**GMR Infrastructure Limited**

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

**PART I**

**Statement of unaudited consolidated financial results for the quarter and six months ended September 30, 2012**

**(in Rs. crore)**

| Particulars | Quarter ended | | | Six months ended | | Year ended |
|---|---|---|---|---|---|---|
| | September 30, 2012 Unaudited | June 30, 2012 Unaudited | September 30, 2011 Unaudited | September 30, 2012 Unaudited | September 30, 2011 Unaudited | March 31, 2012 Audited |
| **1. Income from operations** | | | | | | |
| a) Sales/ Income from operations | 2,371.89 | 2,572.61 | 1,981.36 | 4,944.50 | 4,035.70 | 8,320.11 |
| b) Other Operating income - Refer Note 20 | 26.61 | 28.84 | 44.14 | 55.45 | 79.63 | 152.92 |
| **Total Income from operations** | **2,398.50** | **2,601.45** | **2,025.50** | **4,999.95** | **4,115.33** | **8,473.03** |
| **2. Expenditure** | | | | | | |
| a) Revenue share paid/ payable to concessionaire grantors | 374.06 | 291.31 | 207.65 | 665.37 | 426.21 | 830.97 |
| b) Consumption of fuel | 220.70 | 364.81 | 311.67 | 585.51 | 755.42 | 1,446.45 |
| c) Cost of materials consumed | 37.78 | 112.64 | 37.91 | 150.42 | 102.62 | 299.03 |
| d) Purchase of traded goods | 370.86 | 386.71 | 317.70 | 757.57 | 587.33 | 1,327.99 |
| e) (Increase) or Decrease in stock in trade | (1.01) | (9.30) | (11.96) | (10.31) | 16.87 | (27.97) |
| f) Sub-contracting expenses | 254.52 | 316.77 | 197.56 | 571.29 | 317.21 | 722.64 |
| g) Employee benefits expenses | 193.56 | 157.96 | 179.53 | 351.52 | 319.78 | 687.83 |
| h) Depreciation and amortisation expenses | 256.50 | 253.00 | 242.91 | 509.50 | 494.03 | 935.81 |
| i) Utilisation fees | 36.74 | 24.67 | 24.60 | 61.41 | 49.28 | 98.71 |
| j) Other expenses | 380.05 | 359.16 | 294.43 | 739.21 | 590.59 | 1,368.68 |
| k) Foreign exchange fluctuations loss (net) | 18.84 | - | - | - | - | 59.18 |
| **Total expenses** | **2,142.60** | **2,257.73** | **1,802.00** | **4,381.49** | **3,659.34** | **7,749.32** |
| **3. Profit/ (Loss) from operations before other income, finance costs and exceptional items (1) - (2)** | **255.90** | **343.72** | **223.50** | **618.46** | **455.99** | **723.71** |
| **4. Other income** | | | | | | |
| a) Foreign exchange fluctuations gain (net) | - | 46.44 | 50.79 | 27.60 | 40.44 | - |
| b) Other income - others | 80.62 | 65.22 | 29.51 | 145.84 | 110.68 | 243.42 |
| **Total other income** | **80.62** | **111.66** | **80.30** | **173.44** | **151.12** | **243.42** |
| **5. Profit/ (Loss) from operations before finance costs and exceptional items (3) + (4)** | **336.52** | **455.38** | **303.80** | **791.90** | **607.11** | **967.13** |
| 6. Finance costs | 485.21 | 480.37 | 392.21 | 965.58 | 764.63 | 1,653.13 |
| **7. (Loss)/ profit after finance costs but before exceptional items (5) - (6)** | **(148.69)** | **(24.99)** | **(88.41)** | **(173.68)** | **(157.52)** | **(686.00)** |
| **8. Exceptional items** - Interest on loans against development fee receipts | - | - | - | - | - | (162.12) |
| **9. (Loss)/ profit from ordinary activities before tax (7) ± (8)** | **(148.69)** | **(24.99)** | **(88.41)** | **(173.68)** | **(157.52)** | **(848.12)** |
| 10. Tax expenses | 54.27 | 85.04 | 58.55 | 139.31 | 124.02 | 210.72 |
| **11. Net (Loss)/ Profit from ordinary activities after tax and before minority interest (9-10)** | **(202.96)** | **(110.03)** | **(146.96)** | **(312.99)** | **(281.54)** | **(1,058.84)** |
| 12. Minority interest | 23.66 | 15.73 | 84.43 | 39.39 | 152.32 | 455.50 |
| **13. Net (Loss)/ Profit after tax and minority interest (11+12)** | **(179.30)** | **(94.30)** | **(62.53)** | **(273.60)** | **(129.22)** | **(603.34)** |
| **14. E B I T D A [3] + [2(h)] + [4(a)]** | **512.40** | **643.16** | **517.20** | **1,155.56** | **990.46** | **1,659.52** |
| **15. Paid-up equity share capital** (Face value - Re. 1 per share) | **389.24** | **389.24** | **389.24** | **389.24** | **389.24** | **389.24** |
| **16. Reserves excluding revaluation reserves as per balance sheet of previous accounting year** | | | | | | **7,148.54** |
| **17. Weighted average number of shares used in computing earnings per share** | **3,89,24,32,532** | **3,89,24,32,532** | **3,89,24,32,532** | **3,89,24,32,532** | **3,89,24,32,532** | **3,89,24,32,532** |
| **18. Earnings per share - Basic and Diluted - (Rs.) (not annualised )** | **(0.46)** | **(0.24)** | **(0.16)** | **(0.70)** | **(0.33)** | **(1.55)** |

| PART II | | | | | | |
|---|---|---|---|---|---|---|
| **Select Information for the quarter and six months ended September 30, 2012** | | | | | | |
| **Particulars** | **Quarter ended** | | | **Six months ended** | | **As at year ended** |
| | **September 30, 2012** | **June 30, 2012** | **September 30, 2011** | **September 30, 2012** | **September 30, 2011** | **March 31, 2012** |
| **A. PARTICULARS OF SHAREHOLDING** | | | | | | |
| **1. Public Shareholding** | | | | | | |
| - Number of shares | 1,10,48,64,250 | 1,11,19,90,950 | 1,11,25,95,950 | 1,10,48,64,250 | 1,11,25,95,950 | 1,11,21,12,950 |
| - Percentage of shareholding | 28.39% | 28.57% | 28.58% | 28.39% | 28.58% | 28.57% |
| **2. Promoters and Promoter Group Shareholding** | | | | | | |
| a) Pledged/ Encumbered | | | | | | |
| - Number of shares | 79,06,64,991 | 77,74,08,907 | 79,35,55,360 | 79,06,64,991 | 79,35,55,360 | 89,10,30,809 |
| - Percentage of shares (as % of the total shareholding of promoters and promoter group) | 28.36% | 27.96% | 28.55% | 28.36% | 28.55% | 32.05% |
| - Percentage of shares (as % of the total share capital of the Company) | 20.31% | 19.97% | 20.39% | 20.31% | 20.39% | 22.89% |
| b) Non-Encumbered | | | | | | |
| - Number of shares | 1,99,69,05,541 | 2,00,30,34,925 | 1,98,62,83,472 | 1,99,69,05,541 | 1,98,62,83,472 | 1,88,93,91,023 |
| - Percentage of shares (as % of the total shareholding of promoters and promoter group) | 71.64% | 72.04% | 71.45% | 71.64% | 71.45% | 67.95% |
| - Percentage of shares (as % of the total share capital of the Company) | 51.30% | 51.46% | 51.03% | 51.30% | 51.03% | 48.54% |

| **Particulars** | **Quarter ended September 30, 2012** |
|---|---|
| **B. INVESTOR COMPLAINTS** | |
| Pending at the beginning of the quarter | - |
| Received during the quarter | 38 |
| Disposed of during the quarter | 38 |
| Remaining unresolved at the end of the quarter | - |

**GMR Infrastructure Limited**

**Report on Consolidated Segment Revenue, Results and Capital Employed**

| **Particulars** | **Quarter ended** | | | **Six months ended** | | **Year ended** |
|---|---|---|---|---|---|---|
| | **September 30, 2012 Unaudited** | **June 30, 2012 Unaudited** | **September 30, 2011 Unaudited** | **September 30, 2012 Unaudited** | **September 30, 2011 Unaudited** | **March 31, 2012 Audited** |
| **1. Segment Revenue** | | | | | | |
| a) Airports | 1,469.06 | 1,323.31 | 1,076.25 | 2,792.37 | 2,137.73 | 4,405.38 |
| b) Power | 644.99 | 746.28 | 548.72 | 1,391.27 | 1,243.98 | 2,374.99 |
| c) Roads | 106.46 | 105.10 | 100.21 | 211.56 | 200.48 | 405.64 |
| d) EPC | 373.74 | 489.25 | 290.27 | 862.99 | 498.68 | 1,234.56 |
| e) Others | 142.92 | 136.17 | 156.96 | 279.09 | 278.54 | 577.02 |
| | 2,737.17 | 2,800.11 | 2,172.41 | 5,537.28 | 4,359.41 | 8,997.59 |
| Less: Inter Segment | 338.67 | 198.66 | 146.91 | 537.33 | 244.08 | 524.56 |
| **Segment revenue from operations** | **2,398.50** | **2,601.45** | **2,025.50** | **4,999.95** | **4,115.33** | **8,473.03** |
| **2. Segment Results** | | | | | | |
| a) Airports | 215.45 | 204.84 | 86.93 | 420.29 | 173.88 | 253.69 |
| b) Power | (17.95) | 75.56 | 76.82 | 57.61 | 174.13 | 96.11 |
| c) Roads | 57.35 | 53.23 | 56.51 | 110.58 | 107.61 | 269.47 |
| d) EPC | 12.05 | 38.75 | 19.26 | 50.80 | 31.67 | 20.09 |
| e) Others | 70.25 | 93.46 | 113.57 | 163.71 | 160.22 | 309.60 |
| | 337.15 | 465.84 | 353.09 | 802.99 | 647.51 | 948.96 |
| Less: Inter Segment | 53.78 | 38.60 | 49.95 | 92.38 | 83.56 | 100.26 |
| **Net Segment Results** | **283.37** | **427.24** | **303.14** | **710.61** | **563.95** | **848.70** |
| Less: Finance costs (net) | 432.06 | 452.23 | 391.55 | 884.29 | 721.47 | 1,534.70 |
| Less: Exceptional item - Interest on loans against development fee receipts | - | - | - | - | - | 162.12 |
| **(Loss)/ Profit before tax** | **(148.69)** | **(24.99)** | **(88.41)** | **(173.68)** | **(157.52)** | **(848.12)** |
| **3. Capital employed** | | | | | | |
| **(Segment Assets - Segment Liabilities)** | | | | | | |
| a) Airports | 16,269.31 | 17,001.31 | 16,432.27 | 16,269.31 | 16,432.27 | 16,152.06 |
| b) Power | 24,519.85 | 23,046.45 | 10,753.50 | 24,519.85 | 10,753.50 | 20,465.98 |
| c) Roads | 6,517.27 | 6,198.26 | 4,961.21 | 6,517.27 | 4,961.21 | 5,863.36 |
| d) EPC | 281.40 | 282.04 | 149.32 | 281.40 | 149.32 | 255.56 |
| e) Others | 11,330.00 | 11,432.79 | 10,140.00 | 11,330.00 | 10,140.00 | 10,298.69 |
| | 58,917.83 | 57,960.85 | 42,436.30 | 58,917.83 | 42,436.30 | 53,035.65 |
| Less: Inter Segment | 4,649.50 | 4,556.72 | 4,477.35 | 4,649.50 | 4,477.35 | 4,517.63 |
| Unallocated Assets / (Liabilities) | (43,354.43) | (42,098.94) | (26,081.91) | (43,354.43) | (26,081.91) | (37,208.39) |
| **Total** | **10,913.90** | **11,305.19** | **11,877.04** | **10,913.90** | **11,877.04** | **11,309.63** |

**Notes to the unaudited consolidated financial results:**

**1. Consolidated Statement of Assets and Liabilities**

| PARTICULARS | As at September 30, 2012 (in Rs. crore) Unaudited | As at March 31, 2012 (in Rs. crore) Audited |
|---|---|---|
| **Equity and Liabilities** | | |
| **Shareholders' funds** | | |
| Share capital | 389.24 | 389.24 |
| Reserves and surplus | 6,791.15 | 7,148.54 |
| | 7,180.39 | 7,537.78 |
| Preference shares issued by subsidiary companies | 1,980.13 | 1,980.13 |
| Minority interest | 1,753.38 | 1,791.72 |
| **Non-current liabilities** | | |
| Long-term borrowings | 30,588.41 | 25,366.70 |
| Deferred tax liability (net) | 42.67 | 37.66 |
| Trade payables | 17.03 | 11.67 |
| Other long term liabilities | 2,301.23 | 2,526.52 |
| Long term provisions | 143.64 | 149.08 |
| | 33,092.98 | 28,091.63 |
| **Current liabilities** | | |
| Short-term borrowings | 8,140.55 | 7,315.57 |
| Trade payables | 1,119.73 | 1,236.71 |
| Other current liabilities | 8,885.10 | 8,092.44 |
| Short-term provisions | 276.31 | 182.22 |
| | 18,421.69 | 16,826.94 |
| **TOTAL** | **62,428.57** | **56,228.20** |
| **Assets** | | |
| **Non-current Assets** | | |
| Fixed assets | 45,014.84 | 38,849.17 |
| Goodwill on consolidation | 3,236.26 | 3,174.50 |
| Non-current investments | 105.91 | 149.36 |
| Deferred tax asset (net) | 102.05 | 135.89 |
| Long term loans and advances | 3,750.23 | 3,204.46 |
| Trade receivables | 165.99 | 133.65 |
| Other non-current assets | 1,771.36 | 1,581.63 |
| | 54,146.64 | 47,228.66 |
| **Current Assets** | | |
| Current investments | 904.44 | 572.24 |
| Inventories | 324.11 | 259.45 |
| Trade receivables | 1,560.42 | 1,703.70 |
| Cash, cash equivalents and other bank balances | 3,197.45 | 4,256.14 |
| Short-term loans and advances | 924.26 | 987.68 |
| Other current assets | 1,371.25 | 1,220.33 |
| | 8,281.93 | 8,999.54 |
| **TOTAL** | **62,428.57** | **56,228.20** |

2. **Consolidation and Segment Reporting**

a. GMR Infrastructure Limited ("the Company") carries on its business through various subsidiaries and joint ventures (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 and AS – 27 on 'Financial Reporting of Interests in Joint Venture', notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

b. The segment reporting of the Company and its Group has been prepared in accordance with AS - 17 on Segment Reporting notified pursuant to the Companies (Accounting Standard) Rules, 2006 (as amended).

The business segments of the Group comprise of the following:

| Segment | Description of Activity |
|---|---|
| **Airports** | Development and operation of airports |
| **Power** | Generation 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).

3. As at September 30, 2012, the power segment companies have receivables (including unbilled revenue) from Tamil Nadu Electricity Board ('TNEB') and TANGENDCO Limited ('TANGENDCO') aggregating to Rs. 782.02 crore. Based on internal assessment and various discussions that the Group had with TNEB and TANGENDCO, the management is confident of recovery of such receivables.

4. Delhi International Airport Private Limited ('DIAL'), a subsidiary of the Company, has incurred a net loss of Rs. 41.16 crore during the quarter ended September 30, 2012 and has accumulated losses of Rs. 1,625.19 crore resulting in substantial erosion of net worth as at the quarter end. Airport Economic Regulatory Authority ('AERA') vide its powers conferred by section 13(1) (a) of AERA Act, 2008 passed an Aeronautical tariff hike order No.03/2012-13 on April 24, 2012. The aforesaid order increased the Aeronautical tariffs to be levied at Delhi airport for the fourth and fifth tariff year (i.e. 2012-13 and 2013-2014) of the first five year control period (i.e. 2009-10 to 2013-14) which is effective from May 15, 2012 and April 1, 2013 respectively. AERA has also approved the rates of UDF in terms of the provisions of section 13(1)(b) of the AERA Act, 2008 read with Rule 89 of the Aircraft rules 1937.

   Based on the order received and DIAL's business plan, the management is confident that DIAL will be able to generate sufficient profits in future years and would meet its financial obligations as they arise.

5. The Company along with its subsidiary have made an investment of Rs. 377.28 crore (including loans of Rs. 71.26 crore and investment in equity shares of Rs. 306.02 crore) in its joint venture Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi (ISG) as at September 30, 2012. The Group's share of ISG's accumulated losses / negative reserves amounts to Rs. 352.96 crore, thereby resulting in substantial erosion of net worth as at September 30, 2012. Based on ISG's business plan, the management of the Company is confident that ISG will be able to generate sufficient profits in future years and would meet its financial obligations as they arise.

6. The Group has an investment of Rs. 315.63 crore (including loans of Rs. 99.04 crore and investment in equity / preference shares of Rs. 216.59 crore made by the Company and its subsidiaries) in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company. GACEPL has been incurring losses since the commencement of 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. 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 management is of the view that the carrying value of net assets of Rs. 223.32 crore (after providing for losses till date of Rs. 92.31 crore) as regards investment in GACEPL as at September 30, 2012 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review report in this regard.

7. DIAL entered into contracts with various vendors in connection with construction of Terminal 3 and its related assets. Terminal 3 has been completed and capitalised by DIAL during the year ended March 31, 2011. In view of the significant size of the contracts and other complexities, DIAL is in the process of reconciling the balances with the aforesaid vendors and as such, has capitalised the said cost on the basis of its best estimate. The management believes that differences, if any, arising out of such reconciliation, will not be material to the consolidated financial results. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review report in this regard.

8. As per the terms of the agreement dated June 28, 2010 entered into with Maldives Airport Company Limited ('MACL') and Republic of Maldives, GMR Male International Airport Limited (GMIAL) was granted an exclusive right to collect, retain and appropriate Airport Development Charges ('ADC') amounting to USD 27 (including insurance charge of USD 2) per international passenger from January 1, 2012. Maldivian civil court in its judgment dated December 8, 2011 disallowed the levy of ADC. Pursuant to the judgment of Maldivian civil court , GMIAL issued a letter dated December 26, 2011 to MACL and Ministry of Finance & Treasury (MoFT), Male, seeking relief and proposed to adjust the short fall due to non collection of ADC against future variable annual concession fees payable as per the terms of the concession agreement. MACL and MoFT, vide letter dated January 5, 2012, accorded its consent and authorized GMIAL to set off / adjust the actual loss suffered by GMIAL against variable annual concession fees. However subsequent to the year ended March 31, 2012, MACL and MoFT retracted its earlier letter dated January 5, 2012 and communicated their disagreement to any setoff / adjustment against the variable fees.

   GMIAL, basis consent received earlier from MACL and MoFT, has paid the variable concession fees after adjusting ADC. MACL vide letter dated May 13, 2012 requested GMIAL to refund the adjusted amount without any further delay.

   Further, Maldives Civil Aviation Authority ('MCAA') vide its letter dated July 3, 2012 instructed GMIAL to stop construction work at the new terminal, pending necessary approvals.

   The matter is currently under arbitration in the High Court of the Republic of Singapore. Pending resolution of the dispute, based on an internal assessment and a legal opinion obtained by GMIAL, the management of the Group is confident that GMIAL is entitled to recover / adjust ADC from the variable concession fees and is confident of the recovery / adjustment of ADC amounting to USD 1.90 crore accrued since January 1, 2012.

9. 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 Power Purchase Agreement ('PPA') and Land Lease Agreement (LLA) in respect of the dues recoverable from TNEB 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 TNEB. GPCL had received a favourable Order from TNERC on April 16, 2010 and in pursuance of the Order, GPCL had 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.

TNEB filed a petition against TNERC Order in Appellate Tribunal for Electricity (APTEL). In terms of an interim Order on November 19, 2010 from APTEL, TNEB 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 TNEB 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 Fuel Supply Agreement (FSA). GPCL has appealed to the Honorable 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.

In accordance with the Group's accounting policy, pending acceptance of claims by TNEB and pending adjudication of petition before the Honorable Supreme Court, the Group has not recognised the balance claim in the books of account.

In accordance with above, the amount received towards the above mentioned claims after the date of Order is being disclosed as advance from customer in the books of account. Further, GPCL has been legally advised that in view of the appeal filed by TNEB against the Order of APTEL in Honorable Supreme Court, the entire matter is now subjudice and has not attained the finality. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review report in this regard.

10. a. The Group is engaged in the business of generation and sale of electrical energy from its two gas based power plants of 220MW and 387.63MW situated at Kakinada and Vemagiri respectively. Further, the Group has investments in a subsidiary which is constructing a gas based power plant. In view of lower supplies/ availability of natural gas to the power generating companies in India, the Group is facing shortage of natural gas supply and delays in securing gas linkages. The Group is 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. The Group, for its 768 MW gas based power plant, which is under construction at Rajahmundry, has applied for allocation of gas and Ministry of Power and Natural Gas (MoPNG) is yet to allocate the gas linkage. The Group has approached the lenders for reschedulement of Commercial Operation Date (‘COD’) of the plant under construction and repayment of project loans which has been approved by the Lead Banker to the consortium of lenders and the management is confident of obtaining the approvals from the other members of the consortium. The Group 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 of the Group is confident that the Government of India would take necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas in the foreseeable future. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review report in this regard.

    b. In respect of plant under construction at Rajamundry, pending securing supply of requisite natural gas, the Group has put on hold the active construction work of the plant. 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. The subsidiary company setting up the plant has approached the Ministry of Corporate Affairs seeking clarification / relaxation on applicability of the aforementioned paragraphs to the gas availability situation referred in 11(a) above. The management of the Group is confident of obtaining necessary clarification / relaxation allowing such capitalisation. Pending receipt of requisite clarification / relaxation, the Group has capitalised aforesaid expenses amounting to Rs. 88.77 crore during the quarter ended September 30, 2012, towards cost of the plant under construction. The statutory auditors of the Company have modified their Limited Review report in this regard.

11. The cost of investment in Homeland Energy Group Limited (‘HEGL’), a subsidiary as at September 30, 2012 amounting to Rs. 364.52 crore (including an unsecured loan of Rs. 196.58 crore) substantially exceeds the net worth/ market value of shares in HEGL. The management of the Group is of the view that such shortfall in the net worth/ decline in market value of shares in HEGL is purely temporary in nature and the mines owned by HEGL have significant reserves and value potential which reflect intrinsic value in excess of carrying value of investments and loan in HEGL and accordingly, the management of the Group is of the view that the carrying value of net assets of Rs. 260.92 crore after providing for losses till June 30, 2012, (considering that HEGL along with the subsidiaries and joint ventures are consolidated on a three months lag) as regards investment in HEGL as at September 30, 2012 is appropriate.

12. As at September 30, 2012, DIAL and GMR Hyderabad International Airport Limited ('GHIAL') have receivables from Air India aggregating to Rs. 129.59 crore. Considering the delays in realisation of the dues from Air India and the uncertainty involved over the timing of the ultimate collection, the domestic airport companies, as a measure of prudence, have decided to recognize the revenue from Air India when such uncertainty is removed as required by para 9.2 of AS - 9, 'Revenue Recognition'. However, based on an internal assessment and various discussions that the Group had with Air India and other Government authorities, the management is confident of recovery of such receivables and hence no adjustments have been made to the consolidated financial results for the quarter ended September 30, 2012. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review report in this regard.

13. Kakinada SEZ Private Limited (KSPL), a subsidiary of the Company is undertaking development of a port based multi-product SEZ at Kakinada. The approvals from the Ministry of Commerce & Industry for the SEZ development were valid till June 26, 2012. Pending completion of the development of the SEZ, KSPL has applied for extension of the validity period which is pending approval from the Board of Approval of the Ministry of Commerce & Industry. The management is confident of obtaining the necessary approvals in the foreseeable future and continues with the active development of the SEZ. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

14. As at September 30, 2012, GMR Hotels and Resorts Limited (GHRL), a subsidiary of GHIAL, has accumulated losses of Rs. 72.87 crore, which has resulted in a substantial erosion of GHRL's net worth. 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. GHIAL 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.

15. The Comptroller and Auditor General of India (CAG) has conducted the performance audit of Public Private Partnership (PPP) project of Airport Authority of India ('AAI') at Delhi airport, which is operated by DIAL, for the period 2006 to 2012. CAG has presented its report before the Rajya Sabha on August 17, 2012 wherein they have made certain observations on DIAL. The management of the Group is of the opinion that the observations in the CAG report do not have any financial impact on the consolidated financial results of the Group for the quarter ended September 30, 2012..

16. A search under Section 132 of the Income Tax Act, 1961 was carried out at the premises of the Company and certain entities of the Group by the Income Tax Authorities on October 11, 2012, to check the compliance with the provisions of the Income Tax Act, 1961. The Group has not received any show cause notice/ demand from the Income Tax Authorities. The management of the Group believes that it has complied with all the applicable provisions of the Income Tax Act, 1961 with respect to its operations.

17. In view of the clarification issued by the Ministry of Corporate Affairs (MCA) through General Circular No. 25/2012 dated August 09, 2012 with regard to paragraph 46A of Notification No. GSR . 914(E) dated December 29, 2011 on AS -11, the Group has capitalized the exchange difference of Rs. 22.21 crore which was charged off to the Statement of profit and loss in the financial year 2011 - 12 and the finance costs for the current period are shown net off such adjustment.

18. As at September 30, 2012, GHIAL has receivables from Kingfisher Airlines Limited aggregating to Rs. 16.64 crore. The management of the Group is of the view that the receivables are fully recoverable and GHIAL has taken necessary steps to recover these amounts. As such, no adjustments have been made in the consolidated financial results for the quarter ended September 30, 2012. The statutory Auditors of the Company have drawn an Emphasis of Matter in their Limited Review report in this regard.

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

(in Rs. crore)

| | Quarter ended | | | Half year ended | | Year ended |
|---|---|---|---|---|---|---|
| | September 30, 2012 | June 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 | March 31, 2012 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| (a) Revenue from operations | 342.47 | 487.18 | 348.25 | 829.65 | 615.05 | 1,381.87 |
| (b) Profit / (Loss) before tax | (25.14) | 29.03 | 62.80 | 3.89 | 94.49 | 140.85 |
| (c) Profit / (Loss) after tax | (23.48) | 18.01 | 58.36 | (5.47) | 82.85 | 120.30 |

20. Other operating income comprises of:
    - interest income, dividend income and profit on sale of current investments for companies which undertake investment activities; and
    - other operating income for other companies.

21. The consolidated financial results of the Group for the quarter ended September 30, 2012 have been reviewed by the Audit Committee in their meeting on November 8, 2012 and approved by the Board of Directors in their meeting on November 12, 2012.

22. The Statutory Auditors of the Company have carried out the Limited Review of the above consolidated financial results of the Group for the quarter ended September 30, 2012. The auditors have also carried out the Limited Review of the standalone results of the Company for quarter ended on that date published on the Company's website and furnished to the stock exchanges.

23. Pursuant to Notification No. 447(E) dated February 28, 2011 and Notification No. 653(E) dated March 30, 2011 issued by MCA and Notification No. CIR/CFD/D IL/4/2012 dated April 16, 2012, by Securities and Exchange Board of India, the Company has prepared its consolidated financial statements/ results as per revised Schedule VI to the Companies Act, 1956. Accordingly, the previous period figures have been regrouped / rearranged, wherever required to align the consolidated financial statements / results to the revised format.

For GMR Infrastructure Limited

Sd/-
B.V.N Rao
Managing Director

Bengaluru
November 12, 2012

**S.R. BATLIBOI & ASSOCIATES**
**Chartered Accountants**

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## Limited Review Report

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

1. We have reviewed the statement of unaudited consolidated financial results of GMR Infrastructure Limited ('the Company'), its subsidiaries and jointly controlled entities (together, 'the Group' and individually as "components"), for the quarter ended September 30, 2012 (the "Statement"), included in the accompanying statement of unaudited consolidated 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' and 'Promoter and Promoter Group 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. (a) The unaudited financial results and other financial information of 2 subsidiaries, with total assets of Rs.14,509.47 crore as at September 30, 2012, total revenue (including other income) of Rs. 812.97 crore and total loss of Rs. 92.57 crore for the quarter then ended (after adjustments on consolidation) have been reviewed jointly by S.R. Batliboi & Associates along with other auditors.

   (b) We did not review the unaudited financial results and other financial information of (i) 89 subsidiaries, with total assets of Rs.37,866.75 crore as at September 30, 2012, total revenue (including other income) of Rs.786.32 crore and total profit of Rs.59.37 crore for the quarter then ended (after adjustments on consolidation); and (ii) 21 jointly controlled entities (including 12 jointly controlled entities consolidated for the period April 1, 2012 to June 30, 2012), with Group's share of total assets of Rs.2,283.97 crore as at September 30, 2012, total revenue (including other income) of Rs.538.31 crore and total profit of Rs.18.64 crore for the quarter then ended (after adjustments on consolidation). 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) 25 subsidiaries (including 10 subsidiaries consolidated for the period April 1, 2012 to June 30, 2012), with total assets of Rs.1,083.58 crore as at September 30, 2012, total revenue (including other income) of Rs.18.25 crore, and total loss of Rs. 29.05 crore for the quarter then ended (after adjustments on consolidation); and (ii) 8 jointly controlled entities (including 2 jointly controlled entities consolidated for the period April 1, 2012 to June 30, 2012) with Group's share of total assets of Rs. 202.21 crore as at September 30, 2012, total revenue (including other income) of Rs.30.34 crore and total profit of Rs.10.13 crore for the quarter then ended (after adjustments on consolidation). The unaudited financial results and other financial information for these subsidiaries and jointly controlled entities 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.

S.R. BATLIBOI & ASSOCIATES * BENGALURU * CHARTERED ACCOUNTANTS

4. *As detailed in note 10 (b) to the accompanying statement of unaudited consolidated financial results for the quarter ended September 30, 2012, the management of a subsidiary Company has capitalised Rs. 88.77 crore towards indirect expenditure and borrowing costs incurred on a plant under construction where active construction work has been put on hold pending securing supply of requisite natural gas and has approached the Ministry of Corporate Affairs for clarification on the applicability of / relaxation from the provisions of AS -10 and AS -16 to the aforesaid capitalisation. In our opinion, the aforesaid capitalisation of expenses may not be in accordance with the relevant Accounting Standards, however, pending receipt of such requisite clarification we are unable to comment on the appropriateness of capitalisation of such expenses and its impact on the unaudited consolidated financial results for the quarter ended September 30, 2012.*

5. Without qualifying our conclusion, we draw attention to Note 6 to the unaudited consolidated financial results for the quarter ended September 30, 2012 in connection with the carrying value of net assets of Rs 223.32 crore (after providing for losses till date of Rs. 92.31 crore) as regards investment in GMR Ambala Chandigarh Expressways Private Limited (GACEPL). Though GACEPL has been incurring losses since the commencement of commercial operations, based on management's internal assessment and legal opinion obtained by the management of GACEPL, the management of the Group is of the view that the carrying value of the net assets (after providing for losses till date) as regards investment in GACEPL is appropriate. Accordingly, no adjustments have been made in the accompanying unaudited consolidated financial results.

6. Without qualifying our conclusion, we draw attention to Note 13 to the unaudited consolidated financial results for the quarter ended September 30, 2012 in connection with the approval pending from the Board of Approval of the Ministry of Commerce & Industry for the extension of the validity period for development of a port based multi-product SEZ by Kakinada SEZ Private Limited, a subsidiary of the Company. The management of the Group is confident of obtaining the necessary approval in the foreseeable future.

7. Without qualifying our conclusion, we draw attention to Note 7 to the unaudited consolidated financial results for the quarter ended September 30, 2012. Delhi International Airport Private Limited ('DIAL') is in the process of reconciling the balances with vendors in relation to the cost of Terminal 3 of Indira Gandhi International Airport, capitalised during the year ended March 31, 2011. Pending such reconciliation, DIAL has done such capitalisation on the basis of its best estimate.

8. Without qualifying our conclusion, we draw attention to Note 12 to the unaudited consolidated financial results for the quarter ended September 30, 2012. In view of the uncertainty over collection, DIAL and GMR Hyderabad International Airport Limited ('GHIAL') have decided to recognize revenue from Air India effective October 1, 2011 only when such uncertainty over ultimate collection is removed. Further, the management of the Group has represented that they have taken steps to recover the amounts and are of the opinion that the receivables amounting to Rs. 129.59 crore as at September 30, 2012 from Air India are fully recoverable. Accordingly, no adjustments have been made in the accompanying unaudited consolidated financial results.

9. Without qualifying our conclusion, we draw attention to Note 18 to the unaudited consolidated financial results for the quarter ended September 30, 2012 regarding outstanding dues in GHIAL from Kingfisher Airlines Limited ('KAL') aggregating to Rs 16.64 crore. The Group's management has represented that they have taken steps to recover the amounts and are of the opinion that the receivables are fully recoverable. Accordingly, no adjustments have been made in the accompanying unaudited consolidated financial results.

10. Without qualifying our conclusion, we draw attention to Note 9 to the unaudited consolidated financial results for the quarter ended September 30, 2012 which indicate that the entire matter relating to claims / counter claim arising out of the Power Purchase Agreement and Land Lease Agreement, filed by GMR Power Corporation Limited and Tamil Nadu Electricity Board, is sub-judice before the Hon'ble Supreme Court of India and has not attained the finality. Pending the resolution of matter, no adjustments have been made in the accompanying unaudited consolidated financial results.

S.R. BATLIBOI & ASSOCIATES ★ BENGALURU ★ CHARTERED ACCOUNTANTS

# S.R. BATLIBOI & ASSOCIATES
**Chartered Accountants**

11. Without qualifying our conclusion, we draw attention to Note 10 (a) to the unaudited consolidated financial results for the quarter ended September 30, 2012 regarding uncertainty towards lower supplies/ availability of natural gas to power generating plants of the Group and a power project which is under construction. The Management of the subsidiary company which is constructing the power project has obtained the approval of the Lead banker for reschedulement of project loans and is confident of obtaining the approval from the other lenders. Further, the management of the Group is confident of obtaining the requisite gas allocation and other approvals to ensure continuance of its normal business operations.

12. *Except for the possible effects as might be required, had the outcome of the uncertainty referred to in para 4 above been known,* based on our review conducted as above 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 recognition and measurement principles laid down in Accounting Standard - 25 on Interim Financial Reporting notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended) 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.

S. R. Batliboi & Associates

For S.R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No.:35141

S.R. BATLIBOI & ASSOCIATES
BENGALURU
CHARTERED ACCOUNTANTS

Bengaluru
November 12, 2012