

GMR Infrastructure Limited

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PART I

Statement of Standalone unaudited financial results for the quarter and six months ended September 30, 2014

		(In Rs. crore)					
S.No	Particulars	Quarter ended			Six Months Ended		Year ended
		September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations						
	(a) Sales/ income from operations	19.68	68.56	79.81	88.24	250.80	468.67
	(b) Other operating income (refer Note 19)	123.31	92.60	83.57	215.91	175.98	317.62
	Total income from operations	142.99	161.16	163.38	304.15	426.78	786.29
2	Expenses						
	(a) Cost of materials consumed	6.64	7.95	24.22	14.59	74.84	92.08
	(b) Subcontracting expenses	6.23	55.79	32.37	62.02	126.99	308.55
	(c) Employee benefits expenses	6.53	8.02	15.95	14.55	32.02	69.72
	(d) Depreciation and amortisation expenses	4.45	5.18	2.10	9.63	4.18	8.42
	(e) Foreign exchange fluctuation loss (net)	0.15	-	-	-	-	-
	(f) Other expenses	9.40	10.48	18.09	19.88	33.02	55.04
	Total expenses	33.40	87.42	92.73	120.67	271.05	533.81
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	109.59	73.74	70.65	183.48	155.73	252.48
4	Other income						
	a) Foreign exchange fluctuation gain (net)	-	6.71	0.42	6.56	1.07	0.85
	b) Other income - others	6.42	0.11	0.39	6.53	1.80	3.92
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)	116.01	80.56	71.46	196.57	158.60	257.25
6	Finance costs	126.82	137.24	94.99	264.06	175.01	408.71
7	(Loss) / Profit from ordinary activities after finance costs and before exceptional items (5 - 6)	(10.81)	(56.68)	(23.53)	(67.49)	(16.41)	(151.46)
8	Exceptional items						
	Profit on sale of investment in a subsidiary (refer Note 9)	-	-	-	-	13.28	13.28
	Profit on sale of investment in a jointly controlled entity (refer Note 10)	-	-	-	-	-	458.78
	Loss on redeemable preference shares (refer Note 12)	-	-	-	-	-	(131.25)
	Provision for diminution in the value of investment in a jointly controlled entity (refer Note 11)	-	-	-	-	-	(1.27)
9	(Loss)/ Profit from ordinary activities before tax (7 ± 8)	(10.81)	(56.68)	(23.53)	(67.49)	(3.13)	188.08
10	Tax expenses	7.24	2.56	5.46	9.80	10.60	22.18
11	Net (Loss) / Profit from ordinary activities after tax (9 - 10)	(18.05)	(59.24)	(28.99)	(77.29)	(13.73)	165.90
12	Paid-up equity share capital (Face value - Re. 1 per share)	436.13	389.24	389.24	436.13	389.24	389.24
13	Paid-up debt capital (refer Note 21)				1,147.50	1,582.50	1,152.50
14	Reserve excluding Revaluation Reserves as per balance sheet of previous year						6,874.74
15	Debenture Redemption Reserve (included in reserves in S.No 14 above)				142.19	193.00	118.22
16	Weighted average number of shares used in computing Earning Per Share	4,315,385,913	3,892,432,532	3,892,432,532	4,105,064,833	3,892,432,532	3,892,432,532
17	Earnings per share (of Re. 1 each) (not annualised) Basic and Diluted	(0.04)	(0.15)	(0.07)	(0.19)	(0.03)	0.43
18	Debt Equity Ratio (refer Note 20)				0.52	0.65	0.72
19	Debt Service Coverage Ratio ('DSCR') (refer Note 20)				0.16	0.27	0.42
20	Interest Service Coverage Ratio ('ISCR') (refer Note 20)				0.74	0.91	1.46

PART II							
Select Information for the quarter and six months ended september 30, 2014							
S.No	Particulars	Quarter ended			Six Months Ended		Year ended
		September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
A	PARTICULARS OF SHAREHOLDING						
1	Public shareholding						
	- Number of shares	1,547,203,732	1,083,591,135	1,083,591,135	1,547,203,732	1,083,591,135	1,083,591,135
	- Percentage of shareholding	35.48%	27.84%	27.84%	35.48%	27.84%	27.84%
2	Promoters and Promoter Group Shareholding						
	a) Pledged / Encumbered						
	- Number of shares	1,800,017,861	1,664,235,438	1,427,208,239	1,800,017,861	1,427,208,239	1,785,342,465
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	64.38%	59.63%	51.14%	64.38%	51.14%	63.97%
	- Percentage of shares (as a % of the total share capital of the Company)	41.27%	42.76%	36.67%	41.27%	36.67%	45.87%
	b) Non - encumbered						
	- Number of shares	996,025,986	1,126,608,409	1,363,635,608	996,025,986	1,363,635,608	1,005,501,382
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	35.62%	40.37%	48.86%	35.62%	48.86%	36.03%
	- Percentage of shares (as a % of the total share capital of the Company)	22.84%	28.94%	35.03%	22.84%	35.03%	25.83%
3	Non-promoter and non-public shareholding						
	- Number of shares	17,999,800	17,999,800	17,999,800	17,999,800	17,999,800	17,999,800
	- Percentage of shareholding	0.41%	0.46%	0.46%	0.41%	0.46%	0.46%

	Particulars	Quarter ended September 30, 2014
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	-
	Received during the quarter	123
	Disposed of during the quarter	123
	Remaining unresolved at the end of the quarter	-

GMR Infrastructure Limited							
Report on Standalone Segment Revenue, Results and Capital Employed							
(In Rs. crore)							
S.No	Particulars	Quarter ended			Six months Ended		Year ended
		September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
	a) EPC	19.68	68.56	79.81	88.24	250.80	468.67
	b) Others	123.31	92.60	83.57	215.91	175.98	317.62
	Total	142.99	161.16	163.38	304.15	426.78	786.29
	Less: Inter Segment	-	-	-	-	-	-
	Net Segment Revenue	142.99	161.16	163.38	304.15	426.78	786.29
2	Segment Results						
	a) EPC	(1.14)	(7.55)	(3.88)	(8.69)	(4.64)	(30.45)
	b) Others	117.15	88.11	75.34	205.26	163.24	287.70
	Total	116.01	80.56	71.46	196.57	158.60	257.25
	Less: Finance costs	126.82	137.24	94.99	264.06	175.01	408.71
	Add/less: Exceptional items						
	Profit on sale of investment in a subsidiary (refer Note 9)	-	-	-	-	13.28	13.28
	Profit on sale of investment in a jointly controlled entity (refer Note 10)	-	-	-	-	-	458.78
	Loss on redeemable preference shares (refer Note 12)	-	-	-	-	-	(131.25)
	Provision for diminution in the value of investment in a jointly controlled entity (refer Note 11)	-	-	-	-	-	(1.27)
	Profit / (Loss) before tax	(10.81)	(56.68)	(23.53)	(67.49)	(3.13)	188.08
3	Capital employed (Segment Assets - Segment Liabilities)						
	a) EPC	202.04	198.16	311.07	202.04	311.07	234.57
	b) Others	13,812.40	13,012.54	11,380.86	13,812.40	11,380.86	13,197.04
	c) Unallocated	(4,129.05)	(4,878.91)	(4,541.90)	(4,129.05)	(4,541.90)	(5,030.96)
	Total	9,885.39	8,331.79	7,150.03	9,885.39	7,150.03	8,400.65

Notes to the standalone financial results for the quarter and six months ended September 30, 2014

1. Statement of assets and liabilities

(In Rs. crore)

Particulars		As at	
		September 30,2014	March 31, 2014
		Unaudited	Audited
A	EQUITY AND LIABILITIES		
	1 Shareholders' funds		
	(a) Share capital	1,572.80	1,525.91
	(b) Reserves and surplus	8,170.84	6,874.74
	(c) Money received against share warrants	141.75	-
	Sub-total	9,885.39	8,400.65
	2 Non-current liabilities		
	(a) Long-term borrowings	3,437.77	3,778.43
	(b) Deferred tax liabilities (net)	5.87	-
	(b) Other long-term liabilities	2.29	2.88
	(c) Long-term provisions	1.82	1.35
	Sub-total	3,447.75	3,782.66
	3 Current liabilities		
	(a) Short-term borrowings	123.50	215.64
	(b) Trade payables	131.59	206.95
	(c) Other current liabilities	1,131.83	1,651.78
	(d) Short-term provisions	23.61	64.23
	Sub-total	1,410.53	2,138.60
	Total	14,743.67	14,321.91
B	ASSETS		
	1 Non-current assets		
	(a) Fixed assets	90.70	104.45
	(b) Non-current investments	9,457.06	9,519.39
	(c) Deferred tax assets (net)	-	2.12
	(d) Long-term loans and advances	3,268.27	2,306.78
	(e) Trade receivables	81.30	102.63
	(f) Other non-current assets	793.98	656.60
	Sub-total	13,691.31	12,691.97
	2 Current assets		
	(a) Current investments	69.88	15.54
	(b) Inventories	36.90	91.03
	(c) Trade receivables	154.50	145.86
	(d) Cash, cash equivalents and other bank balances	60.44	4.30
	(e) Short-term loans and advances	519.83	338.15
	(f) Other current assets	210.81	1,035.06
	Sub-total	1,052.36	1,629.94
	Total	14,743.67	14,321.91

Notes to the standalone unaudited financial results for the quarter and six months ended September 30, 2014

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

3. Segment Reporting

- a. The Company carries on its business in two business verticals viz., Engineering Procurement Construction (‘EPC’) and Others.
- b. The segment reporting of the Company has been prepared in accordance with Accounting Standard 17 on Segment Reporting, specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014). The business segments of the Company comprise of the following:

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

4. a. The Company through its subsidiary GMR Infrastructure (Mauritius) Limited (‘GIML’) has made investments of Rs. 224.34 crore (USD 3.62 crore) (including equity share capital of Rs. 143.20 crore and share application money, pending allotment of Rs. 81.14 crore) towards 77% holding in GMR Male International Airport Private Limited (‘GMIAL’) and GIML has pledged deposits of Rs. 892.66 crore (USD 14.40 crore) towards loans taken by GMIAL from its lenders. Further the Company has given a corporate guarantee of Rs. 2,433.11 crore (USD 39.25 crore) to the lenders in connection with the borrowings made by GMIAL.

GMIAL entered into an agreement on June 28, 2010 with Maldives Airports Company Limited (‘MACL’) and Ministry of Finance and Treasury (‘MoFT’), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport 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 Male International Airport 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 Male International Airport and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL 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 in damages 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). GMIAL is in the process of submitting the final claim for the losses incurred due to the takeover of the airport. The final outcome of the arbitration is pending as at September 30, 2014. In view of the aforesaid matter GMIAL continues to reflect assets amounting to Rs. 1,475.96 crore (USD 23.81 crore) including claim recoverable of Rs. 1,113.48 crore (USD 17.96 crore) at their carrying values as at September 30, 2014, net of assets written off of Rs. 202.61 crore during the year ended March 31, 2013. GMIAL’s ability to continue its future business operations and consequential impact on investments made / guarantees given by the Company and GIML is solely dependent on the outcome of arbitration and / or a negotiated settlement.

Further, GMIAL had executed work construction contracts with GADL International Limited (‘GADLIL’) and other service providers for rehabilitation, expansion, modernization of Male International Airport. Pursuant to 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

Notes to the standalone unaudited financial results for the quarter and six months ended September 30, 2014

discontinuation of construction, GMIAL is required to pay termination payment to the service providers. GMIAL has received claims of around USD 8.00 crore up to September 30, 2014 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognised as at September 30, 2014 since the amounts payable are not certain.

Based on the aforesaid award by the tribunal, internal assessment and a legal opinion obtained by GMIAL, the management of the Company is confident that GMIAL would be entitled for compensation under the Concession Agreement at least to the extent of the carrying value of the assets taken over by the GoM / MACL and the subsequent expenditure incurred by GMIAL as at September 30, 2014 and accordingly, these unaudited standalone financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. The statutory auditors of the Company have modified their limited review report in this regard.

b. During the period ended September 30, 2014, the Company has received a letter NSE/LIST/243830-W from National Stock Exchange of India Limited ('NSE') whereby Securities and Exchange Board of India ('SEBI') has directed NSE to advise the Company to rectify the qualification in respect of the matter described in the paragraph on 'Basis for Qualified Opinion' in the Auditors' Report on the standalone financial statements of the Company for the year ended March 31, 2013, within the end of the next reporting period under paragraph 5(d)(iii) of the SEBI Circular Number CIR/CFD/DIL/7/2012 dated August 13, 2012. The Company is in the process of seeking clarifications in this regard. The statutory auditors of the Company have drawn an Emphasis of Matter in their limited review report in this regard.

5. The Company along with subsidiaries has an investment of Rs. 369.58 crore (including loans of Rs. 129.99 crore and investment in equity / preference shares of Rs. 239.59 crore made by the Company and its subsidiaries) in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') as at September 30, 2014. GACEPL has been incurring losses since the commencement of commercial operations. The management believes that these losses are primarily attributable to 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 year ended March 31, 2014 and during the period ended September 30, 2014. Based on internal assessment and a legal opinion obtained by the management, the management of GACEPL 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 investment in GACEPL has been carried at cost and no provision for diminution in the value of investments has been made as at September 30, 2014. The statutory auditors of the Company have drawn an Emphasis of Matter in their limited review report in this regard.
6. The Company's subsidiaries GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL') are engaged in the business of generation and sale of electrical energy from its two gas based power plants of 220 MW and 387.63 MW situated at Kakinada and Vemagiri respectively. Further, GMR Rajahmundry Energy Limited ('GREL'), a subsidiary is constructing a gas based power plant. In view of lower supplies/ availability of natural gas to the power generating companies in India, these aforesaid entities are facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL and GVPGL have not generated and sold electricity since April 2013 and May 2013 respectively and have been incurring losses on account of the aforesaid shortage of natural gas supply, thereby resulting in erosion of net worth and usage of short term funds for long term purposes. Further GREL has not yet commenced commercial operations pending linkages of natural gas supply. These aforesaid entities are actively pursuing / making representations with various government authorities to secure the natural gas linkage / supply as the natural gas supplies from KG D6 basin have dropped significantly from September 2011 onwards. GREL, for its 768 MW gas based power plant, which is under construction at Rajahmundry, has applied for allocation of gas and the Ministry of Petroleum and Natural Gas ('MoPNG') is yet to allocate the gas linkage. The consortium of lenders had approved the reschedulement of Commercial Operation Date ('COD') of the plant under construction to April 1, 2014 and repayment of project loans. GREL, in absence of gas linkage, has sought further extension of COD by one year which has been approved by the lead

Notes to the standalone unaudited financial results for the quarter and six months ended September 30, 2014

bank and few other banks and the management is confident of getting the approval from the other banks to the consortium. The Company, these aforesaid entities and the Association of Power Producers are closely monitoring the macro situation and are evaluating various approaches / alternatives to deal with the situation and the management is confident that the Government of India would take necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. Despite the aforementioned reasons, based on business plan and valuation assessment, the management is confident that GEL and GVPGL will be able to generate sufficient profits in future years, GREL will get an extension of COD as stated aforesaid and these gas based power generating entities would meet their financial obligations as they arise and hence the going concern assumption of the aforesaid entities and carrying value of the investments (including advances) made by the Company directly or indirectly through its subsidiaries ('investments'), in GEL, GVPGL and GREL as at September 30, 2014 is appropriate and these unaudited standalone financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. In the meantime, the Company has also committed to provide necessary financial support to GEL, GVPGL and GREL as may be required by these entities 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.

7. 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. GWT has utilised the proceeds of the loan received from the Company in the following manner and the position as at September 30, 2014 is:

(In Rs. crore)	
Equity shares of the Company	101.55
Equity shares of GMR Airports Limited ('GAL')	11.28
Others	2.17
Total	115.00

SEBI had issued Circular CIR/CFD/DIL/3-2013 dated January 17, 2013 prohibiting listed entities from framing any employee benefit scheme involving acquisition of 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" whereby 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. The Company will ensure compliance with the new regulations within the permissible time period. Further, as per the trust deed, GWT is constituted for undertaking only employee benefit schemes and hence the Company has not consolidated the financial results of GWT in these unaudited standalone financial results of the Company.

8. A search under Section 132 of the Income Tax Act, 1961 was carried out at the premises of the Company by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates thereafter, to check the compliance with the provisions of the Income Tax Act, 1961. The Income Tax Department has subsequently sought certain information / clarifications. The Company has not received any show cause notice / demand from the Income Tax Authorities. The management of the Company believes that it has complied with all the applicable provisions of the Income Tax Act, 1961 with respect to its operations.
9. During the year ended March 31, 2013, the Company and GMR Highways Limited ('GMRHL'), a subsidiary of the Company had entered into a definitive sale agreement for divestment of 74% shareholding in GMR Jadcherla Expressways Private Limited ('GJEPL'), a subsidiary of the Company to Macquarie SBI Infrastructure Investments Pte. Limited and SBI Macquarie Infrastructure Trustee Limited.

Notes to the standalone unaudited financial results for the quarter and six months ended September 30, 2014

During the year ended March 31, 2014, the above transaction was completed and the profit of Rs. 13.28 crore on redemption of preference shares held by the Company was disclosed as an exceptional item in the standalone financial statements of the Company for the year ended March 31, 2014.

10. During the year ended March 31, 2014, the Company along with its subsidiaries had entered into a definitive agreement ('SPA') with Malaysia Airports MSC Sdn Bhd ('Buyer') for sale of their 40% equity stake in their jointly controlled entities; Istanbul Sabiha Gokcen Uluslararası Havalimanı Yatırım Yapım Ve İşletme Anonim Şirketi ('ISG') and LGM Havalimanı 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 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 approval from Bank Negara Malaysia which was obtained on April 3, 2014 and subsequently after receipt of the consideration, the shares were transferred to the buyer on April 30, 2014 in view of which, the Company recognized the profit on the sale of its investment in ISG (net of cost incurred towards sale of investment of Rs. 12.43 crore) of Rs. 458.78 crore, which was disclosed as an exceptional item in the standalone financial statements of the Company for the year ended March 31, 2014.

Further, pursuant to definitive agreement entered with the Buyer, the Company along with its subsidiaries has provided a guarantee of Euro 4.50 crore towards claims, as specified in the definitive agreement 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 have modified their audit report for the year ended March 31, 2014 and limited review report for the quarter ended June 30, 2014 in this regard.

11. Pursuant to the aforesaid SPA as stated in Note 10, during the year ended March 31, 2014, the Company provided Rs. 1.27 crore for the diminution in the value of investment of Istanbul Sabiha Gokcen Uluslararası Havalimanı Yer Hizmetleri Anonim Şirketi ('SGH'), a subsidiary of ISG, which was disclosed as an exceptional item in the standalone financial statements of the Company for the year ended March 31, 2014.
12. The Company had provided loan aggregating to Rs. 1,476.46 crore to GEL, and had invested in 1% cumulative and non-cumulative redeemable preference shares aggregating to Rs. 626.85 crore including redemption premium of Rs.131.25 crore.

During the year ended March 31, 2011, GEL had issued 13,950,000 compulsorily convertible cumulative preference shares ('CCCPS') of Rs. 1,000 each to Claymore Investments (Mauritius) Pte. Limited, IDFC group investors (collectively called as PE Investors). These preference shares were convertible upon the occurrence of Qualifying Initial Public Offering ('QIPO') of equity shares of the Company. During the year ended March 31, 2014, GEL entered into negotiations with the PE investors pursuant to which the Company agreed to convert the loans given to GEL and investment in the preference shares of GEL into equity shares of Rs.10 each at a premium of Rs.17.50 per share. Accordingly, the Company converted loans given to GEL aggregating to Rs. 1,476.46 crore and 1% cumulative and non-cumulative redeemable preference shares aggregating to Rs. 495.60 crore (excluding redemption premium of Rs.131.25 crore) into 717,113,641 equity shares of GEL after obtaining the approval of the Board of Directors of the Company and class holders and shareholders of GEL.

The premium of Rs. 131.25 crore paid on investment in 1% non-cumulative redeemable preference shares was waived off by the Company and the loss of Rs.131.25 crore arising on account of the waiver of premium was disclosed as an exceptional item in the standalone financial statements for the year ended March 31, 2014. The conversion as stated aforesaid and the premium waiver was done to maintain optimum fair value per share at the time of conversion of CCCPS held by the PE investors. This arrangement enabled GEL and the Company to conclude the Amended and Restated Share Subscription and Shareholders Agreements with PE investors at favorable terms.

Notes to the standalone unaudited financial results for the quarter and six months ended September 30, 2014

13. In accordance with the provisions of Schedule II of the Companies Act, 2013, the Company has revised the estimated useful lives of its fixed assets with effect from April 01, 2014. Accordingly, the net book value of the fixed assets as at April 01, 2014, is being depreciated on a prospective basis over the remaining useful life, wherever applicable. This change in accounting estimate has resulted in increase in depreciation and amortisation expenses for the six months period ended September 30, 2014 by Rs. 5.20 crore. Further, in case of fixed assets whose useful life on such reassessment had expired as of April 01, 2014, net book value of Rs. 3.50 crore (net of deferred tax charge of Rs. 1.81 crore) is adjusted against the surplus in the statement of profit and loss as on April 01, 2014.
14. During the quarter ended September 30, 2014, pursuant to the approval of the management committee of the Board of Directors dated July 10, 2014, the Company issued 468,817,097 equity shares of Re.1 each, at an issue price of Rs. 31.50 per equity share (which is at a discount of Rs. 1.64 per equity share on the floor price of Rs. 33.14 per equity share and including Rs. 30.50 per share towards securities premium) aggregating to Rs. 1,476.77 crore to qualified institutional buyers under chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the "SEBI Regulations") and provisions of all other applicable laws. The Shareholders had approved the aforesaid issue of equity shares by way of special resolution dated March 20, 2014.
15. On July 02, 2014, the Board of Directors of the Company have approved an issue and allotment of up to 180,000,000 warrants having an option to apply for and be allotted equivalent number of equity shares of face value of Re.1/- each on a preferential basis under chapter VII of the SEBI Regulations and provisions of all other applicable laws and regulations and accordingly has received an advance of Rs. 141.75 crore against such share warrants. The Shareholders have approved the aforesaid issue of warrants through postal ballot on August 12, 2014.

Considering that the Company has incurred loss during the quarter and six months ended September 30, 2014, the allotment of share application money would decrease the loss per share for the quarter and six months ended September 30, 2014 and accordingly has been ignored for the purpose of calculation of diluted earnings per share.

16. During the year ended March 31, 2013, the Company and GMR Infrastructure (Singapore) Pte Limited ('GISPL'), a subsidiary of the Company had sold their shareholding in GMR Energy (Singapore) Pte Limited ('GESPL'). The Company had provided a guarantee of Singapore Dollars ('SGD') 38.00 crore towards warranties as specified in the Share Purchase Agreement ('SPA') and other SPA transaction document for a period till September 30, 2014 and in respect of tax claims, if any, the guarantee period is up to March 31, 2018.
17. During the quarter ended September 30, 2014, pursuant to the approval of the Board of Directors dated September 16, 2014, the Company has filed a Draft letter of offer to SEBI for issue of equity shares of Re.1 each on a rights basis to the existing shareholders of the Company as on a record date to be determined, including reservation of equity shares in favour of holders of outstanding convertible debt instruments, if any, as on a record date to be determined, for an aggregate amount up to Rs. 1,500.00 crore under chapter IV of SEBI Regulations and provisions of all other applicable laws and regulations and stipulations and on such other terms and conditions as may be mentioned in the Draft Letter of Offer and/ or Letter of Offer to be issued by the Company in respect of the Rights Issue.
18. Pursuant to a writ petition filed before the Hon'ble Supreme Court of India ('the Court'), the Court through its Orders dated August 25, 2014 and September 24, 2014 ('the Orders') cancelled the allocations of all but four coal blocks made between 1993 and 2010 as the Court has considered the allocations being arbitrary and illegal under the applicable laws. The management of the Company has assessed the impact of the Orders on the investments by GEL and other subsidiary in the coal mines and the coal based power plants:

- a. Rampia Coal Mine and Energy Private Limited ('RCMEPL')

Notes to the standalone unaudited financial results for the quarter and six months ended September 30, 2014

The allocation of the Rampia Coal Mine to RCMEPL has been cancelled by the aforesaid Orders. GEL has made a provision for diminution in the value of its investment (including share application money) in RCMEPL amounting to Rs. 2.83 crore during the half year ended September 30, 2014. Further GEL has provided bank guarantees of Rs. 22.18 crore on behalf of RCMEPL to the Ministry of Coal ('MoC'). The management of GEL has been legally advised that the invocation of the bank guarantee of Rs. 22.18 crore provided by GEL is highly unlikely as the coal allocation has been cancelled by the Court. Considering that RCMEPL has not commenced production, the management of GEL is of the view that no penalties can be levied.

b. GMR Kamalanga Energy Limited ('GKEL')

The Company through its subsidiaries, has a total investment of Rs. 2,469.72 crore (including investment in equity share capital/ share application money, subordinate loan and interest accrued thereon) in GKEL as at September 30, 2014 and has 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 from Mahanadi Coal fields Limited, a subsidiary of Coal India Limited. Further the Rampia Coal Mine was allocated to GKEL as a captive mine for the balance 550 MW capacity under Phase I of the Kamalanga project. Considering the long gestation period in development of the Rampia Coal Mine and mining of coal, GKEL was granted tapering linkage to meet the requirement of coal during the gestation period. In spite of the aforesaid cancellation of the coal block of RCMEPL, based on valuation assessment, the management of the Company is of the view that no adjustments are required to the aforesaid investments / commitment, even if supply of fuel was to be made through import of coal and other sources for the balance 550 MW under Phase I of the Kamalanga project.

c. EMCO Energy Limited ('EMCO') and GMR Chhattisgarh Energy Limited ('GCHEPL')

The management of the Company is of the view that aforesaid Orders of the Court do not have any impact as regards its investment/ commitments in EMCO and GCHEPL made through its subsidiaries.

The statutory auditors of the Company have drawn an Emphasis of Matter in their limited review report in this regard.

19. Other operating income includes interest income, dividend income and profit on sale of current investments considering that the Company undertakes investment activities.
20. DSCR represents profit including exceptional items and other income and before finance costs, and tax expenses / finance costs plus principal repayment of loan funds during the period. ISCR represents profit including exceptional items and other income and before finance costs and tax expenses / finance costs. Finance costs do not include debenture redemption premium which has been adjusted against the securities premium account as permitted under Section 52 of the Companies Act, 2013. Debt-equity ratio represents loan funds (long term borrowings, short term borrowings and current maturity of long term borrowings included in current liabilities)/ shareholders' funds (equity shares + reserves and surplus).
21. Paid-up debt capital represents outstanding non-convertible debentures issued by the Company (excluding provision for redemption premium).
22. The standalone financial results of the Company for the quarter ended September 30, 2014 have been reviewed by the Audit Committee at their meeting on November 12, 2014 and approved by the Board of Directors at their meeting on November 14, 2014.
23. The statutory auditors of the Company have carried out the Limited Review of the above standalone financials results of the Company for the quarter ended September 30, 2014.

Notes to the standalone unaudited financial results for the quarter and six months ended September 30, 2014

24. Figure pertaining to previous periods / year have been re-grouped / reclassified, wherever necessary, to conform to the classification adopted in the current period.

For GMR Infrastructure Limited

Bengaluru
November 14, 2014

Sd/-
Grandhi Kiran Kumar
Managing Director

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

1. We have reviewed the accompanying statement of unaudited standalone financial results of GMR Infrastructure Limited ('the Company') for the quarter ended September 30, 2014 (the "Statement"), included in the accompanying statement of unaudited standalone financial results, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding', 'Promoter and Promoter Group Shareholding' and 'Non-Promoter and Non-Public Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *As detailed in Note 4(a) to the accompanying statement of unaudited standalone financial results for the quarter ended September 30, 2014, the Company through its subsidiary, GMR Infrastructure (Mauritius) Limited ('GIML') has made investments of Rs. 224.34 crore (USD 3.62 crore) (including in equity share capital of Rs. 143.20 crore and share application money pending allotment of Rs.81.14 crore) towards 77% equity shareholding in GMR Male International Airport Private Limited ('GMIAL') and has given a corporate guarantee of Rs. 2,433.11 crore (USD 39.25 crore) to the lenders in connection with the borrowings made by GMIAL. The Concession Agreement entered into between GMIAL, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years was declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated the arbitration process to seek remedies under the said agreement and on June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and was valid and binding on the parties. However, the quantum of the damages is yet to be decided and accordingly, pending final outcome of the arbitration, such investment has been carried at cost in the unaudited standalone financial results as at September 30, 2014 as the management is of the view that GMIAL will be able to recover at least the carrying value of the assets of Rs. 1,475.96 crore (USD 23.81 crore) including the claim recoverable of Rs. 1,113.48 crore (USD 17.96 crore) as at September 30, 2014.*

Further, GMIAL has 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



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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 standalone financial results as at September 30, 2014. The takeover of MIA by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the investment pertaining to the aforesaid entities and any other consequential impact that may arise in this regard on the unaudited standalone financial results for the quarter ended September 30, 2014. In respect of above matter, our audit report for the year ended March 31, 2014 and limited review report for the quarter ended June 30, 2014 were similarly modified. Also refer paragraph 8 below in respect of the above matter.

4. Based on our review conducted as above, *except for the possible effect of the matter described in paragraph 3*, nothing has come to our attention that causes us to believe that the Statement prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014) and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 5 to the accompanying statement of unaudited standalone financial results for the quarter ended September 30, 2014 in connection with an investment of Rs. 369.58 crore (including loans of Rs. 129.99 crore and investment in equity / preference shares of Rs. 239.59 crore made by the Company and its subsidiaries) as at September 30, 2014 in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company. Though GACEPL has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration, based on management's internal assessment and legal opinion obtained by the management of GACEPL, such investment has been carried at cost. Accordingly, no provision for diminution in the value of investments has been made in the accompanying unaudited standalone financial results for the quarter ended September 30, 2014. Our conclusion is not qualified in respect of this matter.
6. We draw attention to Note 6 to the accompanying statement of unaudited standalone financial results for the quarter ended September 30, 2014 regarding (i) cessation of operations and the losses incurred by GMR Energy Limited ('GEL'), GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiaries of the Company and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) rescheduling of the commercial operation date and the repayment of certain project loans by another subsidiary of the Company, GMR Rajahmundry Energy Limited ('GREL'), pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet short term and long term obligations. The accompanying unaudited standalone financial results of the Company for the quarter ended September 30, 2014 do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not qualified in respect of this matter.



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7. We draw attention to Note 18 to the accompanying statement of unaudited standalone financial results for the quarter ended September 30, 2014 with regard to the assessment of the management of the Company pertaining to the decision of the Hon'ble Supreme Court of India to cancel allocation of coal blocks vide its Orders dated August 25, 2014 and September 24, 2014 and its consequential impact on the accompanying unaudited standalone financial results of the Company for the quarter ended September 30, 2014. Our conclusion is not qualified in respect of this matter.
8. We draw attention to Note 4(b) to the accompanying statement of unaudited standalone financial results for the quarter ended September 30, 2014 with regard to the receipt of a letter by the Company from National Stock Exchange of India Limited ('NSE') whereby Securities and Exchange Board of India ('SEBI') has directed NSE to advise the Company to rectify the qualification in the Auditors' Report for the year ended March 31, 2013, within the period specified in clause 5(d)(iii) of the SEBI Circular dated August 13, 2012. Our conclusion is not qualified in respect of this matter.

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



per Sunil Bhumralkar
Partner

Membership Number: 35141



Place: Bengaluru

Date: November 14, 2014