results for the quarter and nine months ended December 31, 2015. Considering that substantial amount, though under protest, has been received, GPCL, based on an expert opinion, offered the amount of claims received upto March 31, 2013 as income in its income tax returns and has claimed the deduction under Section 80IA of the Income Tax Act, 1961.
- c) Note 29 regarding the expiry of PPA with TAGENDCO and cessation of operations due to non-renewal of PPA. Based on the letters of intent, future business plans and valuation assessment by an independent valuer, the management of the Group is of the view that the going concern assumption and carrying value of the net assets in GPCL is appropriate and does not require any adjustment that might result due to this uncertainty.
- d) Note 9(a) 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) delay in commencement of commercial operations and the repayment of certain project loans by GREL, pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet their short term and long term obligations. The accompanying statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2015 does not include any adjustments that might result from the outcome of this significant uncertainty.
- e) Note 21 regarding 300 MW hydro based power plant on Alaknanda river, Uttarakhand being constructed by GMR (Badrinath) Hydro Power Generation Private Limited ('GBHPL'), a subsidiary of the Company. The Hon'ble Supreme Court of India ('the Supreme Court'), while hearing a civil appeal in the matters of a hydro power company, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by any of the 24 projects until further orders. The management of the Group is confident of obtaining the requisite clearances and based on a business plan and valuation assessment is of the view that the carrying value of the net assets of Rs. 251.47 crore of GBHPL as at December 31, 2015 is appropriate.
- f) Note 23(a) regarding uncertainties in tying up power supplies, cost overrun funding and other key assumptions made in the valuation assessment of GCHEPL. In the opinion of the management of the Group, no adjustments are considered necessary at this stage in the accompanying statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2015 for the reasons explained in the said note.
- g) Note 27 regarding costs related to residential quarters for Central Industrial Security Force ('CISF') deployed at the Rajiv Gandhi International Airport, Hyderabad, operated by GMR Hyderabad International Airport Limited ('GHIAL'), a subsidiary of the Company and other costs which continue to be adjusted against PSF (SC) fund pending the final decision from the Hon'ble High Court at Hyderabad for the State of Telangana and State of Andhra Pradesh and consequential instructions from the Ministry of Civil Aviation.
- h) Note 3 regarding the receipt of a letter by the Company from NSE whereby Securities and Exchange Board of India ('SEBI') has directed NSE to advise the Company to restate the consolidated financial statements of the Group for the year ended March 31, 2013 for qualifications in the Auditor's Report referred in the aforementioned note, within the period specified and in terms of clause 5(d)(ii) of the SEBI Circulars dated August 13, 2012 and June 5, 2013. The Group has made adjustments in the



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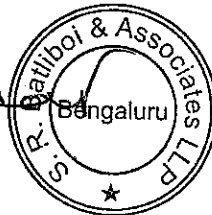
consolidated financial statements for the year ended March 31, 2015 with regard to the matter described in note 6 to the accompanying statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2015. With regard to the matter described in note 9(b) to the accompanying statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2015, the Hon'ble High Court of Delhi, while hearing the writ petition filed by the Group, directed SEBI not to insist on restatement of accounts till the next hearing date. Also refer paragraphs 4 and 6.

- i) Notes 17(a) and 17(b) regarding the uncertainties pertaining to coal prices and other key assumptions made by the management in the valuation assessment of entities which are engaged in the operation and development of coal mines. In the opinion of the management of the Group, no adjustments are considered necessary at this stage in the accompanying statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2015 for the reasons explained in the said notes.
- j) Note 13(b) regarding recovery of transmission charges from Maharashtra State Electricity Distribution Company Limited ('MSEDCL'). GMR Warora Energy Limited ('GWEL') (formerly known as 'EMCO Energy Limited'), a subsidiary of the Company, pursuant to Appellate Tribunal for Electricity ('APTEL') Order ('the Order') dated May 8, 2015, has raised invoices towards reimbursement of transmission charges from the initial date of scheduling the power. Pursuant to the Order and legal opinion stating that GWEL has a good tenable case with respect to the appeal filed by MSEDCL against the said Order before the Hon'ble Supreme Court of India, GWEL has accounted for the reimbursement of transmission charges of Rs. 56.59 crore for the period from April 1, 2015 to December 31, 2015 as reduction from transmission expenses and Rs. 51.42 crore as 'exceptional item' as the said recovery pertains to the period prior to April 1, 2015.
- k) Note 11 regarding the recognition of differential revenue of Rs. 247.84 crore towards sale of power to GRIDCO Limited relating to the financial years 2013-14, 2014-15 and nine months ended December 31, 2015 pursuant to the Tariff Determination Order by the Central Electricity Regulation Commission ('CERC') dated November 12, 2015. Based on the legal advice obtained by the management of the Group that the CERC Tariff Order is enforceable and that GKEL has a good arguable case in support of the order with respect to the appeals filed by the customers against the order with APTEL as regards the jurisdiction of CERC with respect to tariff determination, the management of the Group considers that it would not be unreasonable to expect ultimate collection of the amount.
- l) Note 15 regarding the claims filed by GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL'), a subsidiary of the Company. GHVEPL has been incurring losses since the commencement of commercial operations. Based on a valuation assessment, a legal opinion and for reasons explained in the aforesaid note, the management of GHVEPL is of the view that the carrying value of the net assets (after providing for losses till date) of Rs. 373.35 crore in GHVEPL as at December 31, 2015 is appropriate.

Our review conclusion is not qualified in respect of the 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: February 10, 2016