GMR Infrastructure Limited
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PART I

Statement of unaudited consolidated financial results for the quarter ended June 30, 2015

[in Rs. crore]

Particulars	Quarter ended			Year ended
	June 30, 2015 Unaudited	March 31, 2015 Refer note 36	June 30, 2014 Unaudited	March 31, 2015 Audited
1. Income from operations				
a) Sales/ Income from operations	2,928.22	2,872.01	2,699.38	10,935.25
b) Other Operating income - **Refer Note 35**	37.79	40.90	32.01	152.43
Total Income from operations	**2,966.01**	**2,912.91**	**2,731.39**	**11,087.68**
2. Expenditure				
a) Revenue share paid/ payable to concessionaire grantors	564.11	544.42	487.14	2,064.86
b) Consumption of fuel	524.12	450.77	622.20	2,091.06
c) Cost of materials consumed	8.25	11.30	10.31	46.81
d) Purchase of traded goods	256.23	306.90	268.47	1,044.18
e) (Increase) or Decrease in stock in trade	12.24	15.80	(8.92)	(20.00)
f) Sub-contracting expenses	122.55	170.04	132.41	565.51
g) Employee benefits expenses	138.01	141.24	152.48	619.65
h) Depreciation and amortisation expenses	454.34	415.63	453.27	1,812.53
i) Other expenses	477.90	581.60	437.21	2,068.07
j) Foreign exchange fluctuations loss (net)	7.36	10.59	17.18	52.90
Total expenses	**2,565.11**	**2,648.29**	**2,571.75**	**10,345.57**
3. Profit / (Loss) from operations before other income, finance costs and exceptional items (1) - (2)	**400.90**	**264.62**	**159.64**	**742.11**
4. Other income	147.57	84.82	64.98	327.46
5. Profit / (Loss) from operations before finance costs and exceptional items (3) + (4)	**548.47**	**349.44**	**224.62**	**1,069.57**
6. Finance costs	906.01	967.61	831.65	3,571.86
7. (Loss) / Profit after finance costs but before exceptional items (5) - (6)	**(357.54)**	**(618.17)**	**(607.03)**	**(2,502.29)**
8. Exceptional items				
a) Profit on sale of jointly controlled entities - **Refer Note 27**	-	34.44	-	34.44
b) Loss on impairment of assets in subsidiaries - **Refer Note 13, 16 and 28**	-	(79.80)	(18.12)	(115.74)
c) Loss on account of provision towards claims recoverable - **Refer Note 6**	-	(130.99)	-	(130.99)
d) Breakage cost of interest rate swap - **Refer note 30**	-	(91.83)	-	(91.83)
9. (Loss) / Profit from ordinary activities before tax (7) ± (8)	**(357.54)**	**(886.35)**	**(625.15)**	**(2,806.41)**
10. Tax expenses/ (credit)	52.87	62.75	26.50	152.81
11. Net (Loss) / Profit from ordinary activities after tax but before minority interest and share of loss from associates (9) ± (10)	**(410.41)**	**(949.10)**	**(651.65)**	**(2,959.22)**
12. Share of loss / (profit) from associates	1.92	12.98	-	12.98
13. Minority interest - share of (profit) / loss	(17.12)	70.18	58.45	238.91
14. Net (Loss) / Profit after tax, minority interest and share of loss of associates (11) ± (12) ± (13)	**(429.45)**	**(891.90)**	**(593.20)**	**(2,733.29)**
15. E B I T D A ((3) + (2(h))	**855.24**	**680.25**	**612.91**	**2,554.64**
16. Paid-up equity share capital (Face value - Re. 1 per share)	**529.58**	**436.13**	**389.24**	**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	**5,121,213,563**	**4,361,247,379**	**3,892,432,532**	**4,232,805,171**
19. Earnings per share - Basic and Diluted - (Rs.) (not annualised)	**(0.84)**	**(2.05)**	**(1.52)**	**(6.46)**

PART II				
Select information for the quarter ended June 30, 2015				
Particulars	Quarter ended			Year ended
	June 30, 2015	March 31, 2015	June 30, 2014	March 31, 2015
A. PARTICULARS OF EQUITY SHAREHOLDING				
1. Public Shareholding				
- Number of equity shares	1,626,096,576	1,477,160,289	1,083,591,135	1,477,160,289
- Percentage of equity shareholding	30.70%	33.87%	27.84%	33.87%
2. Promoters and promoter group equity shareholding				
a) Pledged/ Encumbered				
- Number of equity shares	3,062,954,211	2,535,332,661	1,664,235,438	2,535,332,661
- Percentage of equity shares (as a % of the total equity shareholding of promoter and promoter group)	83.88%	88.46%	59.63%	88.46%
- Percentage of equity shares (as a % of the total equity share capital of the Company)	57.84%	58.13%	42.76%	58.13%
b) Non-Encumbered				
- Number of equity shares	588,749,802	330,754,629	1,126,608,409	330,754,629
- Percentage of equity shares (as a % of the total equity shareholding of promoter and promoter group)	16.12%	11.54%	40.37%	11.54%
- Percentage of equity shares (as a % of the total equity share capital of the Company)	11.12%	7.58%	28.94%	7.58%
3. Non-promoter and non-public equity shareholding				
- Number of equity shares	17,999,800	17,999,800	17,999,800	17,999,800
- Percentage of equity shareholding	0.34%	0.42%	0.46%	0.42%

Particulars	Quarter ended June 30, 2015
B. INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	-
Received during the quarter	50
Disposed of during the quarter	50
Remaining unresolved at the end of the quarter	-

GMR Infrastructure Limited

Report on Consolidated Segment Revenue, Results and Capital Employed

[in Rs. crore]

Particulars	Quarter ended			Year ended
	June 30, 2015 Unaudited	March 31, 2015 Refer note 36	June 30, 2014 Unaudited	March 31, 2015 Audited
1. Segment Revenue				
a) Airports	1,520.29	1,437.78	1,289.33	5,468.64
b) Power	1,148.62	1,173.71	1,152.55	4,454.49
c) Roads	207.47	193.10	183.18	766.98
d) EPC	16.25	46.47	68.56	164.89
e) Others	184.38	186.69	151.92	707.07
	3,077.01	3,037.75	2,845.54	11,562.07
Less: Inter Segment	111.00	124.84	114.15	474.39
Segment revenue from operations	**2,966.01**	**2,912.91**	**2,731.39**	**11,087.68**
2. Segment Results				
a) Airports	403.75	260.41	203.52	913.53
b) Power	(25.65)	(46.09)	(111.01)	(403.29)
c) Roads	80.22	23.39	67.75	208.59
d) EPC	(5.63)	15.26	(8.09)	(3.18)
e) Others	129.19	121.99	97.15	480.46
	581.88	374.96	249.32	1,196.11
Less: Inter Segment	87.31	79.82	57.76	294.63
Net Segment Results	**494.57**	**295.14**	**191.56**	**901.48**
Less: Finance costs (net)	852.11	913.31	798.59	3,403.77
Add/ (Less) : Exceptional items				
a) Profit on sale of jointly controlled entities - Refer Note 27	-	34.44	-	34.44
b) Loss on impairment of assets in subsidiaries - Refer Note 13, 16 and 28	-	(79.80)	(18.12)	(115.74)
c) Loss on account of provision towards claims recoverable - Refer Note 6	-	(130.99)	-	(130.99)
d) Breakage cost of interest rate swap - Refer note 30	-	(91.83)	-	(91.83)
(Loss) /Profit before tax	**(357.54)**	**(886.35)**	**(625.15)**	**(2,806.41)**
3. Capital employed				
(Segment Assets - Segment Liabilities)				
a) Airports	15,762.65	15,757.40	14,847.16	15,757.40
b) Power	28,511.71	28,717.08	28,077.37	28,717.08
c) Roads	5,148.36	5,247.52	5,740.77	5,247.52
d) EPC	281.70	278.08	308.34	278.08
e) Others	16,842.24	16,575.99	14,921.44	16,575.99
	66,546.66	66,576.07	63,895.08	66,576.07
Less: Inter Segment	7,884.42	7,677.94	6,819.68	7,677.94
Unallocated Assets / (Liabilities)	(49,160.43)	(49,238.40)	(47,013.01)	(49,238.40)
Total	**9,501.81**	**9,659.73**	**10,062.39**	**9,659.73**

Notes to the unaudited consolidated financial results for the quarter ended June 30, 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 Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi ('ISG') and LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi ('LGM') for a sale consideration of Euro 20.90 crore (net of equity gap adjustment of Euro 1.60 crore and subject to debt and other working capital adjustments). The management represented that no further working capital adjustments were made on account of the aforesaid sale transaction. 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. 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

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 scheduled on September 4, 2015. 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.

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

4. The Group has an investment of Rs. 390.81 crore (including loans and interest accrued thereon of Rs. 151.22 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'), a subsidiary of the Company as at June 30, 2015. 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. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the years ended March 31, 2014 and March 31, 2015 till further orders. Based on an internal assessment and a legal opinion, 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. 202.43 crore (after providing for losses till date of Rs. 188.38 crore) as regards investment in GACEPL as at June 30, 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 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, a timetable will be then set for the hearing on the substantive quantum of the award. The final outcome of the arbitration is pending as at June 30, 2015. In view of the aforesaid matter, GMIAL continues to reflect assets amounting to Rs. 1,511.72 crore (USD 23.55 crore) including claim recoverable of Rs. 1,190.46 crore (USD 18.54 crore) at their carrying values as at June 30, 2015, net of assets written off of Rs. 202.61 crore during the year ended March 31, 2013. GMIAL's ability to continue its future business operations and consequential impact on 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 quarter ended June 30, 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 June 30, 2015 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognised as at June 30, 2015 since the amounts payable are not certain.

Based on the aforesaid award by the tribunal, internal assessment and a legal opinion obtained by GMIAL, the management of the 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 June 30, 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 quarter ended June 30, 2015 are as follows:

(in Rs. crore)

	Quarter ended June 30, 2015	**Quarter ended March 31, 2015**	**Quarter ended June 30, 2014**	**Year ended March 31, 2015**
Total income	0.03	0.24	0.13	25.05
Profit/ (loss) after tax and minority interest (before consolidation adjustments)	(4.86)	(4.99)	(8.86)	(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 quarter ended June 30, 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 an investment of Rs. 730.36 crore (including loans of Rs. 30.36 crore and investment 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. 132.29 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 nonfulfillment 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 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 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. 132.29 crore (including Rs 1.30 crore for the quarter ended June 30, 2015) incurred upto June 30, 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 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. GKUAEL is yet to receive any claim from the EPC contractor and no such claim relating to the termination of contract has been recognized by GKUAEL as at June 30, 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 June 30, 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 that 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 June 30, 2015.

Notes to the unaudited consolidated financial results for the quarter ended June 30, 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) The Group is engaged in the business of generation and sale of electrical energy from its two gas based power plants of 220MW and 387MW situated at Kakinada and Vemagiri respectively. Further, the Group has investments in a subsidiary, GMR Rajahmundry Energy Limited ('GREL') 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. As a result, GEL and GMR Vemagiri Power Generation Limited ('GVPGL') have not generated and sold electrical energy since April 2013 and May 2013 respectively except for GVPGL which operated on RLNG gas in the month of April 2015 and accordingly have been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply, thereby resulting in erosion of net worth. GREL has not yet commenced commercial operations pending linkages of natural gas supply. 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 the Ministry of Petroleum and Natural Gas is yet to allocate the gas linkage. The consortium of lenders approved the reschedulement of Commercial Operation Date ('COD') of the plant under construction to October 1, 2015 and repayment of project loans. The project lenders have agreed for further funding of Rs. 707.00 crore to GREL to meet its cost overruns on account of delays in commissioning of the plant. During March 2015, the Ministry of Power, Government of India ('GoI') has 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 have been awarded the Letter of Intent for gas allocation

for 4 months from June to September 2015, which would facilitate the commissioning of GREL and operations of both GREL and GVPGL at 25% PLF. However both GREL and GVPGL are yet to commence operations under the said scheme. 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 management of the Group believes reasonably reflect the future expectations from these projects. The management of the Group will monitor these aspects closely and take actions as is 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 June 30, 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 by these companies 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 plant under construction at Rajahmundry, pending securing supply of requisite natural gas, the Group has put on hold 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 setting up the plant 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 cost 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 continued the capitalisation of the aforesaid expenses of Rs. 1,238.20 crore (including Rs. 133.28 crore for the current quarter) cumulatively upto June 30, 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 an investment of Rs. 2,502.86 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 June 30, 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. 1,521.98 crore which has resulted in substantial erosion of GKEL’s net worth due to operational difficulties faced during the early stage of its operations. Pursuant to Reserve Bank of India’s framework for revitalizing distressed assets in the economy (including strategic debt restructuring scheme), the consortium bankers have amended the rupee term loan agreement on June 29, 2015 and accordingly is to be repaid in 66 quarterly structured instalments from October 1, 2017. GKEL’s petition for ‘Tariff Determination’ in case of PPA with GRIDCO Limited and ‘Tariff Revision’ in case of PPA with PTC India Limited is pending before CERC for disposal. GKEL is hopeful of a favourable order in due course. In view of these matters, business plans and a valuation assessment, the management of the Group is of the view that the carrying value of the net assets in GKEL as at June 30, 2015 is appropriate.

Notes to the unaudited consolidated financial results for the quarter ended June 30, 2015

11. During the quarter ended June 30, 2015, GMR Hotels and Resorts Limited ('GHRL'), a subsidiary of GMR Hyderabad International Airport Limited ('GHIAL'), has incurred net loss of Rs. 4.82 crore and has accumulated losses of Rs. 134.01 crore as at June 30, 2015, which has resulted in a substantial erosion of GHRL's net worth and its current liabilities exceeded its current assets as at June 30, 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.

12. The Company through its subsidiary has an investment of Rs. 1,199.43 crore (including investments in equity / preference share capital and debentures / subordinate loans) in EMCO Energy Limited ('EMCO'), a subsidiary of the Company, as at June 30, 2015 and has also provided corporate / bank guarantee towards loan taken by EMCO from the project lenders. EMCO is engaged in the business of generation and sale of electrical energy from its coal based power plant of 600MW situated at Warora. EMCO has accumulated losses of Rs. 1,036.96 crore which has resulted in erosion of EMCO's entire net worth. EMCO has achieved the COD of Unit I in March 2013 and of Unit II in September 2013 and hence is in the stabilization phase of its operations. EMCO has tied up entire power supplies capacity with customers and has substantially completed the refinancing of its term and other loans with the lenders. Though the networth of EMCO is fully eroded, the management of EMCO expects that the plant will generate sufficient profits in the future years and based on business plans and a valuation assessment, the Group considers that the carrying value of the net assets in EMCO as at June 30, 2015 is appropriate.

13. 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 June 30, 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 has provided for impairment in the value of goodwill in full and has disclosed the same as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2015.

14. Kakinada SEZ Private Limited ('KSPL'), a subsidiary of the Company, is acquiring land for implementing a Multi-Product Special Economic Zone within the meaning of Special Economic Zone Act, 2005. KSPL has obtained an initial notification from the Ministry of Commerce, GoI vide notification no. 635(E) dated April 23, 2007 to the extent of 1,035.67 hectares, the formal approval for which was initially granted for three years from June 2006. The said formal approval has been extended till August 2015. KSPL, has obtained further notification from GoI vide notification no. 342(E) dated February 6, 2013 to the extent of 1,013.64 hectares and the formal approval was initially granted for 3 years from February 2012, which on application by KSPL has been extended further by one year upto February 2016. KSPL upon completion of acquisition of the desired land plans to apply for an appropriate notification, pending which the entire land that has been acquired till date by KSPL is treated as land acquired for the purpose of implementation of Special Economic Zone awaiting notification. The management is confident of obtaining further extensions of the aforesaid consents, if necessary and also getting the balance area notified for SEZ development as per the required regulations. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

15. The Company along with its subsidiary has an investment of Rs. 663.15 crore (including loans of Rs. 361.12 crore and investment 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 claim losses suffered on account of the aforementioned reasons and has accordingly filed its claim till the year ended March 31, 2014 with NHAI. Subsequent to the quarter ended June 30, 2015, NHAI rejected GHVEPL's 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. 430.80 crore (after providing for losses till date of Rs. 232.35 crore) as regards investment in GHVEPL as at June 30, 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 ended June 30, 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 ('GGSPPL'), a subsidiary of the Company, the Group has made an impairment provision of Rs. 18.00 crore towards the carrying value of the net assets of GGSPPL, which has been disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2015.

17. The Company through its subsidiaries has an investment of Rs. 386.68 crore (USD 6.02 crore) including loan and interest accrued thereon in PT Dwikarya Sejati Utama ('PTDSU') as at June 30, 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 Group has agreed to pay USD 2.00 crore towards the deferred consideration to the sellers of PTDSU. As per the settlement agreement, the Group has paid USD 0.50 crore and the balance USD 1.50 crore are to be repaid in 16 equal quarterly installments 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 June 30, 2015 have accumulated deficit of Rs. 32.20 crore (USD 0.50 crore). PTBSL, a coal property company has commenced coal production and PTDSU and its subsidiaries plan to ramp up the production to 2.5 Million MT in a two year timeframe. PTDSU and its subsidiaries are dependent on financial support from the Company. The management of PTDSU is not aware of any material uncertainties that may cast significant doubt upon these entities' ability to continue as a going concern. Based on these factors and a valuation assessment, the Group believes that the carrying value of the net assets in PTDSU and its subsidiaries as at June 30, 2015 is appropriate.

18. The Institute of Chartered Accountants of India ('ICAI') has issued a Guidance Note on 'Accounting for Rate Regulated Activities' which deals with the effects on an entity's financial statements that provides goods/services, whose prices are subject to cost-of-service regulation, for accounting periods beginning on or after April 1, 2015. The Group is prima facie of the view that, this Guidance Note is not applicable to the Group. However, the Group is in the process of evaluating its applicability. Accordingly, no adjustments have been made to these unaudited consolidated financial results of the Group for the quarter ended June 30, 2015.

19. 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 ended June 30, 2015.

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

Notes to the unaudited consolidated financial results for the quarter ended June 30, 2015

21. 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" 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, including obtaining of shareholders' approval by passing a special resolution in the forthcoming annual general meeting of the Company. 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.

22. As at June 30, 2015, the Company along with its subsidiary has an investment of Rs. 342.13 crore (including investment in equity share capital of Rs 5.00 crore and subordinate loan of Rs. 337.13 crore) 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. 260.88 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.

23. As at June 30, 2015, GMR Infrastructure (Cyprus) Limited, a subsidiary of the Company, has fixed deposits of Rs. 564.32 crore with Eurobank, Cyprus. The Republic of Cyprus is presently facing economic difficulties. The management is of the view that inspite 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.

24. a) The Company through its subsidiary has an investment of Rs. 2,850.08 crore (including investments in equity share capital, preference share capital, subordinate loans and interest accrued thereon) in GMR Chhattisgarh Energy Limited ('GCHEPL'), a subsidiary of the Company as at June 30, 2015 and has also provided corporate / bank guarantee towards loan taken by GCHEPL from the project lenders. GCHEPL is in the advanced stage of construction of 1,370 MW coal based thermal power plant at Raipur district, Chhattisgarh. GCHEPL has obtained provisional Mega Power status certificate from the Ministry of Power, GOI, vide letter dated September 8, 2011 and accordingly has availed an exemption of customs and excise duty against bank guarantees and pledge of deposits. The management of GCHEPL is certain of obtaining Mega Power status, pending which cost of customs and excise has not been considered as cost of the project.

GCHEPL expects further delays and cost overruns in the completion of the project. As per the management of GCHEPL, the additional claims from EPC contractors are not expected to be material. GCHEPL is in active discussion with the lenders to restructure its loans and funding of cost overruns. During the year ended March 31, 2015, GCHEPL had been allotted two coal mines to meet its fuel requirements and declared the COD for Unit I effective June 1, 2015. However, GCHEPL does not have a PPA currently and is taking steps to tie up the power supply through power supply agreements on a long/medium term basis with various customers including State Electricity Boards and is expected to commence generation of power during the current year. Due to these reasons and based on business plans and a valuation assessment, the management of the Group is of the view that the carrying value of the net assets in GCHEPL as at June 30, 2015 is appropriate. In estimating the future cash flows, the management has, in the absence of PPAs', made certain key assumptions relating to the future revenues based on externally available information, restructuring of loans to the lenders and operating parameters which the management believes reasonably reflect the future expectations of these items. 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 has 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 it will commence production once the coal mines become operational and have accordingly continued to capitalise indirect expenditure and borrowing costs incurred subsequent to June 1, 2015 amounting to Rs. 6.83 crore and Rs. 42.26 crore respectively. Further, the Group has not charged depreciation with effect from June 1, 2015 of Rs. 18.63 crore in the unaudited consolidated financial results for the quarter ended June 30, 2015. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

25. In case of GHIAL, Airport Economic Regulatory Authority ('AERA') vide its powers conferred by section 13(1)(a) of AERA Act, 2008, passed an Aeronautical tariff order No. 38 issued on February 24, 2014, in respect of control period from April 1, 2011 to March 31, 2016. As per the aforesaid order, there will be no Passenger Service Fee (Facilitation Component) ('PSF (FC)') for embarking passengers and the same will be considered as part of User Development Fee ('UDF'). Further, the UDF for the period from April 1, 2014 to March 31, 2016 has been determined to be Rs. Nil. Accordingly, revenue from operations, for the period April 1, 2014 to June 30, 2015, does not comprise of any income from PSF (FC) and UDF.

    This has significantly impacted the profitability and cash flows of GHIAL for the period April 1, 2015 to June 30, 2015 and will continue to have significant impact on the profitability and cash flows of GHIAL for the period from July 1, 2015 to March 31, 2016. GHIAL has filed an appeal challenging the aforesaid AERA order with the AERA Tribunal. Due to non-constitution of Airports Economic Regulatory Authority Appellate Tribunal ('AERAAT') bench, AERA Tribunal has refused to hear the appeal and hence, GHIAL has filed a writ petition with the Hon'ble High Court of Hyderabad and the hearing is adjourned to a future date. Further, during the quarter ended June 30, 2015, the Ministry of Civil Aviation ('MoCA') vide its order dated June 11, 2015 under section 42(2) of AERA Act, 2008, directed AERA to adopt hybrid till with 30% cross subsidization for the tariff determination of GHIAL. In the meantime, GHIAL has undertaken certain steps towards strategic cash management. During the year ended March 31, 2015, GHIAL completed the refinancing of its rupee term loans, whereby GHIAL has received the moratorium period of two years for repayment of such loans and accordingly, the first instalment of these loans is payable on July 31, 2016. Further, with the expected UDF commencing in the next tariff cycle, the financial position is expected to improve thereafter. GAL, the holding Company of GHIAL, has agreed to provide necessary financial support, should the necessity arise and the Company has also provided a corporate guarantee to the lenders of GHIAL towards servicing of GHIAL's debt.

26. DIAL has accumulated losses of Rs. 587.15 crore as at June 30, 2015 which have resulted in part erosion of net worth of DIAL as at June 30, 2015. However, DIAL has earned profits during the quarter ended June 30, 2015 and years ended March 31, 2015 and March 31, 2014 respectively and have met all its obligations as at June 30, 2015.

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

    In addition, DIAL had also filed a writ petition before the Hon'ble High Court of Delhi seeking extension of existing tariff as allowed vide AERA order 03/2012-13 issued on April 24, 2012 following the extension granted by AERA vide its order 04/2014-15 dated May 2, 2014 till disposal of DIAL's appeal pending with AERAAT. Subsequently, the Hon'ble High Court of Delhi vide its final order dated January 22, 2015 ordered that the tariff determined by AERA for the First Control Period vide Tariff Order No.03/2012-13 dated April 20, 2012 be continued till the disposal of the appeals pending against the said Tariff Order, by AERAAT.

AERA issued consultation paper on January 28, 2015 for determination of Aeronautical tariff in respect of Delhi airport for the second control period (i.e. 2014-2019). The consultation paper suggests that tariff for aeronautical revenue be reduced by 78.24% of the existing tariff (i.e. tariff as compared to the first control period). DIAL filed its reply to AERA with regard to the consultation paper on April 10, 2015.
However, in view of Hon'ble High Court of Delhi judgement dated January 22, 2015, AERA vide its public notice no. 16/2014-15 dated January 29, 2015 extended the tariff till the disposal of the appeals pending against the first control period tariff order by AERAAT. The revenue so collected by DIAL during this interim period shall be adjusted from the aggregate revenue requirement for the second control period w.e.f. April 1, 2014.

AERA has filed a special leave petition dated April 24, 2015 with Hon'ble Supreme Court of India, seeking interim relief from the final order of Hon'ble High Court of Delhi dated January 22, 2015. The matter was heard by bench of Hon'ble Supreme Court of India on July 20, 2015. The Hon'ble Supreme Court issued notice to all and directed the matter to be placed before it in three weeks.

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

27. 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.

28. During the quarter ended June 30, 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. 11.85 crore and has accumulated losses of Rs. 306.98 crore as at June 30, 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 quarter and in the previous year and its current liabilities exceeded its current assets as at June 30, 2015. 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 June 30, 2015 is appropriate.

29. As per the advice from the Ministry of Home Affairs and the Standard Operating Procedures ('SOP') issued by 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.

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 advice 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 ended June 30, 2015. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

30. 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.

31. The Company through its subsidiary has an investment 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 have 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. 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 June 30, 2015 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

32. During the quarter ended June 30, 2015, GKEL recognised revenue of Rs. 81.59 crore based on a provisional tariff, pending petition filed with Central Electricity Regulatory Commission (‘CERC’) for ‘Tariff Determination’ and Rs. 73.78 crore as revenue based on PPA tariff for which GKEL filed petition with CERC for Tariff Review. In addition, GKEL recognized Rs. 750.16 crore as revenue during the earlier years on a provisional tariff basis in view of ‘Tariff Determination Petition’ and ‘Tariff Review Petition’ filed by GKEL pending before CERC and APTEL.

33. 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 shall be converted 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'). The number of equity shares allotted to the Investors upon conversion of the Investor Securities shall be 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.

34. 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 share 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 June 30, 2015 is stated below:

(Rs in crore)

Particulars	Amount proposed to be utilised from Net proceeds	Amount Utilised	Balance Amount as at June 30, 2015
Full or partial repayment or prepayment of borrowings and payment of interest, prepayment penalty or premium on borrowings	1,035.00	933.11	101.89
Extend facilities to Company's subsidiaries towards part repayment of the subsidiaries borrowings	215.00	215.00	-
General corporate purpose	133.07	126.16	6.91
Issue related expenses	18.76	11.49	7.27
Total	**1,401.83**	**1,285.76**	**116.07**

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

35. 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.

36. The figures of quarter ended March 31, 2015 are the balancing figures between the audited figures in respect of the full year financial upto March 31, 2015 and the published unaudited year to date figures upto December 31, 2014.

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

(in Rs. crore)

	Quarter ended			**Year ended**
	June 30, 2015	**March 31, 2015**	**June 30, 2014**	**March 31, 2015**
	Unaudited	**Refer note 36**	**Unaudited**	**Audited**
(a) Revenue from operations	159.31	174.50	161.16	649.74
(b) Profit / (loss) before tax and after exceptional items	3.89	(264.27)	(56.68)	(350.53)
(c) Profit / (loss) after tax	3.89	(262.46)	(59.24)	(352.65)

38. The unaudited consolidated financial results of the Group for the quarter ended June 30, 2015 have been reviewed by the Audit Committee at their meeting on August 13, 2015 and approved by the Board of Directors at their meeting on August 13, 2015.

39. The statutory auditors of the Company have carried out a Limited Review of the unaudited consolidated financial results for the quarter ended June 30, 2015.

40. 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

Sd/-
B. V. N. Rao
Director

Bengaluru
August 13, 2015