GMR Infrastructure Limited

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

PART I

Statement of Standalone unaudited financial results for the quarter and six months ended September 30, 2013

(In Rs. crore)

S.No	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	March 31, 2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income from operations**						
	(a) Sales/ income from operations	79.81	170.99	278.38	250.80	704.04	1,142.17
	(b) Other operating income (refer Note 14)	83.57	92.41	64.09	175.98	125.61	290.62
	Total income from operations	**163.38**	**263.40**	**342.47**	**426.78**	**829.65**	**1,432.79**
2	**Expenses**						
	(a) Cost of materials consumed	24.22	50.62	71.77	74.84	186.13	289.25
	(b) Subcontracting expenses	32.37	94.62	158.92	126.99	402.27	622.72
	(c) Employee benefits expenses	15.95	16.07	14.76	32.02	34.08	72.47
	(d) Depreciation and amortisation expenses	2.10	2.08	2.19	4.18	4.13	8.31
	(e) Foreign exchange fluctuation loss (net)	-	-	4.77	-	-	-
	(f) Other expenses	18.09	14.93	21.24	33.02	45.47	87.57
	Total expenses	**92.73**	**178.32**	**273.65**	**271.05**	**672.08**	**1,080.32**
3	**Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)**	**70.65**	**85.08**	**68.82**	**155.73**	**157.57**	**352.47**
4	Other income						
	a) Foreign exchange fluctuation gain (net)	0.42	0.65	-	1.07	23.79	26.27
	b) Miscellaneous income	0.39	1.41	0.13	1.80	0.43	2.31
5	**Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)**	**71.46**	**87.14**	**68.95**	**158.60**	**181.79**	**381.05**
6	Finance costs	94.99	80.02	94.09	175.01	177.90	374.43
7	**(Loss) / Profit from ordinary activities after finance costs and before exceptional items (5 - 6)**	**(23.53)**	**7.12**	**(25.14)**	**(16.41)**	**3.89**	**6.62**
8	Exceptional items (refer Note 10 and 11)	-	13.28	-	13.28	-	75.83
9	**(Loss) / Profit from ordinary activities before tax (7 ± 8)**	**(23.53)**	**20.40**	**(25.14)**	**(3.13)**	**3.89**	**82.45**
10	Tax expenses	5.46	5.14	(1.66)	10.60	9.36	29.00
11	**Net (Loss) / Profit from ordinary activities after tax (9 - 10)**	**(28.99)**	**15.26**	**(23.48)**	**(13.73)**	**(5.47)**	**53.45**
12	Paid-up equity share capital (Face value - Re. 1 per share)	389.24	389.24	389.24	389.24	389.24	389.24
13	Paid-up debt capital (refer Note 16)				1,582.50	1,667.50	1,587.50
14	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						6,796.49
15	Debenture Redemption Reserve (included in reserves in S.No 14 above)				193.00	97.67	118.47
16	Weighted average number of shares used in computing earning per share	3,892,432,532	3,892,432,532	3,892,432,532	3,892,432,532	3,892,432,532	3,892,432,532
17	Earnings per share (of Re. 1 each) (not annualised) Basic and Diluted	(0.07)	0.04	(0.06)	(0.03)	(0.01)	0.14
18	Debt Equity Ratio (refer Note 15)				0.65	0.55	0.59
19	Debt Service Coverage Ratio ('DSCR') (refer Note 15)				0.27	0.45	0.17
20	Interest Service Coverage Ratio ('ISCR') (refer Note 15)				0.91	1.02	1.02

PART II							
Select Information for the quarter and six months ended September 30, 2013							
S.No	**Particulars**	**Quarter ended**			**Six months ended**		**Year ended**
		September 30, 2013	**June 30, 2013**	**September 30, 2012**	**September 30, 2013**	**September 30, 2012**	**March 31, 2013**
A	**PARTICULARS OF SHAREHOLDING**						
1	Public shareholding						
	- Number of shares	1,101,590,935	1,103,702,750	1,104,864,250	1,101,590,935	1,104,864,250	1,103,702,750
	- Percentage of shareholding	28.30%	28.36%	28.39%	28.30%	28.39%	28.36%
2	Promoters and Promoter Group Shareholding						
	a) Pledged / Encumbered						
	- Number of shares	1,427,208,239	1,115,108,239	790,664,991	1,427,208,239	790,664,991	1,026,631,555
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	51.14%	39.99%	28.36%	51.14%	28.36%	36.81%
	- Percentage of shares (as a % of the total share capital of the Company)	36.67%	28.65%	20.31%	36.67%	20.31%	26.38%
	b) Non - encumbered						
	- Number of shares	1,363,635,608	1,673,623,793	1,996,905,541	1,363,635,608	1,996,905,541	1,762,100,477
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	48.86%	60.01%	71.64%	48.86%	71.64%	63.19%
	- Percentage of shares (as a % of the total share capital of the Company)	35.03%	42.99%	51.30%	35.03%	51.30%	45.26%

	Particulars	**Quarter ended September 30, 2013**
B	**INVESTOR COMPLAINTS**	
	Pending at the beginning of the quarter	-
	Received during the quarter	107
	Disposed of during the quarter	107
	Remaining unresolved at the end of the quarter	-

GMR Infrastructure Limited

Report on Standalone Segment Revenue, Results and Capital Employed

(In Rs. crore)

S.No	**Particulars**	**Quarter ended**			**Six months ended**		**Year ended**
		September 30, 2013	**June 30, 2013**	**September 30, 2012**	**September 30, 2013**	**September 30, 2012**	**March 31, 2013**
		Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Audited**
1	**Segment Revenue**						
	a) EPC	79.81	170.99	278.38	250.80	704.04	1,142.17
	b) Others	83.57	92.41	64.09	175.98	125.61	290.62
	Total	**163.38**	**263.40**	**342.47**	**426.78**	**829.65**	**1,432.79**
	Less: Inter Segment	-	-	-	-	-	-
	Net Segment Revenue	**163.38**	**263.40**	**342.47**	**426.78**	**829.65**	**1,432.79**
2	**Segment Results**						
	a) EPC	(3.88)	(0.76)	10.40	(4.64)	43.37	85.31
	b) Others	75.34	87.90	58.55	163.24	138.42	295.74
	Total	**71.46**	**87.14**	**68.95**	**158.60**	**181.79**	**381.05**
	Less: Finance costs	94.99	80.02	94.09	175.01	177.90	374.43
	Add: Exceptional items (refer Note 10 and 11)	-	13.28	-	13.28	-	75.83
	(Loss)/ Profit before tax	**(23.53)**	**20.40**	**(25.14)**	**(3.13)**	**3.89**	**82.45**
3	**Capital employed**						
	(Segment Assets - Segment Liabilities)						
	a) EPC	311.07	285.47	297.02	311.07	297.02	233.28
	b) Others	11,380.86	11,166.64	10,852.82	11,380.86	10,852.82	11,234.08
	c) Unallocated	(4,541.90)	(4,261.88)	(3,953.56)	(4,541.90)	(3,953.56)	(4,281.63)
	Total	**7,150.03**	**7,190.23**	**7,196.28**	**7,150.03**	**7,196.28**	**7,185.73**

Notes to the standalone results for the quarter and six months ended September 30, 2013

1. Statement of assets and liabilities

(In Rs. crore)

	Particulars		**As at**	
			September 30, 2013	**March 31, 2013**
			Unaudited	**Audited**
A	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital		389.24	389.24
	(b) Reserves and surplus		6,760.79	6,796.49
		Sub-total	**7,150.03**	**7,185.73**
2	**Non-current liabilities**			
	(a) Long-term borrowings		3,620.22	3,015.83
	(b) Long-term provisions		0.46	0.89
		Sub-total	**3,620.68**	**3,016.72**
3	**Current liabilities**			
	(a) Short-term borrowings		465.24	751.20
	(b) Trade payables		103.72	162.55
	(c) Other current liabilities		911.47	966.22
	(d) Short-term provisions		43.07	67.72
		Sub-total	**1,523.50**	**1,947.69**
		Total	**12,294.21**	**12,150.14**
B	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets		105.76	108.90
	(b) Non-current investments		6,438.13	6,845.88
	(c) Deferred tax assets (net)		10.63	18.32
	(d) Long-term loans and advances		3,069.67	2,982.03
	(e) Trade receivables		128.38	111.38
	(f) Other non-current assets		570.01	422.81
		Sub-total	**10,322.58**	**10,489.32**
2	**Current assets**			
	(a) Current investments		261.13	67.70
	(b) Inventories		91.96	87.22
	(c) Trade receivables		221.93	206.79
	(d) Cash, cash equivalents and other bank balances		44.46	205.36
	(e) Short-term loans and advances		1,078.44	746.74
	(f) Other current assets		273.71	347.01
		Sub-total	**1,971.63**	**1,660.82**
		Total	**12,294.21**	**12,150.14**

Notes to the standalone financial results for the quarter and six months ended September 30, 2013

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

3. **Segment Reporting**

   a. The Company carries on its business in two business verticals viz., Engineering Procurement Construction ('EPC') and Others.

   b. The segment reporting of the Company has been prepared in accordance with Accounting Standard 17 on Segment Reporting. The business segments of the Company comprise of the following:

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

4. The Company through its subsidiary GMR Infrastructure (Mauritius) Limited ('GIML') has made an investment of Rs. 146.08 crore (USD 2.31 crore) towards 77% holding in GMR Male International Airport Private Limited ('GMIAL') and GIML has pledged deposits of Rs. 910.66 crore (USD 14.40 crore) towards loans taken by GMIAL from its lenders. Further the Company has given a corporate guarantee of Rs. 2,656.08 crore (USD 42 crore) to the lenders in connection with the borrowings made by GMIAL.

   GMIAL entered into an agreement on June 28, 2010 with Maldives Airports Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport for a period of 25 years ("the Concession Agreement"). On November 27, 2012, MACL and MoFT issued notices to GMIAL stating that the concession agreement was void ab initio and that neither MoFT nor MACL had authority under the laws of Maldives to enter into the agreement. It was also stated that MACL would take over the possession and control of Male International Airport within 7 days of the said letter. Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the Male International Airport and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. The Government of Maldives ('GoM') and MACL served their statement of case on May 17, 2013 to which GMIAL and the GMR-Malaysia Airports Holdings Berhad ('GMR-MAHB') consortium served their defence and counterclaim on June 21, 2013. GoM and MACL have served a reply and defence to counterclaim on July 12, 2013. GMIAL is in the process of seeking remedies under the aforesaid concession agreement and the outcome of the arbitration is uncertain as at September 30, 2013. GMIAL's ability to continue its future business operations and consequential impact on investments made / guarantees given by the Company and GIML is solely dependent on the outcome of arbitration and / or a negotiated settlement.

   Based on an internal assessment and a legal opinion obtained by GMIAL, the management of the Company is confident of proving that the concession agreement was not void ab initio and that GMIAL would be entitled for compensation under the concession agreement atleast to the extent of the carrying value of the assets of Rs. 1,458.82 crore (USD 23.08 crore) including claim recoverable of Rs. 1,083.84 crore (USD 17.14 crore) as at September 30, 2013 and accordingly these standalone financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. The statutory auditors of the Company have modified their limited review report in this regard.

Notes to the standalone financial results for the quarter and six months ended September 30, 2013

5. The Company has an investment of Rs. 349.76 crore (including loans of Rs. 110.17 crore, share application money pending allotment of Rs. 23.00 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') as at September 30, 2013. GACEPL has been incurring losses since the commencement of commercial operations. The management believes that these losses are primarily attributable to loss of revenue arising as a result of diversion of partial traffic on parallel roads. Based on management's internal assessment and a legal opinion, the management of GACEPL is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly, the investment in GACEPL has been carried at cost and no provision for diminution in the value of investments has been made as at September 30, 2013. The statutory auditors of the Company have drawn an Emphasis of Matter in their limited review report in this regard.

6. The Company's subsidiaries GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL') are engaged in the business of generation and sale of electrical energy from its two gas based power plants of 220 MW and 387 MW situated at Kakinada and Vemagiri respectively. Further, GMR Rajahmundry Energy Limited ('GREL'), a subsidiary is constructing a gas based power plant. In view of lower supplies / availability of natural gas to the power generating companies in India, these aforesaid entities' are facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL and GVPGL have not generated and sold electrical energy during the six months and five months period ended September 30, 2013 respectively and have been incurring losses on account of the aforesaid shortage of natural gas supply, thereby resulting in erosion of networth of these gas based power generating companies. Further, GREL has not yet commenced commercial operations pending linkages of natural gas supply. These aforesaid entities' are actively pursuing /making representations with various government authorities to secure the natural gas linkage / supply as the natural gas supplies from KG D6 basin have dropped significantly from September 2011 onwards. GREL, for its 768 MW gas based power plant, which is under construction at Rajahmundry, has applied for allocation of gas and Ministry of Petroleum and Natural Gas ('MoPNG') is yet to allocate the gas linkage. The consortium of lenders have approved the reschedulement of Commercial Operation Date ('COD') of the plant under construction to April 1, 2014 and repayment of project loans. The Company, these subsidiaries and the Association of Power Producers are closely monitoring the macro situation and are evaluating various approaches / alternatives to deal with the situation and the management is confident that the Government of India would take necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. Despite the aforementioned reasons, based on business plan and valuation assessment, the management is confident that GEL and GVPGL will be able to generate sufficient profits in future years, GREL will achieve the COD as stated aforesaid and these gas based power generating companies would meet their financial obligations as they arise and hence the going concern assumption of the aforesaid entities' and carrying value of the investments (including advances) made by the Company directly or indirectly through its subsidiaries ('investments'), in GEL, GVPGL and GREL as at September 30, 2013 is appropriate and these standalone financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. In the meantime, the Company has also committed to provide necessary financial support to GEL, GVPGL and GREL as may be required by these 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.

7. The Company has given an interest free loan of Rs. 115.00 crore to Welfare Trust of GMR Infra Employees ('GWT') during the year ended March 31, 2011 for the purpose of employee benefit scheme. GWT has utilised the proceeds of the loan received from the Company in the following manner and the position as at September 30, 2013 is:

(In Rs. crore)

Equity shares of the Company	101.55
Equity shares of GMR Airports Limited ('GAL')	11.28
Others	2.17
Total	**115.00**

Securities and Exchange Board of India ('SEBI') had issued Circular No. CIR/CFD/DIL/3-2013 dated January 17, 2013 prohibiting listed entities from framing any employee benefit scheme involving acquisition of own securities from the secondary market. SEBI had issued Circular No. CIR/CFD/DIL/7-2013 dated May 13, 2013 extending the date of compliance to December 31, 2013. The management of the Company had submitted the details of the GWT to the stock exchanges and is in the process of complying with the requirements of the circular within the prescribed timelines.

Notes to the standalone financial results for the quarter and six months ended September 30, 2013

8. The Company along with its subsidiary has made an investment of Rs. 516.65 crore in its jointly controlled entity Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi ('ISG') as at September 30, 2013. The Company and its subsidiary's share of ISG's accumulated losses / negative reserves amounts to Rs. 424.10 crore (excluding debit balance of foreign currency translation reserve of Rs. 121.11 crore). This has resulted in erosion of entire net worth of ISG as at September 30, 2013. 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. Accordingly, the investment in ISG continues to be carried at cost as at September 30, 2013 and no provision for diminution in the value of investments has been made as at September 30, 2013

9. A search under Section 132 of the Income Tax Act, 1961 was carried out at the premises of the Company by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates thereafter, to check the compliance with the provisions of the Income Tax Act, 1961. The Income Tax Department has subsequently sought certain information / clarifications. The Company has not received any show cause notice / demand from the Income Tax Authorities. The management of the Company believes that it has complied with all the applicable provisions of the Income Tax Act, 1961 with respect to its operations.

10. During the year ended March 31, 2013, the Company and GMR Highways Limited ('GMRHL'), a subsidiary of the Company had entered into a definitive sale agreement for divestment of 74% shareholding in GMR Jadcherla Expressways Private Limited ('GJEPL'), a subsidiary of the Company to Macquarie SBI Infrastructure Investments Pte. Limited and SBI Macquarie Infrastructure Trustee Limited.

    During the quarter ended June 30, 2013, the above transaction had been completed and the profit of Rs. 13.28 crore on redemption of preference shares held by the Company has been disclosed as an exceptional item in these standalone financial results.

11. During the year ended March 31, 2013, the Company and GMR Infrastructure (Singapore) Pte Limited ('GISPL'), a subsidiary of the Company have sold their shareholding in GMR Energy (Singapore) Pte Limited ('GESPL'). The profit on such sale amounting to Rs. 75.83 crore has been disclosed as an exceptional item in these standalone financial results. The Company has provided a guarantee of SGD 38.00 crore towards warranties as specified in the share purchase agreement ('SPA') and other SPA transaction document for a period till September 30, 2014 and in respect of tax claims, if any, the guarantee period is up to March 31, 2018.

12. During the quarter, with a view to restructure its shareholdings in roads business, the Company has transferred 2,002,000 8% non-cumulative, redeemable preference shares of Rs. 100 each held in GMR Ulundurpet Expressways Private Limited ('GUEPL') to a wholly owned subsidiary of the Company, GMRHL at cost.

13. With a view to restructure its shareholdings in airport business, the Company has transferred 244,999,900 equity shares of Rs. 10 each held in Delhi International Airport Private Limited ('DIAL') to GAL at cost on October 18, 2013. GAL is a 97.15% subsidiary of the Company.

14. Other operating income includes interest income, dividend income and profit on sale of current investments considering that the Company undertakes investment activities.

15. DSCR represents profit from ordinary activities before finance costs, exceptional items and tax expenses / finance cost + principal repayment of loan funds during the period. ISCR represents profit from ordinary activities before finance costs, exceptional items and tax expenses / finance cost. Finance costs do not include debenture redemption premium which has been adjusted against the securities premium account as permitted by Section 78 of the Companies Act, 1956. Debt Equity Ratio represents loan funds (long term borrowings, short term borrowings and current maturities of long term borrowings included in current liabilities) / shareholder's funds (equity share capital and reserves and surplus).

16. Paid-up debt capital represents outstanding non-convertible debentures issued by the Company (excluding provision for redemption premium) including non-convertible debentures to GAL, a subsidiary of the Company.

17. As per the transfer pricing rules prescribed under the Income Tax Act, 1961 the Company is examining domestic and international transactions and documentation in respect thereof to ensure compliance with

the said rules. The management does not anticipate any material adjustments with regard to the transactions involved.

18. The standalone financial results of the Company for the quarter ended September 30, 2013 have been reviewed by the Audit Committee at their meeting on November 11, 2013 and approved by the Board of Directors at their meeting on November 12, 2013.

19. The statutory auditors of the Company have carried out the limited review of the above standalone financial results of the Company for the quarter ended September 30, 2013.

20. Previous year / period figures have been re-grouped / re-arranged, wherever necessary to conform to the classification adopted in the current period.

For GMR Infrastructure Limited

Bengaluru
November 12, 2013

Sd/-
Kiran Kumar Grandhi
Managing Director

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th & 13th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru-560 001, India
Tel : +91 80 6727 5000
Fax : +91 80 2210 6000

Limited Review Report

Review Report to
The Board of Directors of GMR Infrastructure Limited

1. We have reviewed the statement of unaudited standalone financial results of GMR Infrastructure Limited ('the Company') for the quarter ended September 30, 2013 (the "Statement"), included in the accompanying statement of unaudited standalone financial results, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' 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. *As detailed in Note 4 to the unaudited standalone financial results for the quarter ended September 30, 2013, the Company through its subsidiary GMR Infrastructure (Mauritius) Limited ('GIML') has made an investment of Rs. 146.08 Crore (USD 2.31 Crore) towards 77% equity shareholding in GMR Male International Airport Private Limited ('GMIAL') and has given a corporate guarantee of Rs. 2,656.08 Crore (USD 42.00 Crore) to the lenders in connection with the borrowings made by GMIAL. The Concession Agreement entered into between GMIAL, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT') for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years has been declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated the arbitration process to seek remedies under the said agreement and pending resolution of the dispute, such investment has been carried at cost in the unaudited standalone financial results as at September 30, 2013 as the management is of the opinion that GMIAL will be able to recover at least the carrying value of the assets of Rs. 1,458.82 Crore (USD 23.08 Crore) including claim recoverable of Rs. 1,083.84 Crore (USD 17.14 Crore) as at September 30, 2013. Further, GMIAL has executed work construction contracts with GADL International Limited ('GADL International'), a subsidiary of the Company and other service providers for rehabilitation, expansion, and modernization of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADL International and these service providers and have received claims from GADL International and other service providers towards termination payments. However, such claims relating to the termination of contracts have not been recognised since the amounts payable are not certain as at September 30, 2013. The takeover of MIA by MACL, initiation of arbitration proceedings and its consequent impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADL International.*

   Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the investment pertaining to the aforesaid entities and any other consequential impact that may arise in this regard on the unaudited standalone financial results for the quarter ended September 30, 2013. In respect of above matter, our audit report for the year ended March 31, 2013 and limited review report for the quarter ended June 30, 2013 was similarly modified.

S.R. Batliboi & Associates LLP Bengaluru

4. We draw attention to Note 5 to the accompanying statement of unaudited standalone financial results for the quarter ended September 30, 2013 in connection with an investment of Rs. 349.76 Crore (including loans of Rs. 110.17 Crore, share application money pending allotment of Rs. 23.00 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. 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, such investment has been carried at cost. Accordingly, no provision for diminution in the value of investments has been made in the unaudited standalone financial results. Our conclusion is not qualified in respect of this matter.

5. We draw attention to Note 6 to the unaudited standalone financial results for the quarter ended September 30, 2013 regarding (i) cessation of operations and the losses incurred by GMR Energy Limited ('GEL'), GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiaries of the Company, and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) rescheduling of the commercial operation date and the repayment of certain project loans by another subsidiary of the Company, GMR Rajahmundry Energy Limited ('GREL'), pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of aforesaid entities' to establish consistent profitable operations as well as raising adequate finance to meet its short term and long term obligations. Despite the aforementioned reasons, based on business plans, valuation assessment and the mitigating factors as discussed in the said note, the management believes that the going concern assumption of the aforesaid entities' and the carrying value of the investments (including advances) made by the Company directly or indirectly through its subsidiaries in GEL, GVPGL and GREL as at September 30, 2013 is appropriate and these unaudited standalone financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not qualified in respect of this matter.

6. Based on our review conducted as above, *except for the possible effects of our observations in paragraph 3*, nothing has come to our attention that causes us to believe that the Statement prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", notified under the provisions of the Companies Act, 1956 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.

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

per Sunil Bhumralkar
Partner
Membership number: 35141

S.R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: November 12, 2013