

GMR Infrastructure Limited



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May 30, 2016

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

Dear Sirs,

Sub: Submission of Annual Audited Financial Results accompanied by the Audit report for the Year ended March 31, 2016

Ref.: Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find attached the Audited financial results(standalone and consolidated) for the year ended March 31, 2016 approved by the Board of directors of the company at their meeting held on May 30, 2016, accompanied by the Audit report of the company and other relevant information required under the above referred regulation.

Please take the same on the record.

Thanking you,

Yours faithfully,
for **GMR Infrastructure Limited**

A.S. Cherukupalli
Company Secretary & Compliance Officer



Encl: As above

PART I

Statement of consolidated financial results for the quarter and year ended March 31, 2016

| Particulars | [in Rs. crore] | | | | |
|---|------------------------------------|-----------------------------------|------------------------------------|------------------------------|------------------------------|
| | Quarter ended | | | Year ended | |
| | March 31, 2016 Refer Note 43 | December 31, 2015 Unaudited | March 31, 2015 Refer Note 43 | March 31, 2016 Audited | March 31, 2015 Audited |
| 1. Income from operations | | | | | |
| a) Sales/ Income from operations | 3,708.37 | 3,540.84 | 2,872.01 | 13,248.18 | 10,935.25 |
| b) Other Operating income - Refer Note 41 | 28.31 | 23.41 | 40.90 | 109.48 | 152.43 |
| Total Income from operations | 3,736.68 | 3,564.25 | 2,912.91 | 13,357.66 | 11,087.68 |
| 2. Expenditure | | | | | |
| a) Revenue share paid/ payable to concessionaire grantors | 651.01 | 633.03 | 544.42 | 2,412.29 | 2,064.86 |
| b) Consumption of fuel | 767.36 | 650.50 | 450.77 | 2,525.96 | 2,091.06 |
| c) Cost of materials consumed | 15.14 | 6.29 | 11.30 | 38.56 | 46.81 |
| d) Purchase of traded goods | 259.21 | 139.98 | 306.90 | 840.02 | 1,044.18 |
| e) (Increase) or Decrease in stock in trade | (11.30) | (14.38) | 15.80 | (32.81) | (20.00) |
| f) Sub-contracting expenses | 204.21 | 147.53 | 170.04 | 628.39 | 565.51 |
| g) Employee benefits expenses | 209.24 | 178.03 | 141.24 | 664.80 | 619.65 |
| h) Depreciation and amortisation expenses | 723.05 | 583.99 | 415.63 | 2,266.16 | 1,812.53 |
| i) Other expenses | 532.44 | 463.11 | 581.60 | 2,035.81 | 2,068.07 |
| j) Foreign exchange fluctuations loss (net) | - | - | 10.59 | - | 52.90 |
| Total expenses | 3,350.36 | 2,788.08 | 2,648.29 | 11,379.18 | 10,345.57 |
| 3. Profit / (Loss) from operations before other income, finance costs and exceptional items (1) - (2) | 386.32 | 776.17 | 264.62 | 1,978.48 | 742.11 |
| 4. Other income | | | | | |
| a) Foreign exchange fluctuations gain (net) | 0.38 | 38.91 | - | 19.42 | - |
| b) Other income - others | 89.31 | 104.58 | 84.82 | 434.85 | 327.46 |
| Total other income | 89.69 | 143.49 | 84.82 | 454.27 | 327.46 |
| 5. Profit / (Loss) from operations before finance costs and exceptional items (3) + (4) | 476.01 | 919.66 | 349.44 | 2,432.75 | 1,069.57 |
| 6. Finance costs | 1,149.25 | 1,129.14 | 967.61 | 4,057.69 | 3,571.86 |
| 7. (Loss) / Profit after finance costs but before exceptional items (5) - (6) | (673.24) | (209.48) | (618.17) | (1,624.94) | (2,502.29) |
| 8. Exceptional items | | | | | |
| a) Profit on sale of subsidiaries / jointly controlled entities - Refer Note 37 and 25 | 2.31 | - | 34.44 | 2.31 | 34.44 |
| b) Loss on impairment of assets in subsidiaries - Refer Note 14, 16, 26, 17(a) and 34 | (164.30) | - | (79.80) | (164.30) | (115.74) |
| c) Reimbursement of expenses pertaining to earlier years received by a subsidiary - Refer Note 13(b) | - | - | - | 51.42 | - |
| d) Loss on account of provision towards claims recoverable - Refer Note 6 | - | - | (130.99) | - | (130.99) |
| e) Breakage cost of interest rate swap - Refer note 28 | - | - | (91.83) | - | (91.83) |
| f) Provision for diminution in value of investments in an associate -Refer Note 36 | (39.22) | - | - | (39.22) | - |
| 9. (Loss) / Profit from ordinary activities before tax (7) ± (8) | (874.45) | (209.48) | (886.35) | (1,774.73) | (2,806.41) |
| 10. Tax expenses / (credit) | (4.94) | 135.02 | 62.75 | 224.21 | 152.81 |
| 11. Net (Loss) / Profit from ordinary activities after tax but before minority interest and share of loss from associates (9) ± (10) | (869.51) | (344.50) | (949.10) | (1,998.94) | (2,959.22) |
| 12. Share of loss / (profit) from associates | (0.61) | 3.52 | 12.98 | 5.52 | 12.98 |
| 13. Minority interest - share of (profit) / loss | (84.60) | (31.36) | 70.18 | (156.54) | 238.91 |
| 14. Net (Loss) / Profit after tax, minority interest and share of loss of associates (11) ± (12) ± (13) | (953.50) | (379.38) | (891.90) | (2,161.00) | (2,733.29) |
| 15. E B I T D A ((3) + (2)(b) + (4(a))) | 1,109.75 | 1,399.07 | 680.25 | 4,264.06 | 2,554.64 |
| 16. Paid-up equity share capital (Face value - Re. 1 per share) | 603.59 | 603.59 | 436.13 | 603.59 | 436.13 |
| 17. Reserves excluding revaluation reserves as per balance sheet of previous accounting year | | | | 4,356.74 | 4,305.77 |
| 18. Weighted average number of shares used in computing Earnings per share | 6,035,945,275 | 6,035,945,275 | 4,361,247,379 | 5,663,023,512 | 4,232,805,171 |
| 19. Earnings per share - Basic and Diluted - (Rs.) (not annualised) | (1.58) | (0.63) | (2.05) | (3.82) | (6.46) |



| GMR Infrastructure Limited | | | | | |
|--|--------------------|----------------------|--------------------|--------------------|--------------------|
| Report on Consolidated Segment Revenue, Results and Capital Employed | | | | | |
| Particulars | Quarter ended | | | Year ended | |
| | March 31, 2016 | December 31, 2015 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| | Refer Note 43 | Unaudited | Refer Note 43 | Audited | Audited |
| [in Rs. crore] | | | | | |
| 1. Segment Revenue | | | | | |
| a) Airports | 1,831.71 | 1,701.70 | 1,437.78 | 6,556.12 | 5,468.64 |
| b) Power | 1,508.27 | 1,560.83 | 1,173.71 | 5,522.55 | 4,454.49 |
| c) Roads | 204.90 | 192.74 | 193.10 | 806.13 | 766.98 |
| d) EPC | 115.88 | 57.67 | 46.47 | 214.78 | 164.89 |
| e) Others | 223.37 | 210.79 | 186.69 | 795.82 | 707.07 |
| | 3,884.13 | 3,723.73 | 3,037.75 | 13,895.40 | 11,562.07 |
| Less: Inter Segment | 147.45 | 159.48 | 124.84 | 537.74 | 474.39 |
| Segment revenue from operations | 3,736.68 | 3,564.25 | 2,912.91 | 13,357.66 | 11,087.68 |
| 2. Segment Results | | | | | |
| a) Airports | 478.33 | 433.79 | 260.41 | 1,606.46 | 913.53 |
| b) Power | (161.84) | 302.97 | (46.09) | 180.20 | (403.29) |
| c) Roads | 45.04 | 74.62 | 23.39 | 269.69 | 208.59 |
| d) EPC | (1.63) | 1.33 | 15.26 | (1.17) | (3.18) |
| e) Others | 169.04 | 126.30 | 121.99 | 534.94 | 480.46 |
| | 528.94 | 939.01 | 374.96 | 2,590.12 | 1,196.11 |
| Less: Inter Segment | 100.50 | 92.43 | 79.82 | 369.91 | 294.63 |
| Net Segment Results | 428.44 | 846.58 | 295.14 | 2,220.21 | 901.48 |
| Less: Finance costs (net) | 1,101.68 | 1,056.06 | 913.31 | 3,845.15 | 3,403.77 |
| Add/ (Less) - Exceptional items | | | | | |
| a) Profit on sale of subsidiaries / jointly controlled entities - Refer Note 37 and 25 | 2.31 | - | 34.44 | 2.31 | 34.44 |
| b) Loss on impairment of assets in subsidiaries - Refer Note 14, 16, 26, 17(a) and 34 | (164.30) | - | (79.80) | (164.30) | (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 28 | - | - | (91.83) | - | (91.83) |
| e) Reimbursement of expenses pertaining to earlier years received by a subsidiary - Refer Note 13(b) | - | - | - | 51.42 | - |
| f) Provision for diminution in value of investments in an associate - Refer Note 36 | (39.22) | - | - | (39.22) | - |
| (Loss) / Profit before tax | (874.45) | (209.48) | (686.35) | (1,774.73) | (2,806.41) |
| 3. Capital employed | | | | | |
| (Segment Assets - Segment Liabilities) | | | | | |
| a) Airports | 16,042.40 | 16,004.32 | 15,757.40 | 16,042.40 | 15,757.40 |
| b) Power | 28,687.07 | 29,372.25 | 28,717.08 | 28,687.07 | 28,717.08 |
| c) Roads | 3,840.77 | 5,178.65 | 5,247.52 | 3,840.77 | 5,247.52 |
| d) EPC | 243.31 | 88.80 | 278.08 | 243.31 | 278.08 |
| e) Others | 18,266.17 | 18,807.35 | 16,575.99 | 18,266.17 | 16,575.99 |
| | 67,079.72 | 69,451.37 | 66,576.07 | 67,079.72 | 66,576.07 |
| Less: Inter Segment | 8,219.41 | 8,041.01 | 7,677.94 | 8,219.41 | 7,677.94 |
| Unallocated Assets / (Liabilities) | (51,271.70) | (52,846.21) | (49,238.40) | (51,271.70) | (49,238.40) |
| Total | 7,588.61 | 8,564.15 | 9,659.73 | 7,588.61 | 9,659.73 |

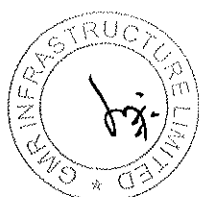


Notes to consolidated financial results for the quarter and year ended March 31, 2016

1. Consolidated Statement of Assets and Liabilities

[in Rs. crore]

| Particulars | As at March 31, 2016 Audited | As at March 31, 2015 Audited |
|--|------------------------------------|------------------------------------|
| Equity and Liabilities | | |
| Shareholders' funds | | |
| Share capital | 603.59 | 1,572.80 |
| Reserves and surplus | 4,356.74 | 4,305.77 |
| Money received against share warrants | - | 141.75 |
| | 4,960.33 | 6,020.32 |
| Preference shares issued by subsidiary companies | 984.25 | 984.25 |
| Share application pending allotment | - | 889.66 |
| Minority interest | 1,644.03 | 1,765.50 |
| Non-current liabilities | | |
| Long-term borrowings | 37,413.35 | 38,738.96 |
| Deferred tax liability (net) | 81.00 | 73.36 |
| Trade payables | 29.14 | 21.03 |
| Other long-term liabilities | 2,186.57 | 2,064.07 |
| Long-term provisions | 104.00 | 59.39 |
| | 39,814.06 | 40,956.81 |
| Current liabilities | | |
| Short-term borrowings | 1,741.10 | 3,511.18 |
| Trade payables | 1,946.83 | 2,035.08 |
| Other current liabilities | 15,785.80 | 10,378.56 |
| Short-term provisions | 295.39 | 271.20 |
| | 19,769.12 | 16,196.02 |
| TOTAL | 67,171.79 | 66,812.56 |
| Assets | | |
| Non-current assets | | |
| Fixed assets | 47,647.05 | 47,822.11 |
| Goodwill on consolidation | 4,162.12 | 3,608.08 |
| Non-current investments | 132.94 | 210.86 |
| Deferred tax asset (net) | 70.93 | 19.04 |
| Long-term loans and advances | 2,306.74 | 2,384.75 |
| Trade receivables | 43.17 | 97.16 |
| Other non-current assets | 3,347.99 | 3,949.41 |
| | 57,710.94 | 58,091.41 |
| Current assets | | |
| Current investments | 1,841.13 | 1,201.82 |
| Inventories | 469.30 | 304.85 |
| Trade receivables | 2,468.32 | 1,624.27 |
| Cash, cash equivalents and other bank balances | 3,121.32 | 3,904.04 |
| Short-term loans and advances | 787.83 | 587.19 |
| Other current assets | 772.95 | 1,098.98 |
| | 9,460.85 | 8,721.15 |
| TOTAL | 67,171.79 | 66,812.56 |



2. Consolidation and Segment Reporting

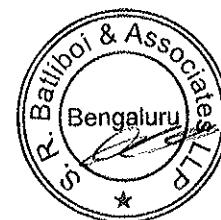
- a. GMR Infrastructure Limited ('the Company' or 'GIL') carries on its business through various subsidiaries, jointly controlled entities and associates (hereinafter referred to as 'the Group'), being special purpose vehicles exclusively formed to build and operate various infrastructure projects. The 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).
3. During the year ended March 31, 2014, the Company along with its subsidiaries GMR Infrastructure (Global) Limited and GMR Infrastructure Overseas Limited entered into a definitive agreement ('SPA') with Malaysia Airports MSC Sdn Bhd ('the buyer') for sale of their 40% equity stake in jointly controlled entities Istanbul Sabiha Gokcen Uluslararası Havalimani Yatırım Yapım Ve İşletme Anonim Şirketi ('ISG') and LGM Havalimani İşletmeleri Ticaret Ve Turizm Anonim Şirketi ('LGM') for a sale consideration of Euro 20.90 crore (net of equity gap adjustment of Euro 1.60 crore and subject to debt and other working capital adjustments).

Pursuant to the SPA entered with the buyer, the Group had provided a guarantee of Euro 4.50 crore towards tax claims, as specified in the SPA for a period till May 2019.
 4. The Group has investments of Rs. 394.17 crore (including loans and interest accrued thereon of Rs. 149.47 crore and investments in equity / preference shares of Rs. 244.70 crore made by the Company and its subsidiaries) in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company as at March 31, 2016. GACEPL has been incurring losses since the commencement of its commercial operations. The management of the Group believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the years ended March 31, 2014, March 31, 2015 and March 31, 2016 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. 184.62 crore (after providing for losses till date of Rs. 209.55 crore) as regards investments in GACEPL as at March 31, 2016 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit 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.



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the MIA and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL's principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. On June 18, 2014, the tribunal delivered its award declaring that the concession agreement was not void ab initio and is valid and binding on the parties. Further, the tribunal declared that the Government of Maldives ('GoM') and MACL are jointly and severally liable to GMIAL for loss caused by repudiation of the contract. The quantum of the damages is yet to be decided and the damages are limited to the sum which would have been recovered under clause 19.4.3 (b) had the concession agreement been terminated on grounds of public interest pursuant to clause 19.2.1 (h). On November 26, 2014, GoM and MACL, served a letter on the tribunal and on GMIAL asserting that the parties to the arbitration have different interpretations of the limitation in Paragraph 167(1)(g) of the aforesaid award of the tribunal ('preliminary issue') and the timetable had been agreed by the parties for hearing of the preliminary issue in the first half of 2015.

On June 17, 2015, the tribunal issued its decision, in respect of the preliminary issue stating that the limit to damages recoverable in the aforementioned award was intended to apply from the date of concession agreement has been repudiated and also that the limit to recoverable damages identified in the aforementioned award means all damages recoverable by GMIAL and not only contractually contemplated damages. Accordingly, on October 1, 2015, GMIAL served the amended schedule of loss to the tribunal and a five day hearing has now been set for the quantum hearing from August 8 to August 12, 2016. In view of the aforesaid matter, GMIAL continues to reflect assets amounting to Rs.1,594.68 crore (USD 23.88 crore) including claim recoverable of Rs. 1,273.14 crore (USD 19.08 crore) at their carrying values as at March 31, 2016, 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 year ended March 31, 2016 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 March 31, 2016 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognised as at March 31, 2016 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 March 31, 2016 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 Audit Report in this regard.

The results of GMIAL do not reflect results of the airport operations post December 7, 2012. The details of its results consolidated till period ended March 31, 2016 are as follows:

(in Rs. crore)

| | Quarter ended March 31, 2016 | Quarter ended December 31, 2015 | Quarter ended March 31, 2015 | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|---------------------------------|------------------------------|---------------------------|---------------------------|
| Total income | - | - | 0.24 | 0.03 | 25.05 |
| Profit/ (loss) after tax and minority interest (before consolidation adjustments) | (13.16) | (9.91) | (4.99) | (45.12) | (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. Pursuant to the takeover of MIA by MACL, GMIAL has terminated the work construction contract with GADLIL on December 10, 2012. These



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

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 year ended March 31, 2016 have been prepared and accordingly consolidated on a going concern basis. The statutory auditors of the Company have qualified their Audit Report in this regard.

6. The Company along with its subsidiary has investments of Rs. 735.80 crore (including loans of Rs. 35.80 crore and investments in equity shares / preference shares of Rs. 700.00 crore made by the Company and its subsidiary) in GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL'), a subsidiary of the Company, which is primarily utilised towards payment of capital advance of Rs. 590.00 crore to its EPC contractors and Rs. 137.47 crore towards indirect expenditure attributable to the project and borrowing costs ('project expenses'). The Group has also provided a bank guarantee of Rs. 269.36 crore to National Highways Authority of India ('NHAI').

GKUAEL had entered into a Concession Agreement with NHAI on November 30, 2011 for six laning of Kishangarh-Udaipur-Ahmedabad section of National Highways 79A, 79, 76 and 8. Pursuant to non-fulfillment of the mandatory 'Conditions Precedent' specified under the Concession Agreement within the due date, GKUAEL issued a notice to NHAI dated December 21, 2012 of its intention to terminate the Concession Agreement. In response, NHAI vide their letter dated January 1, 2013 termed the notice not maintainable both in law and in facts. NHAI in their letter dated January 17, 2013 to GKUAEL also indicated of making good the alleged defaults of NHAI within the cure period of 90 days. The management of GKUAEL had submitted the proposal for the continuance of the project subject to certain modifications in the financial and other terms in the Concession Agreement and held discussions with NHAI for revival of the project. Considering that the efforts for revival of the project did not succeed, GKUAEL issued a notice of dispute to NHAI dated February 16, 2015 invoking arbitration provisions of the Concession Agreement. Both the parties have appointed their arbitrators and the arbitration process is pending commencement. In the meantime, GKUAEL had approached the Hon'ble High Court of Delhi seeking an injunction against invocation of the aforementioned performance bank guarantee by NHAI which has not been accepted by the Hon'ble High Court of Delhi.

Pursuant to the issue of notice of dispute, GKUAEL transferred the aforesaid project costs of Rs. 137.47 crore (including Rs 1.04 crore and Rs.6.48 crore for the quarter and year ended March 31, 2016) incurred upto March 31, 2016 to claims recoverable. Based on its internal assessment, the Group made a provision for such claims recoverable (including Rs. 130.99 crore for the year ended March 31, 2015) which has been disclosed as an 'exceptional item'.

In addition, GKUAEL awarded the EPC contract to GMR Projects Private Limited ('GPPL') to whom GKUAEL has given an advance of Rs. 590.00 crore as stated above. Pursuant to the issue of notice of dispute as stated above, GKUAEL terminated the contract on May 15, 2015. During the year ended March 31, 2016, GKUAEL has received a claim of Rs 840.76 crore from the EPC contractor, however no such claim relating to the termination of contract has been recognized by GKUAEL as at March 31, 2016 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 March 31, 2016. The statutory auditors of the Company have qualified their Audit Report in this regard.

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

During the year ended March 31, 2013, GEL received a notice for Good Faith Negotiation under erstwhile FSA entered into between GEL and the fuel supplier with respect to dispute regarding liquidated damages



amounting to Rs. 296.16 crore along with an interest of Rs. 5.55 crore towards failure of GEL to purchase the annual guaranteed quantity for the period from November 21, 2001 to June 6, 2008. GEL vide its letter dated October 31, 2012 had disputed the demand from the fuel supplier towards the aforementioned damages.

During the year ended March 31, 2014, the fuel supplier had filed a petition in the Hon'ble High Court of Karnataka seeking appointment of a sole arbitrator for the resolution of the dispute. GEL filed its reply on January 8, 2014 and as per the High court order dated September 11, 2014 arbitrators have been appointed. During the year ended March 31, 2015, the fuel supplier submitted its statement of claim amounting to Rs. 272.63 crore (after adjusting dues of Rs. 29.08 crore payable to GEL) towards liquidated damages and interest at the rate of 15% per annum on such liquidated damages. Further, GEL filed its statement of defense and counter claim amounting to Rs. 35.96 crore along with interest at the rate of 18% per annum. The final outcome of the arbitration is pending conclusion. However based on its internal assessment and a legal opinion, the management of the Group is confident that the claim of the fuel supplier towards such liquidated damages is not tenable and accordingly no adjustments have been made to the accompanying consolidated financial results of the Group and the claim from the fuel supplier has been considered as a contingent liability as at March 31, 2016.

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.

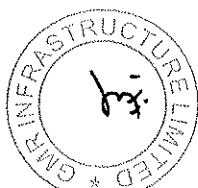
TAGENDCO filed a petition against TNERC Order in Appellate Tribunal for Electricity ('APTEL'). In terms of an interim Order on November 19, 2010 from APTEL, TAGENDCO deposited Rs. 537.00 crore including interest on delayed payment of the claim amount. APTEL vide its Order dated February 28, 2012, upheld the claim of GPCL and further directed GPCL to verify and pay counterclaims 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 Hon'ble Supreme Court vide its order dated April 24, 2014, has referred the dispute to TNERC for examining the claim of the contesting parties in so far as the quantum of amount is concerned. 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, 2014 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 Audit Report in this regard.

9. a) In view of lower supplies / availability of natural gas to the power generating companies in India, the Company's subsidiaries GEL, GMR Vemagiri Power Generation Limited ('GVPGL') and GMR Rajahmundry Energy Limited ('GREL') are facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL has not generated and sold electrical energy since April 2013 and GVPGL has not generated and sold electrical energy since May 2013 till March 31, 2015 and have been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply, thereby resulting in erosion of net worth. GREL had not commenced commercial operations pending linkages of natural gas supply from the Ministry of Petroleum and Natural Gas till the period ended September 30, 2015 and accordingly, the consortium of lenders had approved the reschedulement of Commercial Operation Date ('COD') of GREL to



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

October 22, 2015 and repayment of project loans and have agreed for further funding of Rs. 707.00 crore to meet its cost overruns on account of delays in commissioning of its power plant.

In March 2015, the Ministry of Power, Government of India ('GoI') issued a scheme for utilization of the gas based power generation capacity for the years ended March 31, 2016 and 2017. The scheme envisages supply of imported spot RLNG 'e-bid RLNG' to the stranded gas based plants as well as plants receiving domestic gas, upto the target plant load factor ('PLF'), selected through a reverse e-bidding process and also intervention / sacrifices to be collectively made by all stakeholders. The aforementioned gas based power plants of the Group are included in the list of stranded gas based power plants and are entitled to participate in the e-bidding process. GVPGL and GREL emerged as successful bidders in the auction process organised by the Ministry of Power in May 2015, September 2015 and March 2016 and have been awarded the Letter of Intent for gas allocation for 4 months period ended September 2015, for 6 months period ended March 2016 and September 2016, respectively, which has facilitated the operations of both GREL and GVPGL at varying capacity and accordingly GVPGL and GREL have commenced operations on an intermittent basis from August 2015 and October 2015 respectively. There has been a significant decline in the price of imported gas and in view of the proposed amendment to the Central Sales Tax Act with regard to gas sold or purchased and transported through a common carrier pipeline or any other common transportation distribution systems, the management of the Group believes that these would result in significant reduction in the costs of imported gas.

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 domestic and imported gas, future tariff and other operating parameters, which it believes reasonably reflect the future expectations from these projects. The management of the Group will monitor these aspects closely and take actions as are considered appropriate and is confident that these gas based entities will be able to generate sufficient profits in future years and meet their financial obligations as they arise. Based on the aforementioned reasons, business plans and a valuation assessment carried out by an external expert, 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 March 31, 2016 is appropriate and these consolidated financial results of the Group do not include any adjustments that might result from the outcome of this uncertainty. In the meantime, the Company has also committed to provide necessary financial support to these companies as may be required for continuance of their normal business operations. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report. In this regard, also refer note 9(b), 9(c) and 39.

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

c) During the year ended March 31, 2016, under a Framework for Revitalising Distressed Assets in the Economy, Reserve Bank of India ('RBI') has issued Strategic Debt Restructuring Scheme ('SDR'), under which the lenders have to collectively hold 51% or more of the equity shares in the Company with distressed assets. In respect of GREL, due to the operations at sub optimal level of PLF based on e-RLNG gas, the



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

current operational income was not sufficient for servicing the entire debt obligations. In view of the same, the lenders' consortium decided to invoke Strategic Debt Restructuring Scheme to convert part of the debt outstanding into equity and to undertake flexible structuring of balance debt post conversion as a Corrective Action Plan for improving viability and revival of the project. Pursuant to the scheme, borrowings aggregating to Rs. 1,308.57 crore and interest accrued thereon amounting to Rs. 105.42 crore has been converted into equity shares of GREL subsequent to the year ended March 31, 2016 for 55% stake in equity share capital of GREL.

Post conversion, balance external borrowings would be subject to flexible structuring (5/25 scheme) for repayment of the same over a period of 20.50 years comprising of moratorium period of 1.75 years and structured quarterly repayment period of 18.75 years.

The details of its results of GREL consolidated till period ended March 31, 2016 are as follows:

| | (in Rs. crore) | | | | |
|---|------------------------------|---------------------------------|------------------------------|---------------------------|---------------------------|
| | Quarter ended March 31, 2016 | Quarter ended December 31, 2015 | Quarter ended March 31, 2015 | Year ended March 31, 2016 | Year ended March 31, 2015 |
| Total income | 228.97 | 116.10 | - | 345.07 | - |
| Profit/ (loss) after tax and minority interest (before consolidation adjustments) | (127.72) | (126.92) | (3.47) | (257.98) | (4.33) |

10. The Company through its subsidiary has investments of Rs. 2,530.93 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 March 31, 2016 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. 1,613.03 crore which has resulted in substantial erosion of GKEL's net worth due to operational difficulties faced during the early stage of its operations. However, the losses have reduced and are Rs. 269.67 crore for the year ended March 31, 2016 vis-a-vis losses of Rs. 853.78 crore for the year then ended March 31, 2015. Further, pursuant to the RBI's framework for revitalizing distressed assets in the economy (including strategic debt restructuring scheme), the consortium of bankers have amended the rupee term loan agreement on June 29, 2015 and accordingly loan is to be repaid in 66 quarterly structured instalments from October 1, 2017. During the year ended March 31, 2016, GKEL has received favourable orders with regard to its petitions for 'Tariff Determination' in case of PPA with GRIDCO Limited and for 'Tariff Revision' in case of PPAs with Haryana DISCOMs through PTC India Limited from Central Electricity Regulatory Commission ('CERC') as detailed in note 11(a) and note 11(b) respectively. In view of these matters, business plans, valuation assessment carried out by an external expert and continued financial support by the Company, the management of the Group is of the view that the carrying value of the net assets in GKEL as at March 31, 2016 is appropriate.

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

CERC passed an Order on January 3, 2014 on the maintainability of the Tariff Petition filed by GKEL. CERC, inter alia, held GKEL is an inter-state generating station having a composite scheme for generation and supply of electricity to more than one State in terms of Section 79(1)(b) of the Electricity Act and it has jurisdiction to determine the tariff for supply of power to GRIDCO. GRIDCO had filed an appeal before the Hon'ble APTEL challenging the CERC order dated January 03, 2014 with respect to its jurisdiction to determine tariff and stay the Order. The Hon'ble APTEL concluded the hearing in the main appeals on January 11, 2016 and passed its judgement on April 7, 2016 and held that the CERC has the jurisdiction to determine the tariff under section 79(1)(b) of the Electricity Act.

CERC after considering the submissions by both the parties vide its Order dated November 12, 2015, arrived at tariff for the year 2013-14 in terms of 2009-14 tariff regulations. GKEL has done detailed workings for



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

computation of tariff as per the project cost approved in accordance with CERC Regulations and has submitted supplementary bills to GRIDCO during the year for differential tariff over and above the provisional tariff of Rs 2.75/kwh separately for Financial Year 2013-14, 2014-15 and 2015-16 (upto November 2015) of Rs. 4.55 crore, Rs. 95.69 crore and Rs. 133.58 crore respectively aggregating to Rs. 233.82 crore as determined by the Order. GKEL has also raised regular bills aggregating to Rs 204.33 crore for the period from December 2015 to March 2016 based on the tariff decided as per CERC tariff order. The billing for the period from 2014-15 has been done in terms of Regulation 7(8)(i) of CERC tariff regulations 2014-19 ('CERC tariff regulations 2014-19'). The said bills have been duly acknowledged by GRIDCO and presently under verification at their end.

GKEL has done truing up of tariff working for billings already done for Financial Year 2014-15 and 2015-16 considering truing up petition filed by GKEL based on CERC tariff regulations 2014-19. In terms of the same, the income billed to the extent of Rs. 27.17 crore and Rs. 45.73 crore for Financial Year 2014-15 and 2015-16 respectively aggregating to Rs. 72.90 crore has been reversed on the basis of prudence during the year ended March 31, 2016.

b) GKEL has committed to sell up to 300 MW to Uttar Haryana Bijli Vidyut Nigam Limited and Dakshin Haryana Bijli Vidyut Nigam Limited ("Haryana Discoms") through PTC India Limited under Section 63 of the Electricity Act (i.e competitive bidding). GKEL filed a petition before CERC claiming additional tariff considering the change in law impact on various variable cost components. CERC has, after considering the submission by both the parties vide its Order dated February 3, 2016 has allowed GKEL's claim for royalty on coal, levy of clean energy cess, excise duty on coal and short fall in the quantum of linkage coal. GKEL has done detailed workings for the same and has submitted supplementary invoices for financial years 2013-14, 2014-15 and 2015-16 of Rs. 1.42 crore, Rs. 49.34 crore and Rs. 65.18 crore respectively aggregating to Rs. 115.94 crore (net of margin) to PTC India Limited for compensation against various Change in Law events and have recognised the same as revenue from operations. The said invoices have been duly acknowledged by PTC India Limited and are presently under verification at their end.

12. During the quarter and year ended March 31, 2016, GMR Hotels and Resorts Limited ('GHRL'), a subsidiary of GMR Hyderabad International Airport Limited ('GHIAL'), has incurred net loss of Rs. 2.64 crore and Rs. 16.63 crore respectively during quarter and the year ended March 31, 2016 and has accumulated losses of Rs. 145.83 crore as at March 31, 2016, which has resulted in complete erosion of GHRL's net worth and its current liabilities exceeded its current assets as at March 31, 2016. 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, these consolidated financial results of the Group do not include any adjustments relating to the recoverability of carrying amount of net assets if GHRL were unable to continue as a going concern.

13. a) The Company through its subsidiary has investments of Rs. 1,191.84 crore (including investments in equity / preference share capital, subordinate loans and interest accrued thereon) in GMR Warora Energy Limited ('GWEL') (formerly known as 'EMCO Energy Limited'), a subsidiary of the Company, as at March 31, 2016 and has also provided corporate / bank guarantee towards loans taken by GWEL from the project lenders. GWEL is engaged in the business of generation and sale of electrical energy from its coal based power plant of 600 MW situated at Warora. GWEL has accumulated losses of Rs. 1,084.16 crore as at March 31, 2016, which has resulted in erosion of GWEL's entire net worth. GWEL has achieved the COD of Unit I in March 2013 and of Unit II in September 2013 and has tied up entire power supplies capacity with customers and has completed the refinancing of its term and other loans with the lenders which has resulted in the reduction in the rate of interest and extended repayment period. Though the net worth of GWEL is fully eroded, the losses have reduced and are Rs. 158.05 crore for the year ended March 31, 2016 vis-a-vis losses of Rs. 370.61 crore for the year ended March 31, 2015. Accordingly, the management of GWEL expects that the plant will generate sufficient profits in the future years and based on business plans and valuation assessment carried out by an external expert, the management of the Group considers that the carrying value of the net assets in GWEL as at March 31, 2016 is appropriate.

b) GWEL entered into a PPA with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') on March 17, 2010 for sale of power for an aggregate contracted capacity of 200 MW, wherein power was required to be scheduled from power plant's bus bar. MSEDCL disputed place of evacuation of power with Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC has directed GWEL to construct separate lines for evacuation of power through State Transmission Utility ('STU') though GWEL was connected to Central Transmission Utility ('CTU'). Aggrieved by the MERC Order, GWEL preferred an appeal with APTEL. APTEL vide its interim Order dated February 11, 2014 directed GWEL to start



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

scheduling the power from GWEL's bus bar and bear transmission charges of inter-state transmission system towards supply of power. GWEL in terms of the interim order scheduled the power from its bus bar from March 17, 2014 and paid inter-state transmission charges. APTEL vide its final Order dated May 8, 2015 upheld GWEL's contention of scheduling the power from bus bar and directed MSEDCL to reimburse the inter-state transmission charges hitherto borne by GWEL as per its interim order. Accordingly as at March 31, 2016, GWEL has raised claim of Rs. 130.46 crore towards reimbursement of transmission charges from March 17, 2014 till March 31, 2016. MSEDCL preferred an appeal with Hon'ble Supreme Court of India and also applied for stay proceedings for the above order of APTEL, which was rejected by the Hon'ble Supreme Court of India. MSEDCL on rejection of stay Order by the Hon'ble Supreme Court of India paid an amount of Rs. 108.86 crore towards such reimbursements for the period March 17, 2014 to December 31, 2015.

In view of the favorable Order from APTEL, rejection of stay petition of MSEDCL by the Hon'ble Supreme Court of India, receipt of substantial amount towards reimbursement of transmission charges and also considering the legal opinion received from legal counsel that GWEL has good tenable case with respect to the appeal filed by MSEDCL against the said Order which is pending before Hon'ble Supreme Court of India, GWEL has recognized the reimbursement of transmission charges of Rs. 79.04 crore relating to the period from April 1, 2015 to March 31, 2016 (including Rs. 22.45 crore for the quarter ended March 31, 2016) as reduction from transmission expenses and Rs. 51.42 crore as an 'exceptional item' in the consolidated financial results for the quarter and year ended March 31, 2016, as the said recovery pertains to the period prior to April 1, 2015. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.

14. The Group through its subsidiary has investments of Rs. 65.00 crore (including goodwill of Rs. 61.80 crore) in equity share capital of SJK Powergen Limited ('SJK'), a subsidiary of the Company as at March 31, 2016. SJK is in the early stage of developing a 2*660 MW imported coal based power plant at Village Lalapur, Madhya Pradesh. During the year ended March 31, 2015, based on an internal assessment, the Group provided for impairment in the value of goodwill in full and disclosed the same as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2015.
15. The Company along with its subsidiary has investments of Rs. 680.10 crore (including loans of Rs. 378.07 crore and investments in equity / preference shares of Rs. 302.03 crore made by the Company and its subsidiary) in GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') a subsidiary of the Company. GHVEPL has been incurring losses since the commencement of its commercial operations. The management 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 of the Group 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 a claim for losses suffered on account of the aforementioned reasons and accordingly filed its claim for the loss of revenue till the year ended March 31, 2015 with NHAI. During the year ended March 31, 2016, NHAI rejected the aforementioned claims and consequently GHVEPL has invoked dispute resolution process as per the provisions of the Concession Agreement. Subsequently, NHAI has intimated GHVEPL that conciliation has failed and the management of GHVEPL is in the process of initiating the arbitration. The management of the Group is confident that it will be able to claim compensation from the relevant authorities for the loss it suffered due to aforementioned reasons and based on valuation assessment carried out by an external expert which is significantly dependent on the fructification of the aforesaid claims believes that the carrying value of net assets of Rs. 360.53 crore (after providing for losses till date of Rs. 319.57 crore) as regards investments in GHVEPL as at March 31, 2016, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.
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 had 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. a) The Company through its subsidiaries has investments of Rs. 414.44 crore (USD 6.21 crore) including loan and interest accrued thereon in PT Dwikarya Sejati Utama ('PTDSU') as at March 31, 2016. 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 pursuant to a settlement agreement dated June 25, 2014, the deferred consideration of USD 2.00 crore was agreed with the sellers of PTDSU. As per the settlement agreement, the



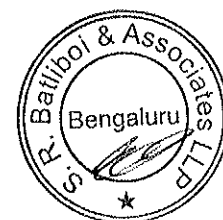
Notes to the consolidated financial results for the quarter and year ended March 31, 2016

Group has paid USD 0.50 crore and the balance USD 1.50 crore was to be paid in 16 equal quarterly instalments, commencing from June 30, 2015. Further the Group has pledged 35% shares of PTBSL as a security towards the payment of the balance instalments.

The consolidated financial statements of PTDSU and its subsidiaries PTBSL and PTDSI as at March 31, 2016 have accumulated losses of Rs. 30.67 crore (USD 0.50 crore). PTBSL, a coal property company commenced coal production on a trial basis and achieved a production of 28,000 MT during the year ended March 31, 2015. Though, these entities are currently unable to produce coal in view of limitations on transportation of coal due to water levels in Musi River, the management is hopeful of resuming production once the water levels are stabilized. In addition, the coal prices have significantly declined from May 2015 onwards. The management believes that the inability to produce coal as referred above and decline in the prices is expected to be temporary and as such do not have a significant impact on the ability of these entities to continue as a going concern. PTDSU and its subsidiaries are confident of raising finance as may be required for development of mines and continuance of their normal business operations. Based on these factors and a valuation assessment carried out by an external expert, management of the Group is of the view that the carrying value of the net assets in PTDSU and its subsidiaries after providing for impairment in the value of goodwill amounting to Rs. 100.16 crore is appropriate as at March 31, 2016. The aforesaid impairment has been disclosed as an 'exceptional item' in these consolidated financial results of the Group for the quarter and year ended March 31, 2016. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.

b) The Company through its subsidiary GMR Coal Resources Pte. Limited ('GCRPL') has investments of Rs. 3,384.71 crore (USD 50.69 crore) in PT Golden Energy Mines ('PTGEMS'), a jointly controlled entity of the Group as at March 31, 2016. PTGEMS along with its subsidiaries is engaged in the business of coal mining and trading activities. The Group has a Coal Supply Agreement ('CSA') with PTGEMS whereby the Group is entitled to offtake stated quantity of coal as per the terms of the CSA at a predefined discount. The Group has not significantly commenced the offtake of the coal under the CSA, however the management of the Group is of the view that the same will not have an impact on their total entitlement of offtake of coal under the CSA. The management of the Group is also negotiating certain terms of the CSA which are pending conclusion. The coal prices have significantly declined from May 2015 onwards. However, the management of the Group believes that such decline in the prices is expected to be temporary and such decline has been compensated by favorable currency movements in Indonesia and cost efficiency measures in mining activities in PTGEMS. The Group along with GCRPL is also in active discussion with the lenders to restructure its loans. Based on these factors and valuation assessment carried out by an external expert, the management of the Group believes that the carrying value of the net assets in PTGEMS as at March 31, 2016 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.

18. The Comptroller and Auditor General of India ('CAG') had conducted the performance audit of Public Private Partnership ('PPP') project of Airport Authority of India ('AAI') at Delhi Airport, for the period 2006 to 2012. CAG had presented its report before the Rajya Sabha on August 17, 2012 wherein they had made certain observations on Delhi International Airport Limited ('DIAL'). The Public Accounts Committee ('PAC'), constituted by the Parliament of India, has examined the CAG report and submitted its observations and recommendations to Lok Sabha vide its ninety fourth report in February 2014. The management of the Group is of the opinion that the observations in the CAG report and the PAC report do not have any financial impact on the consolidated financial results of the Group for the quarter and year ended March 31, 2016.
19. A search under Section 132 of the IT Act was carried out at the premises of the Company and certain entities of the Group by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates during the year ended March 31, 2013, to check the compliance with the provisions of the IT Act. The Income Tax department has subsequently sought certain information / clarifications. During the years ended March 31, 2015 and March 31, 2016, 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.
20. The Company has given an interest free loan of Rs. 115.00 crore to Welfare Trust of GMR Infra Employees ('GWT') during the year ended March 31, 2011 for the purpose of employee benefit scheme. Based on the confirmation received from GWT, the trust has utilised the proceeds of the loan received from the Company in the following manner:



(in Rs. crore)

| | |
|---|---------------|
| Equity shares of the Company | 101.55 |
| Equity shares of GMR Airports Limited ('GAL') (a subsidiary of the Company) | 11.28 |
| Others | 2.17 |
| Total | 115.00 |

SEBI had issued Circular CIR/CFD/DIL/3-2013 dated January 17, 2013 prohibiting listed companies from framing any employee benefit scheme involving acquisition of its own securities from the secondary market. SEBI had issued Circular CIR/CFD/POLICYCELL/14/2013 dated November 29, 2013 extending the date of compliance to June 30, 2014. The management of the Company submitted the details of the GWT to the stock exchanges. SEBI has issued a Notification dated October 28, 2014 notifying "The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014" ("SEBI Regulations") whereby the Companies having existing schemes to which these regulations apply are required to comply with these regulations within one year of the effective date of the regulations and the trusts holding shares, for the purposes of implementing general employee benefit schemes, which exceed ten percent of the total value of the assets of the trusts, shall have a period of five years to bring down trusts' holding in such shares to the permissible limits. Recently, SEBI published Frequently Asked Question ("FAQ") on SEBI Regulations and clarified that appropriation of shares towards ESPS/ESOP/SAR/General Employee Benefits Scheme/Retirement Benefit Schemes by October 27, 2015 would be considered as compliance with proviso to regulation 3(12) of the SEBI Regulations. The Company may appropriate towards individual employees or sell in the market during next four years so that no unappropriated inventory remains thereafter. The shareholders have approved the revised terms and conditions of the scheme by passing a special resolution in the annual general meeting of the Company held on September 23, 2015 and the Company will ensure compliance with other applicable provisions of the new regulations within the permissible time period. Further, as per the trust deed, GWT is constituted for undertaking only employee benefit schemes and hence the Group has not consolidated the financial results of GWT in these consolidated financial results of the Group.

21. As at March 31, 2016, the Company along with its subsidiary has investments of Rs. 369.80 crore (including investments in equity share capital and subordinate loan and interest accrued thereon) in GMR Badrinath Hydro Power Generation Private Limited ('GBHPL'), a subsidiary of the Company. GBHPL is in the process of setting up 300 MW hydro based power plant in Alaknanda river, Chamoli District of Uttarakhand. The Hon'ble Supreme Court of India, while hearing a civil appeal in the matters of Alaknanda Hydro Power Company Limited, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by the 24 projects coming up on the Alaknanda and Bhagirathi basins until further orders. Further, during the year ended March 31, 2016, Ministry of Environment Forest and Climate Change (MoEF) has represented to the Supreme Court of India that of the six hydro projects in Uttarakhand, two projects including GBHPL requires certain design modifications as per the policy stipulations. However, 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 carried out by an external expert, the management of the Group is of the view that the carrying value of net assets of Rs. 258.62 crore of GBHPL as at March 31, 2016 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.
22. As at March 31, 2016, GMR Infrastructure (Cyprus) Limited, a subsidiary of the Company, has fixed deposits of Rs. 457.71 crore with Eurobank, Cyprus. The Republic of Cyprus is presently facing economic difficulties. The management of the Group is of the view that in spite of such economic difficulties, the amount held as fixed deposit with Eurobank is good for recovery though withdrawal of the amount from the Republic of Cyprus would be subject to restriction as may be imposed by the Central Bank of Cyprus.
23. a) As at March 31, 2016, the Company through its subsidiary has investments of Rs. 3,411.83 crore (including investments in equity share capital, preference share capital, share application money pending allotment, subordinate loans and interest accrued thereon) in GMR Chhattisgarh Energy Limited ('GCHEPL'), a subsidiary of the Company and has also provided corporate / bank guarantee towards loan taken by GCHEPL from the project lenders.

GCHEPL has experienced certain delays and incurred cost overruns in the completion of the project including additional claims from EPC contractors. As per the management of GCHEPL, additional claims from EPC contractors are not expected to be material. GCHEPL 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. During the year ended March 31, 2015, GCHEPL was allotted two coal



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

mines to meet its fuel requirements. GCHEPL has declared commercial operations of Unit I and coal mine on November 1, 2015 and Unit II of its 1,370 MW coal based thermal power plant at Raipur district, Chhattisgarh on March 31, 2016.

GCHEPL does not have PPAs 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. Though the COD for Unit I was declared from June 1, 2015, GCHEPL commenced generation of power on November 1, 2015 and sold power on a merchant basis. As a result, during the year, GCHEPL has incurred a loss of Rs 454.50 crore and has accumulated losses of Rs. 494.84 crore as at March 31, 2016.

GCHEPL's future revenues, profitability of operations and servicing of its debts is dependent upon tying up of its entire generation capacity for profitable rates through long term and medium term PPAs in a power scarce market, achievement of higher PLF and refinancing of existing loans with lower interest rates with banks and successful gains from the government announced initiatives of tolling linkage. Considering the improvement in the power market in India, GCHEPL is hopeful of tying up its significant generation through profitable long term PPAs, tolling linkage and also obtaining Mega Power Status along with refinancing of loans and reduction in interest rates on borrowings. GCHEPL is in active discussion with the lenders to restructure its loans and towards funding of cost overruns. Due to these reasons and based on business plans and valuation assessment carried out by an external expert, the management of the Group is of the view that the carrying value of the net assets in GCHEPL as at March 31, 2016 is appropriate. In estimating the future cash flows, the management has, in the absence of long term / medium term PPAs, made certain key assumptions relating to the future revenues based on externally available information, restructuring of loans to the lenders, continued financial support by the Company and operating parameters which the management believes reasonably reflect the future expectations of these items. In view of the above, the Group will monitor these assumptions closely on a periodic basis and take action as is considered appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.

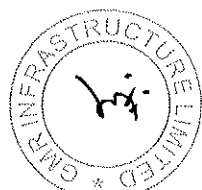
b) GCHEPL had not capitalised Unit 1 of its power plant from the declared date of commercial operation, which is June 1, 2015. During the year ended March 31, 2015, GCHEPL was allotted two coal mines to meet its fuel requirements. The management is of the view that these coal mines have become integral part of the power plant and Unit 1 of the power plant is linked to one of the coal mines for the purpose of its operations and it will commence production once the coal mine becomes operational. The said mine had started extraction from August 1, 2015, however the coal extracted was not sufficient to consider the coal mine operational to run Unit 1 of its power plant on a continuous basis. Post ramp-up of coal production, GCHEPL has started commercial generation of power from Unit 1 of the power plant from November 01, 2015 and has declared COD of Unit 1 along with one of its mines w.e.f. October 31, 2015. In view of the same, cost of Unit 1 of the power plant and one of its coal mines is considered as project costs and accordingly the Group capitalised indirect expenditure and borrowing costs incurred during the period June 1, 2015 to October 31, 2015 amounting to Rs. 43.36 crore and Rs.219.01 crore respectively and has also not charged depreciation with effect from June 1, 2015 of Rs. 106.72 crore in the accompanying consolidated financial results. The statutory auditors of the Company have qualified their Audit Report in this regard.

24. DIAL has accumulated losses of Rs. 233.09 crore as at March 31, 2016 which has resulted in part erosion of net worth of DIAL as at March 31, 2016. However, DIAL has earned profits during the quarter and year ended March 31, 2016 and March 31, 2015 and has met all its obligations as at March 31, 2016.

The Airport Economic Regulatory Authority ('AERA') vide its powers conferred by Section 13(1) (a) of the AERA Act, 2008 passed an Aeronautical tariff order Viz. 03/2012-13 issued on April 24, 2012 which determined the Aeronautical tariff to be levied at Delhi Airport for the fourth and fifth year of tariff period of first five year control period (i.e. 2009 - 2014). The first five year control period referred to above ended on March 31, 2014.

DIAL had filed a writ petition before the Hon'ble High Court of Delhi seeking extension of existing tariff as allowed vide AERA order No. 03/2012-13 issued on April 24, 2012 till disposal of DIAL's appeal pending before Airports Economic Regulatory Authority Appellate Tribunal ('AERAAT'). Subsequently, Hon'ble High Court of Delhi vide its final order dated January 22, 2015 ordered that the tariff determined by AERA for the First Control Period vide Tariff Order No.03/2012-13 issued on April 24, 2012 shall continue till the disposal of the appeals pending against the said Tariff Order, by AERAAT.

AERA has filed a Special Leave Petition ("SLP") dated April 24, 2015 in the Hon'ble Supreme Court of India, seeking interim relief from the final order of Hon'ble High Court of Delhi dated January 22, 2015. AERA has also filed an application before Hon'ble Supreme Court seeking directions for the implementation of its tariff



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

order for second control period. The pleadings of the parties are complete and now listed for arguments on SLP and applications in due course

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

DIAL has filed an appeal against the AERA order No. 40/2015-16 dated December 08, 2015 with AERAAT on January 11, 2016. In view of above legal proceedings, the implementation of AERA order for second control period, the said order cannot be implemented till the disposal of all legal issues associated with the order. The revenue so collected by DIAL during this interim period will be adjusted from the aggregate revenue requirement for the second control period w.e.f. April 1, 2014.

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

25. During the year ended March 31, 2015, the Group divested 26% of its stake in Delhi Cargo Service Center Private Limited and 40% of its stake in Devyani Food Street Private Limited and realised a profit of Rs. 34.44 crore on such divestment, which is disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2015.
26. During the quarter and year ended March 31, 2016, GMR Aero Technic Limited ('GATL') (formerly known as 'MAS GMR Aero Technic Limited'), a subsidiary of the Company, has incurred net loss of Rs.19.50 crore and Rs. 55.91 crore respectively and has accumulated losses of Rs. 351.04 crore as at March 31, 2016, 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/ cash losses in the year ended March 31, 2016 and in the previous year and its current liabilities exceeded its current assets as at March 31, 2016. Though the networth of GATL is fully eroded, the losses have reduced and are Rs. 55.91 crore for the year ended March 31, 2016 vis-a-vis losses of Rs. 68.66 crore for the year the ended March 31, 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 March 31, 2016 is appropriate.

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

During the year ended March 31, 2015, MoCA responded that, it is not in a position to consider the request for enhancement in the PSF (SC) tariff. As a result, GHIAL requested MoCA to advise the AERA for considering the cost of land/ construction and other related costs with regard to the aforesaid residential quarters in



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

determination of Aeronautical Tariff for the Hyderabad airport. 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 accompanying consolidated financial results of the Group for the quarter and year ended March 31, 2016. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.

28. DIAL has issued 6.125% senior secured notes due 2022 of USD 28.88 crore on February 3, 2015 to refinance its existing external commercial borrowings. As a result of such refinancing, certain Interest Rate Swap ('IRS') which were outstanding on the existing external commercial borrowings of USD 28.88 crore, prior to refinancing were cancelled and DIAL paid Rs. 91.83 crore towards such cancellation of IRS. The same was disclosed as an 'exceptional item' in the consolidated financial statements of the Group for the year ended March 31, 2015.
29. The Company through its subsidiary has investments of Rs. 164.98 crore in the equity share capital of GPCL. The PPA entered into by GPCL with TAGENDCO for 15 years expired on February 14, 2014 and was extended till February 14, 2015. There has been no further renewal of the PPA post the aforementioned date and as a result GPCL has not generated and sold electricity subsequent to February 14, 2015. The going concern assumption of GPCL is significantly dependent upon its PPA arrangements, achievement of business plans and continued availability of funds. The management of GPCL is in discussion with TAGENDCO and is confident of entering into power supply agreements and raising funds to meet its financial commitments. In view of these aspects and a valuation assessment carried out by a technical expert, the management of the Group believes that the carrying value of its net assets in GPCL as at March 31, 2016 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.
30. During the year ended March 31, 2014, pursuant to the equity shareholders' approval obtained on March 20, 2014, the Company issued 11,366,704 Compulsorily Convertible Preference Shares ('CCPS') of face value of Rs. 1,000 each comprising of (a) 5,683,351 Series A CCPS each fully paid up, carrying a coupon rate of 0.001% per annum ('p.a.') and having a term of 17 months from the date of allotment and (b) 5,683,353 Series B CCPS each fully paid up, carrying a coupon rate of 0.001% p.a. and having a term of 18 months from the date of allotment to IDFC Limited, Duncarn Investments (Mauritius) Pte Limited, GKFF Ventures, Premier Edu-Infra Solutions Private Limited and Skyron Eco-Ventures Private Limited. The Series A CCPS and Series B CCPS were convertible into equity shares upon the expiry of their respective terms in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital Disclosure Requirements) Regulations, 2009, as amended ('ICDR Regulations') on the basis of the minimum permissible price, computed in accordance with Regulation 76 read with Regulation 71(b) of the SEBI ICDR Regulations on the conversion date. Pursuant to the approval of the Management Committee of the Board of Directors dated August 26, 2015 and September 26, 2015, the Company approved the allotment for conversion of aforesaid Series A CCPS into 359,478,241 equity shares of face value of Re.1 each at a price of Rs.15.81 per equity share (including securities premium of Rs.14.81 per equity share) and the Series B CCPS into 380,666,645 equity shares of face value of Re.1 each at a price of Rs.14.93 per equity share (including securities premium of Rs.13.93 per equity share) respectively.
31. Pursuant to the approval of the Management Committee of the Board of Directors dated April 18, 2015, the Company approved the allotment of 934,553,010 equity shares of face value of Re.1/- each at a price of Rs. 15 per equity share (including securities premium of Rs. 14 per equity share) for an amount aggregating to Rs. 1,401.83 crore to the existing equity shareholders of the Company on rights basis in the ratio of 3 equity shares for every 14 equity shares held by equity shareholders under chapter IV of the SEBI ICDR Regulations and provisions of all other applicable laws and regulations.

The details of utilization of rights issue as at March 31, 2016 is stated below:

| Particulars | (in Rs. crore) | | |
|--|--|-----------------|-------------------------------------|
| | Amount proposed to be utilised from net proceeds | Amount utilized | Balance amount as at March 31, 2016 |
| Full or partial repayment or prepayment of borrowings and payment of interest, prepayment penalty or premium on borrowings | 1,035.00 | 1,035.00 | - |
| Extend facilities to Company's subsidiary towards part repayment of the subsidiary's borrowings | 215.00 | 215.00 | - |
| General corporate purpose | 131.98 | 131.98 | - |



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

(in Rs. crore)

| Particulars | Amount proposed to be utilised from net proceeds | Amount utilized | Balance amount as at March 31, 2016 |
|------------------------|--|-----------------|-------------------------------------|
| Issue related expenses | 19.85 | 19.85 | - |
| Total | 1,401.83 | 1,401.83 | - |

32. On July 02, 2014, the Board of Directors of the Company approved an issue and allotment of upto 180,000,000 warrants having an option to apply for and be allotted equivalent number of equity shares of face value of Re.1/- each on a preferential basis under chapter VII of the SEBI ICDR Regulations and provisions of all other applicable laws and regulations and accordingly the Company received an advance of Rs. 141.75 crore against such share warrants. The shareholders approved the aforesaid issue of warrants through postal ballot on August 12, 2014. Pursuant to the approval of the Management Committee of the Board of Directors dated February 26, 2016 the outstanding warrants have been cancelled as the holders did not exercise the option within the due date of 18 months from the date of allotment, and Rs. 141.75 crore received as advance towards such warrants has been forfeited in accordance with the SEBI ICDR Regulations during the year ended March 31, 2016. The said amount has been credited to Capital Reserve account in the consolidated financial results of the Group for the quarter and year ended March 31, 2016.
33. Pursuant to the approval of the Management Committee of the Board of Directors dated December 10, 2015, the Company has issued 7.50% Foreign Currency Convertible Bonds ('FCCBs') of USD 30.00 crore to Kuwait Investment Authority with a maturity period of 60 years.
34. During the year ended March 31, 2016, based on an internal assessment of its investments in certain power entities, the Group has made an impairment provision of Rs. 64.14 crore towards the carrying value of the net assets in such entities, which has been disclosed as an 'exceptional item' in the consolidated financial results of the Group for the quarter and year ended March 31, 2016.
35. The Group has adopted component accounting as required under Schedule II to the Companies Act, 2013 ('the Act') from April 1, 2015 for domestic entities. The Group was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset. Due to application of Schedule II to the Companies Act, 2013, the Group has changed the manner of depreciation for its fixed assets. Now, the Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the principal asset. These components are depreciated over their useful lives; the principal asset is depreciated over the life of such asset. The Group has used transitional provisions of Schedule II to the Act to adjust the impact of component accounting arising on its first application. If a component has Nil remaining useful life on the date of component accounting becoming effective, i.e., April 1, 2015, its carrying amount, after retaining any residual value, is charged to the consolidated statement of profit and loss. The carrying amount of other components, i.e., components whose remaining useful life is not nil on April 1, 2015, is depreciated over their remaining useful lives. Had the Group continued to use the earlier policy of depreciating fixed assets, the depreciation expenses and accumulated losses after tax for the year ended March 31, 2016 would have been lower by Rs. 70.15 crore.
36. During the year ended March 31, 2016, the Company along with its subsidiaries GMR Highways Limited ('GMRHL') and GEL entered into a Share Purchase Agreement ('SPA') with India Infrastructure Fund for divestment of their entire 26% equity stake in their associate, Ulundurpet Expressways Private Limited ('UEPL'), for a sale consideration of Rs. 32.50 crore. As at March 31, 2016, the sale transaction has not been completed, however, the Group has made a provision for diminution in the value of its investments in UEPL amounting to Rs. 39.22 crore based on the said SPA, which has been disclosed as an 'exceptional item' in the consolidated financial results of the Group for the quarter and year ended March 31, 2016.
37. During the year ended March 31, 2016, the Company along with its subsidiary GMRHL entered into a SPA with Oriental Structural Engineers Private Limited, Oriental Tollways Private Limited and Orbit Infraventures LLP for divestment of 117,300,000 equity shares of Rs. 10 each, representing their 51.00% stake in GMR OSE Hungud Hospet Highways Private Limited ('GOSHHEPL'), a subsidiary of the Company for a sale consideration of Rs. 59.14 crore. As at March 31, 2016, 34,477,000 shares have been transferred and the Group has realized a profit of Rs. 2.31 crore on such sale of shares, which has been disclosed as an



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

'exceptional item' in the consolidated financial results of the Group for the quarter and year ended March 31, 2016. Further, as at March 31, 2016, the Group has provided an interest free loan of Rs. 20.08 crore which is repayable by August 31, 2016.

Pursuant to the aforesaid transfer the Group has accounted for the remaining investment in GOSHHEPL as an associate in accordance with AS-13 'Accounting for Investments'.

The details of the results of GOSHHEPL till year ended March 31, 2016 are as follows:

(in Rs. crore)

| | Quarter ended March 31, 2016 | Quarter ended December 31, 2015 | Quarter ended March 31, 2015 | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|---------------------------------|------------------------------|---------------------------|---------------------------|
| Total income | 31.35 | 29.50 | 28.82 | 120.17 | 106.50 |
| Profit/ (loss) after tax and minority interest (before consolidation adjustments) | (6.11) | (4.04) | (6.38) | (22.41) | (22.76) |

38. During the year ended March 31, 2016, GEL has entered into a memorandum of understanding ('MOU') for divestment of its 100% equity stake in its subsidiaries, Maru Transmission Service Company Limited ('MTSCL') and Arvalli Transmission Service Company Limited ('ATSCL') for a consideration of Rs. 100.35 crore. The consideration is subject to certain working capital and debt related adjustments. The management of the Group is confident of completion of the transaction in the immediate future and is of the view that the consideration (after necessary adjustments) will be higher than the carrying value of the net assets in these companies and accordingly, no adjustments have been made to the accompanying consolidated financial results for the quarter and year ended March 31, 2016.

The details of the results of MTSCL till year ended March 31, 2016 are as follows:

(in Rs. crore)

| | Quarter ended March 31, 2016 | Quarter ended December 31, 2015 | Quarter ended March 31, 2015 | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|---------------------------------|------------------------------|---------------------------|---------------------------|
| Total income | 10.99 | 10.16 | 9.87 | 47.03 | 39.75 |
| Profit/ (loss) after tax and minority interest (before consolidation adjustments) | 0.78 | 0.11 | 0.63 | 5.41 | 1.19 |

The details of the results of ATSCL till year ended March 31, 2016 are as follows:

(in Rs. crore)

| | Quarter ended March 31, 2016 | Quarter ended December 31, 2015 | Quarter ended March 31, 2015 | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|---------------------------------|------------------------------|---------------------------|---------------------------|
| Total income | 6.86 | 6.21 | 6.05 | 25.91 | 17.23 |
| Profit/ (loss) after tax and minority interest (before consolidation adjustments) | (2.77) | (0.05) | (2.56) | (2.19) | (2.75) |

39. Pursuant to the approval of the Management Committee, the Group has entered into a Subscription and Shareholders Agreement dated May 9, 2016 with Tenaga Nasional Berhad and its affiliate, Power and Energy International (Mauritius) Limited ('Investors') whereby the investors will acquire 30% equity stake in a select portfolio of GEL assets on a fully diluted basis for a consideration of USD 30.00 crore through primary issuance of equity shares of GEL. The transaction is subject to the satisfactory completion of the various



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

precedent conditions by both parties and is expected to be completed in 3-6 months. Further, investments in certain subsidiaries/ jointly controlled entities of GEL are to be transferred from GEL to the subsidiaries of the Company at their respective carrying value as at March 31, 2016 prior to the completion of the investment by Tenaga in GEL. The transfer of these investments is subject to obtaining necessary approvals of the lenders and regulatory authorities and the management of the Group is confident of obtaining the requisite approvals.

40. During the year ended March 31, 2011, GEL had issued 13,950,000 compulsorily convertible cumulative preference shares ('CCCPS') of Rs. 1,000 each. These preference shares were held by Claymore Investments (Mauritius) Pte Limited, IDFC Private Equity Fund III, Infrastructure Development Finance Company Limited, IDFC Investment Advisors Limited, Ascent Capital Advisors India Private Limited, and Argonaut Ventures (collectively called as 'Investors'). During the year ended March 31, 2014, GEL entered into an amended and restated share subscription and shareholders agreement ('Amended SSA') with the investors, GIL and other GMR group companies. The Investors continue to hold 6,900,000 CCCPS in GEL and a new investor GKFF Capital subscribed to additional 325,000 CCCPS of Rs. 1,000 each (collectively referred to as 'Portion B Securities').

As per the Amended SSA and Share Purchase Agreement ('SPA') between the investors, GEL and other GMR Group Companies, 7,050,000 CCCPS with a face value of Rs. 705.00 crore ('Portion A Securities') have been bought by GMR Renewable Energy Limited ('GREEL') and GEPML for a consideration of Rs. 1,169.17 crore. Portion A Securities shall be converted into equity shares of the Company as per the terms prescribed in clause 5 of the SPA not later than the date of conversion of Portion B Securities. As defined in the terms of Amended SSA, GEL has to provide an exit to the Portion B Securities investors within 30 months from last return date (November 29, 2013) at the agreed price of Rs. 1,278.67 crore ('Investor exit amount'). In case of non-occurrence of QIPO within 24 months from the last return date, GMR Group may give an exit to Portion B Securities investors at investor exit amount by notifying them the intention to purchase the preference shares within 30 days from the expiry of the 24th month. In case of non-occurrence of QIPO or no notification from GMR group companies as stated aforesaid, the Portion B Securities investors have the sole discretion to exercise the various rights under clause 10 of the Amended SSA.

During the year ended March 31, 2016, the Investors have not exercised various rights under clause 10 of the Amended SSA and the management of the Group is currently negotiating with the Investors to amend the Amended SSA.

Prior to the completion of the transaction as per the Subscription Agreement as detailed in Note 39, the Portion B Securities held by the Investors need to be converted into a fixed number of equity shares of the Company along with the Portion A Securities held by GEPML and GREEL.

41. 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.
42. Information pertaining to the Company on a standalone basis:

| | Quarter ended | | | Year ended | |
|--|----------------|-------------------|----------------|----------------|----------------|
| | March 31, 2016 | December 31, 2015 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| | Refer note 43 | Unaudited | Refer note 43 | Audited | Audited |
| (a) Revenue from operations | 287.16 | 181.83 | 174.50 | 799.10 | 649.74 |
| (b) (Loss) / profit before tax and after exceptional items | (1,504.45) | (2.41) | (264.27) | 1,504.32 | (350.53) |
| (c) (Loss) / profit after tax | (1,519.03) | (2.41) | (262.46) | (1,518.90) | (352.65) |

43. The figures of last quarter of current and previous years are the balancing figures between the audited figures in respect of the full financial years and the published unaudited year to date figures for nine months ended for respective years.
44. The consolidated financial results of the Group for the quarter and year ended March 31, 2016 have been reviewed by the Audit Committee in their meeting on May 30, 2016 and approved by the Board of Directors in their meeting on May 30, 2016.



Notes to the consolidated financial results for the quarter and year ended March 31, 2016

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

Bengaluru
May 30, 2016



For GMR Infrastructure Limited

A handwritten signature in black ink, appearing to read "Grandhi Kiran Kumar".

Grandhi Kiran Kumar
Managing Director



Auditor's Report on Quarterly and Year to Date Consolidated Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of GMR Infrastructure Limited

1. We have audited the consolidated financial results of GMR Infrastructure Limited (hereinafter referred to as "the Company") and its subsidiaries, jointly controlled entities and associates (together 'the Group' and individually as 'components') for the quarter and year ended March 31, 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The quarterly consolidated financial results are the derived figures between the consolidated audited figures in respect of the year ended March 31, 2016 and the published year-to-date consolidated figures up to December 31, 2015 being the date of the end of the third quarter of the current financial year, which were subject to limited review. The consolidated financial results for the quarter and year ended March 31, 2016 have been prepared on the basis of the consolidated financial results for the nine-month period ended December 31, 2015, the audited annual consolidated financial statements as at and for the year ended March 31, 2016 and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the consolidated financial results for the nine-month period ended December 31, 2015 which were prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, specified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2016; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. (a) The financial results and other financial information of 2 subsidiaries, with total assets of Rs. 13,903.04 crore as at March 31, 2016, total revenue (including other income) of Rs. 1,432.83 crore and Rs. 5,050.89 crore for the quarter and year then ended and total profit of Rs. 25.64 crore and total loss of Rs. 162.06 crore for the quarter and year then ended have been audited by us jointly with other auditors.

(b) We did not audit the financial results and other financial information of (i) 107 subsidiaries, with total assets of Rs. 42,306.98 crore as at March 31, 2016, total revenue (including other income) of Rs. 1,451.79 crore and Rs. 5,565.15 crore for the quarter and year then ended and total loss of Rs. 931.69 crore and Rs. 1,826.13 crore for the quarter and year then ended; (ii) 22 jointly controlled entities (including 16 jointly controlled entities consolidated for the period January 01, 2015 to December 31, 2015) with Group's share of total assets of Rs. 4,822.25 crore as at March 31, 2016, total revenue (including other income) of Rs. 244.69 crore and Rs. 823.93 crore for the quarter and year then ended and total profit of Rs. 5.71 crore and 24.48 crore for the quarter and year then ended. The financial results and financial information for these subsidiaries and jointly controlled entities have been audited by the other auditors whose reports have been furnished to us, and our audit report on the consolidated financial results is based solely on the reports of the other auditors.



(c) We did not audit the financial results and other financial information of (i) 4 subsidiaries (including 1 subsidiary consolidated for the period January 1, 2015 to December 31, 2015), with total assets of Rs. 1.84 crore as at March 31, 2016, total revenue (including other income) of Rs. 0.58 crore and Rs. 0.58 crore for the quarter and year then ended and total profit of Rs. 0.55 crore and Rs. 0.40 crore for the quarter and year then ended; (ii) 2 jointly controlled entities with Group's share of total assets of Rs. 0.55 crore as at March 31, 2016, total revenue (including other income) of Rs. 0.10 crore and Rs. 0.41 crore for the quarter and year then ended and total loss of Rs. 0.04 crore and Rs. 0.28 crore for the quarter and year then ended; and (iii) 3 associates with Group's share of total profit of Rs. 0.61 crore for the quarter and total loss of Rs. 5.52 crore for year then ended. The financial results and other financial information for these subsidiaries, jointly controlled entities and associates have been incorporated in the consolidated financial results of the Group based on financial results and other financial information as certified by the management of the Group as audited financial results of such component entities as at and for the year ended March 31, 2016 are not available and our audit report in so far as it relates to the affairs of such subsidiaries, jointly controlled entities and associates is based solely on the basis of management certified financial results and other financial information. Our opinion is not qualified in respect of this matter

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

Basis for Qualified Opinion

4. As detailed in Note 9(b) to the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016, GMR Rajahmundry Energy Limited ('GREL'), a subsidiary of the Company has capitalised Rs. 1,238.20 crore during the period July 2012 to June 2015 towards indirect expenditure and borrowing costs (net of income earned during aforementioned period) incurred on a plant under construction where active construction work was put on hold during the said period pending securing supply of requisite natural gas and has approached the Ministry of Corporate Affairs ('MCA') seeking clarification on the applicability of the General Circular 35/2014 dated August 27, 2014 issued by MCA. However, in our opinion, the aforesaid capitalisation of such expenses is not in accordance with the relevant Accounting Standards. Further, on account of the aforesaid capitalisation, the depreciation expenses for the quarter and year ended March 31, 2016 are higher by Rs. 19.68 crore and Rs. 29.90 crore respectively. Had the aforesaid expenditure not been capitalized and depreciation not been charged, loss after tax and minority interest of the Group for the quarter ended March 31, 2016 would have been lower by Rs. 19.68 crore and loss after tax and minority interest of the Group for the year ended March 31, 2016 and cumulatively upto March 31, 2016 would have been higher by Rs. 103.38 crore and Rs. 1,163.00 crore respectively. In respect of the above matter, our audit report for the year ended March 31, 2015 and limited review report for the quarters ended June 30, 2015, September 30, 2015 and December 31, 2015 were similarly qualified. Also refer paragraph 9(d) in respect of this matter.
5. As detailed in Note 23(b) to the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016, GMR Chhattisgarh Energy Limited ('GCHEPL'), a subsidiary of the Company has not capitalised Unit 1 of its power plant from the date of declaration of commercial operations on June 1, 2015 and also one of its mines which was ready for its intended use from August 1, 2015 and continued the capitalisation of the indirect expenditure and borrowing costs incurred subsequent to the said dates amounting to Rs. 43.36 crore and Rs. 219.01 crore respectively. The Group has also not charged depreciation of Rs. 106.72 crore (including Rs. 9.08 crore for the quarter ended March 31, 2016) in the accompanying financial results with regard to Unit 1 of its power plant. However, in our opinion, the aforesaid accounting treatment is not in accordance with the relevant Accounting Standards. Had the aforesaid expenditure not been capitalized and had the depreciation expenses been recognized, loss after tax and minority interest of the Group for the quarter ended and cumulatively upto March 31, 2016 would have been higher by Rs. 9.08 crore and Rs. 369.09 crore, respectively. In respect of the above matter, our limited review report for the quarters ended June 30, 2015, September 30, 2015 and December 31, 2015 were similarly qualified. Also refer paragraph 9(f) in respect of this matter.
6. As detailed in Note 6 to the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016, GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL'), a subsidiary of the Company issued a notice of intention to terminate the Concession Agreement with National Highways Authority of India ('NHAI') and issued a notice of dispute to NHAI invoking arbitration provisions of the Concession Agreement during the earlier years. Both the parties have



appointed their arbitrators and the arbitration process is pending commencement. GKUAEL incurred and capitalised indirect expenditure and borrowing costs of Rs. 137.47 crore till March 31, 2016 and has given capital advances of Rs. 590.00 crore to its EPC Contractor. The Group also provided a bank guarantee of Rs. 269.36 crore to NHAI. Pursuant to the notice of dispute, GKUAEL terminated the EPC contract on May 15, 2015 and received claims towards such termination. However, no such claims from the EPC contractor have been recognised in the accompanying statement of consolidated financial results as at March 31, 2016. GKUAEL has also transferred the aforesaid project costs of Rs 137.47 crore to claims recoverable and has made a provision of Rs. 137.47 crore cumulatively upto March 31, 2016 (including Rs. 1.04 crore and Rs.6.48 crore for the quarter and year ended March 31, 2016 respectively) towards such claims recoverable.

The notice of dispute and initiation of arbitration proceedings, indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GKUAEL and its impact on the net assets / performance guarantee provided by the Group. Having regard to the uncertainty in view of the dispute, we are unable to comment on the final outcome of the matter and its consequential impact on the consolidated financial results for the quarter and year ended March 31, 2016. In respect of the above matter, our audit report for the year ended March 31, 2015 and limited review reports for the quarters ended June 30, 2015, September 30, 2015 and December 31, 2015 were similarly qualified.

7. As detailed in Note 5(a) and 5(b) to the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016, the Concession Agreement entered into between GMR Male International Airport Private Limited ('GMIAL'), a subsidiary of the Company, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years was declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated the arbitration process to seek remedies under the said agreement and on June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and was valid and binding on the parties. However, the quantum of the damages is yet to be decided and accordingly, pending final outcome of the arbitration, GMIAL continues to recognise the assets at their carrying values of Rs. 1,594.68 crore (USD 23.88 crore) as at March 31, 2016 including the claim recoverable of Rs. 1,273.14 crore (USD 19.08 crore) as the management is of the view that GMIAL will be able to recover at least the carrying value of the assets.

Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for Rehabilitation, Expansion and Modernization of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and have received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognised in the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016.

The takeover of MIA by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL. However, the financial statements of GMIAL and GADLIL as at and for the year ended March 31, 2016 continue to be prepared and consolidated on a going concern basis.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the assets in GMIAL and GADLIL and any other consequential impact that may arise in this regard on the consolidated financial results for the quarter and year ended March 31, 2016. In respect of the above matter, our audit report for the year ended March 31, 2015 and limited review reports for the quarters ended June 30, 2015, September 30, 2015 and December 31, 2015 were similarly qualified.

Qualified Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the paragraphs 4 and 5 and the possible effects of the matters described in the paragraphs 6 and 7 and on consideration of reports of other auditors and certification by the management of the unaudited separate quarterly and year to date financial results and the other financial information of the components, these quarterly and year to date consolidated financial results of the Group;



- i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- ii. give a true and fair view of the net loss and other financial information for the quarter and year ended March 31, 2016.

Emphasis of Matter

9. We draw attention to the following matters in the notes to the accompanying consolidated financial results for the quarter and year ended March 31, 2016:
 - a) Note 4 regarding the carrying value of net assets of Rs. 184.62 crore (after providing for losses till date of Rs. 209.55 crore) as regards investments in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company. Though GACEPL has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration, based on management's internal assessment and legal opinion obtained by the management of GACEPL, the management of the Group is of the view that the carrying value of the net assets (after providing for losses till date) of GACEPL as at March 31, 2016 is appropriate.
 - b) Note 8 which indicates that the entire matter relating to claims / counter claims arising out of the Power Purchase Agreement ('PPA') and Land Lease Agreement, filed by GMR Power Corporation Limited ('GPCL'), a subsidiary of the Company and Tamil Nadu Generation and Distribution Corporation Limited ('TAGENDCO'), is sub-judice before the Hon'ble Supreme Court of India and has not attained finality. However, pending the resolution of matter, no adjustments have been made in the accompanying consolidated financial results for the quarter and year ended March 31, 2016. Considering that substantial amount, though under protest, has been received, GPCL, based on an expert opinion, offered the amount of claims received upto March 31, 2014 as income in its income tax returns and has claimed the deduction under Section 80IA of the Income Tax Act, 1961.
 - c) Note 29 regarding the expiry of PPA with TAGENDCO and cessation of operations due to non-renewal of PPA. Based on the future business plans and valuation assessment, the management of the Group is of the view that the going concern assumption and carrying value of the net assets in GPCL is appropriate and does not require any adjustment that might result due to this uncertainty.
 - d) Note 9(a) regarding (i) cessation of operations and the losses, including cash losses incurred by GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL'), subsidiaries of the Company, and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas; and (ii) rescheduling of the commercial operation date and the repayment of certain project loans by another subsidiary of the Company, GMR Rajahmundry Energy Limited ('GREL'), pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet their short term and long term obligations. The accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016 does not include any adjustments that might result from the outcome of this significant uncertainty.
 - e) Note 21 regarding 300 MW hydro based power plant on Alaknanda river, Uttarakhand being constructed by GMR Badrinath Hydro Power Generation Private Limited ('GBHPL'), a subsidiary of the Company. The Hon'ble Supreme Court of India ('the Supreme Court'), while hearing a civil appeal in the matters of a hydro power company, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by any of the 24 projects until further orders. The management of the Group is confident of obtaining the requisite clearances and based on a business plan and valuation assessment is of the view that the carrying value of the net assets of Rs. 258.62 crore of GBHPL as at March 31, 2016 is appropriate.
 - f) Note 23(a) regarding uncertainties in tying up power supplies, achieving profitability in operations, mega power status, refinancing of existing loans at lower rates of interest and other key assumptions



S.R. BATLIBOI & ASSOCIATES LLP

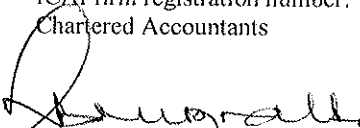
Chartered Accountants

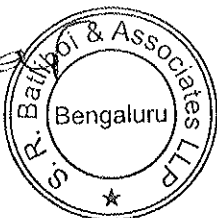
made in the valuation assessment of GCHEPL. The carrying amount of the net assets is critically dependent upon the achievement of the key assumptions as discussed in the aforesaid note. In the opinion of the management of the Group, no adjustments are considered necessary at this stage in the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016 for the reasons explained in the said note.

- g) Note 27 regarding costs related to residential quarters for Central Industrial Security Force ("CISF") deployed at the Rajiv Gandhi International Airport, Hyderabad, operated by GMR Hyderabad International Airport Limited ('GHIAL'), a subsidiary of the Company and other costs which continue to be adjusted against PSF (SC) fund pending the final decision from the Hon'ble High Court at Hyderabad for the State of Telangana and State of Andhra Pradesh and consequential instructions from the Ministry of Civil Aviation.
- h) Notes 17(a) and 17(b) regarding the uncertainties pertaining to coal prices and the other key assumptions made by the management in the valuation assessment of entities which are engaged in the operation and development of coal mines. In the opinion of the management of the Group, no further adjustments are considered necessary at this stage in the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016 for the reasons explained in the said notes.
- i) Note 13(b) regarding recovery of transmission charges from Maharashtra State Electricity Distribution Company Limited ('MSEDCL'), GMR Warora Energy Limited ('GWEL') (formerly known as 'EMCO Energy Limited'), a subsidiary of the Company, pursuant to Appellate Tribunal for Electricity ('APTEL') Order ('the Order') dated May 8, 2015, has raised invoices towards reimbursement of transmission charges from the initial date of scheduling the power. Pursuant to the Order and legal opinion stating that GWEL has a good tenable case with respect to the appeal filed by MSEDCL against the said Order before the Hon'ble Supreme Court of India, GWEL has accounted for the reimbursement of transmission charges of Rs. 79.04 crore for the period from April 1, 2015 to March 31, 2016 (including Rs. 22.45 crore for the quarter ended March 31, 2016) as reduction from transmission expenses and Rs. 51.42 crore as an 'exceptional item' as the said recovery pertains to the period prior to April 1, 2015.
- j) Note 15 regarding the claims filed by GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL'), a subsidiary of the Company. GHVEPL has been incurring losses since the commencement of commercial operations. Based on a valuation assessment, a legal opinion and for reasons explained in the aforesaid note, the management of GHVEPL is of the view that the carrying value of the net assets (after providing for losses till date) of Rs. 360.53 crore in GHVEPL as at March 31, 2016 is appropriate.

Our opinion is not qualified in respect of the aforesaid matters.

For S.R. Batliboi & Associates LLP
ICAI firm registration number: 101049W/E300004
Chartered Accountants


per Sunil Bhumralkar
Partner
Membership number: 35141



Place: Bengaluru
Date: May 30, 2016

ANNEXURE I

GMR Infrastructure Limited

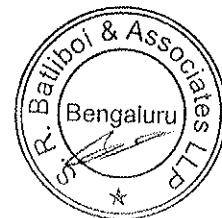
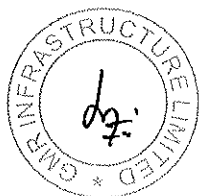
Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted by GMR Infrastructure Limited along with its consolidated financial results for the quarter and year ended March 31, 2016

(in Rs. crore except for earning per share)

| I. | Sl. No | Particulars | Audited figures (as reported before adjusting for qualifications) | Adjusted figures (audited figures after adjusting for qualifications) |
|------------|--|---|---|---|
| | 1 | Turnover / total income (including other income) | 13,811.93 | 13,811.93 |
| | 2 | Total Expenditure (including finance cost, tax expenses, share of loss/profit with associates and minority interest before exceptional items) | (15,823.14) | (16,295.61) |
| | 3 | Exceptional items (gain / (loss) (net)) | (149.79) | (149.79) |
| | 4 | Net profit/(loss) | (2,161.00) | (2,633.47) |
| | 5 | Earnings per share (in Rs.) - Basic | (3.82) | (4.65) |
| | 6 | Total assets | 67,171.79 | 65,594.40 |
| | 7 | Total liabilities | 62,211.46 | 62,211.46 |
| | 8 | Net worth (refer note 1) | 4,960.33 | 3,382.94 |
| | 9 | Any other financial item(s) (as felt appropriate by the management) | Refer Emphasis of Matter paragraph in the Auditor's Report on Quarterly and Year to Date Consolidated Financial Results | |
| | | Note 1: Net worth has been calculated as per the definition of net worth in Guidance Note on "Terms used in Financial Statements" issued by the Institute of Chartered Accountants of India. | | |
| II. | Audit Qualification (each audit qualification separately): | | | |
| (i) | Qualification I | | | |
| | a. Details of audit qualification: | As detailed in Note 9(b) to the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016, GMR Rajahmundry Energy Limited ("GREL"), a subsidiary of the Company has capitalised Rs. 1,238.20 crore during the period July 2012 to June 2015 towards indirect expenditure and borrowing costs (net of income earned during aforementioned period) incurred on a plant under construction where active construction work was put on hold during the said period pending securing supply of requisite natural gas and has approached the Ministry of Corporate Affairs ("MCA") seeking clarification on the applicability of the General Circular 35/2014 dated August 27, 2014 issued by MCA. However, in the opinion of the auditors, the aforesaid capitalisation of such expenses is not in accordance with the relevant Accounting Standards. Further, on account of the aforesaid capitalisation, the depreciation expenses for the quarter and year ended March 31, 2016 are higher by Rs. 19.68 crore and Rs. 29.90 crore respectively. Had the aforesaid expenditure not been capitalized and depreciation not been charged, loss after tax and minority interest of the Group for the quarter ended March 31, 2016 would have been lower by Rs. 19.68 crore and loss after tax and minority interest of the Group for the year ended March 31, 2016 and cumulatively upto March 31, 2016 would have been higher by Rs. 103.38 crore and Rs. 1,163.00 crore respectively. | | |
| | b. Type of audit qualification : | Qualified opinion | | |
| | c. Frequency of qualification: | Qualified since year ended March 31, 2013 | | |
| | d. For audit qualification where the impact is quantified by the auditor, management's views: | In respect of gas based power plant at Rajahmundry, pending securing supply of requisite natural gas, the Group had put on hold active construction work of the plant from the period July 2012 to June 2015. Considering that GREL has emerged as a successful bidder in the auction process organized by the Ministry of Power and has been awarded the Letter of Intent for gas allocation till March 2016, GREL has completed the construction of the plant and has declared its COD during the quarter ended December 31, 2015. The management of the Group believes that the indirect expenditure attributable to the construction of the project and borrowing costs incurred during the period of uncertainty around securing gas supplies qualifies for capitalisation under paragraphs 9.3 and 9.4 of AS -10 and paragraphs 18 and 19 of AS -16. GREL had approached the Ministry of Corporate Affairs ("MCA") seeking clarification / relaxation on applicability of the aforementioned paragraphs to the gas availability situation. MCA vide its General Circular No. 35/2014 dated August 27, 2014 on capitalisation under AS-10 and capitalisation of borrowing cost during extended delay in commercial production has clarified that only such expenditure which increases the worth of the assets can be capitalised to the cost of the fixed assets as prescribed by AS 10 and AS 16. Further the circular states that costs incurred during the extended delay in commencement of commercial production after the plant is otherwise ready does not increase the worth of fixed assets and therefore such costs cannot be capitalised. The Group approached MCA seeking further clarification on the applicability of the said Circular to its Rajahmundry plant and pending receipt of requisite clarification, the Group has capitalised the aforesaid expenses of Rs. 1,238.20 crore incurred during the period July 2012 to June 2015 (including Rs. Nil and Rs. 133.28 crore respectively during the quarter and year ended March 31, 2016). | | |
| | e. For audit qualification where the impact is not quantified by the auditor: | Not applicable | | |
| | (i) Management's estimation on the impact of audit qualification: | Not applicable | | |
| | (ii) If management is unable to estimate the impact, reasons for the same: | Not applicable | | |
| | (iii) Auditors' comments on (i) or (ii) above: | Not applicable | | |



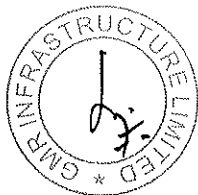
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| (ii) | <p>Qualification 2</p> <p>a. Details of audit qualification: As detailed in Note 23(b) to the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016, GMR Chhattisgarh Energy Limited ('GCHEPL'), a subsidiary of the Company has not capitalised Unit 1 of its power plant from the date of declaration of commercial operations on June 1, 2015 and also one of its mines which was ready for its intended use from August 1, 2015 and continued the capitalisation of the indirect expenditure and borrowing costs incurred subsequent to the said dates amounting to Rs. 43.36 crore and Rs. 219.01 crore respectively. The Group has also not charged depreciation of Rs. 106.72 crore (including Rs. 9.08 crore for the quarter ended March 31, 2016) in the accompanying financial results with regard to Unit 1 of its power plant. However, in the opinion of the auditors, the aforesaid accounting treatment is not in accordance with the relevant Accounting Standards. Had the aforesaid expenditure not been capitalized and had the depreciation expenses been recognized, loss after tax and minority interest of the Group for the quarter ended and cumulatively upto March 31, 2016 would have been higher by Rs. 9.08 crore and Rs. 369.09 crore, respectively.</p> |
| | <p>b. Type of audit qualification : Qualified opinion</p> |
| | <p>c. Frequency of qualification: Since the quarter ended June 30, 2015</p> |
| | <p>d. For audit qualification where the impact is quantified by the auditor, management's views: GCHEPL had not capitalised Unit 1 of its power plant from the declared date of commercial operation, which is June 1, 2015. During the year ended March 31, 2015, GCHEPL was allotted two coal mines to meet its fuel requirements. The management is of the view that these coal mines have become integral part of the power plant and Unit 1 of the power plant is linked to one of the coal mines for the purpose of its operations and it will commence production once the coal mine becomes operational. The said mine had started extraction from August 1, 2015, however the coal extracted was not sufficient to consider the coal mine operational to run Unit 1 of its power plant on a continuous basis. Post ramp-up of coal production, GCHEPL has started commercial generation of power from Unit 1 of the power plant from November 01, 2015 and has declared COJ of Unit 1 along with one of its mines w.e.f. October 31, 2015. In view of the same, cost of Unit 1 of the power plant and one of its coal mines is considered as project costs and accordingly the Group capitalised indirect expenditure and borrowing costs incurred during the period June 1, 2015 to October 31, 2015 amounting to Rs. 43.36 crore and Rs.219.01 crore respectively and has also not charged depreciation with effect from June 1, 2015 of Rs. 106.72 crore in the accompanying consolidated financial results.</p> |
| | <p>e. For audit qualification where the impact is not quantified by the auditor: Not applicable</p> |
| | <p>(i) Management's estimation on the impact of audit qualification: Not applicable</p> |
| | <p>(ii) If management is unable to estimate the impact, reasons for the same: Not applicable</p> |
| | <p>(iii) Auditors' comments on (i) or (ii) above: Not applicable</p> |
| (iii) | <p>Qualification 3</p> <p>a. Details of audit qualification: As detailed in Note 6 to the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016, GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL'), a subsidiary of the Company issued a notice of intention to terminate the Concession Agreement with National Highways Authority of India ('NHAI') and issued a notice of dispute to NHAI invoking arbitration provisions of the Concession Agreement during the earlier years. Both the parties have appointed their arbitrators and the arbitration process is pending commencement. GKUAEL incurred and capitalised indirect expenditure and borrowing costs of Rs. 137.47 crore till March 31, 2016 and has given capital advances of Rs. 590.00 crore to its EPC Contractor. The Group also provided a bank guarantee of Rs. 269.36 crore to NHAI. Pursuant to the notice of dispute, GKUAEL terminated the EPC contract on May 15, 2015 and received claims towards such termination. However, no such claims from the EPC contractor have been recognised in the accompanying statement of consolidated financial results as at March 31, 2016. GKUAEL has also transferred the aforesaid project costs of Rs 137.47 crore to claims recoverable and has made a provision of Rs. 137.47 crore cumulatively upto March 31, 2016 (including Rs. 1.04 crore and Rs.6.48 crore for the quarter and year ended March 31, 2016 respectively) towards such claims recoverable.</p> <p>The notice of dispute and initiation of arbitration proceedings, indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GKUAEL and its impact on the net assets / performance guarantee provided by the Group. Having regard to the uncertainty in view of the dispute, the auditors are unable to comment on the final outcome of the matter and its consequential impact on the consolidated financial results for the quarter and year ended March 31, 2016.</p> <p>b. Type of audit qualification: Qualified opinion</p> <p>c. Frequency of qualification: Since year ended March 31, 2013</p> <p>d. For audit qualification where the impact is quantified by the auditor, management's views: Not quantifiable</p> <p>e. For audit qualification where the impact is not quantified by the auditor:</p> |

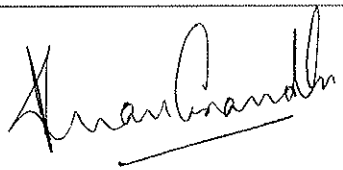
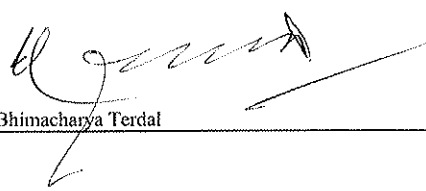

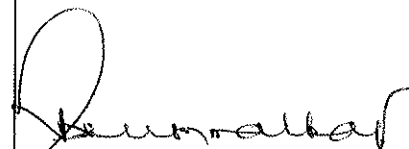
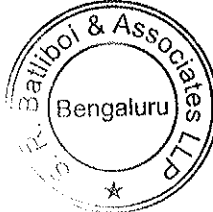


| | |
|------|---|
| | <p>(i) Management's estimation on the impact of audit qualification: Not ascertainable</p> <p>(ii) If management is unable to estimate the impact, reasons for the same:</p> <p>The Company along with its subsidiary has investments of Rs. 735.80 crore (including loans of Rs. 35.80 crore and investments in equity shares / preference shares of Rs. 700.00 crore made by the Company and its subsidiary) in GKUAEL, which is primarily utilised towards payment of capital advance of Rs. 590.00 crore to its EPC contractors and Rs. 137.47 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 NHAI.</p> <p>GKUAEL had entered into a Concession Agreement with NHAI on November 30, 2011 for six laning of Kishangarh-Udaipur-Ahmedabad section of National Highways 79A, 79, 76 and 8. Pursuant to non-fulfillment of the mandatory 'Conditions Precedent' specified under the Concession Agreement within the due date, GKUAEL issued a notice to NHAI dated December 21, 2012 of its intention to terminate the Concession Agreement. In response, NHAI vide their letter dated January 1, 2013 termed the notice not maintainable both in law and in facts. NHAI in their letter dated January 17, 2013 to GKUAEL also indicated of making good the alleged defaults of NHAI within the cure period of 90 days. The management of GKUAEL had submitted the proposal for the continuance of the project subject to certain modifications in the financial and other terms in the Concession Agreement and held discussions with NHAI for revival of the project. Considering that the efforts for revival of the project did not succeed, GKUAEL issued a notice of dispute to NHAI dated February 16, 2015 invoking arbitration provisions of the Concession Agreement. Both the parties have appointed their arbitrators and the arbitration process is pending commencement. In the meantime, GKUAEL had approached the Hon'ble High Court of Delhi seeking an injunction against invocation of the aforementioned performance bank guarantee by NHAI which has not been accepted by the Hon'ble High Court of Delhi.</p> <p>Pursuant to the issue of notice of dispute, GKUAEL transferred the aforesaid project costs of Rs. 137.47 crore (including Rs 1.04 crore and Rs.6.48 crore for the quarter and year ended March 31, 2016) incurred upto March 31, 2016 to claims recoverable. Based on its internal assessment, the Group made a provision for such claims recoverable (including Rs. 130.99 crore for the year ended March 31, 2015) which has been disclosed as an 'exceptional item'.</p> <p>In addition, GKUAEL awarded the EPC contract to GMR Projects Private Limited ('GPPL') to whom GKUAEL has given an advance of Rs. 590.00 crore as stated above. Pursuant to the issue of notice of dispute as stated above, GKUAEL terminated the contract on May 15, 2015. During the year ended March 31, 2016, GKUAEL has received a claim of Rs 840.76 crore from the EPC contractor, however no such claim relating to the termination of contract has been recognized by GKUAEL as at March 31, 2016 as the amounts payable are not certain.</p> <p>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.</p> <p>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 March 31, 2016.</p> |
| | <p>(iii) Auditors' comments on (i) or (ii) above: Refer iii(a) above.</p> |
| (iv) | <p>Qualification 4</p> <p>a. Details of audit qualification:</p> <p>As detailed in Note 5(a) and 5(b) to the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016, the Concession Agreement entered into between GMR Male International Airport Private Limited ('GMIAL'), a subsidiary of the Company, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years was declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated the arbitration process to seek remedies under the said agreement and on June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and was valid and binding on the parties. However, the quantum of the damages is yet to be decided and accordingly, pending final outcome of the arbitration, GMIAL continues to recognise the assets at their carrying values of Rs. 1,594.68 crore (USD 23.88 crore) as at March 31, 2016 including the claim recoverable of Rs. 1,273.14 crore (USD 19.08 crore) as the management is of the view that GMIAL will be able to recover at least the carrying value of the assets.</p> <p>Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for Rehabilitation, Expansion and Modernization of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and have received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognised in the accompanying statement of consolidated financial results for the quarter and year ended March 31, 2016.</p> |



| | |
|--|---|
| | <p>The takeover of MIA by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL. However, the financial statements of GMIAL and GADLIL as at and for the year ended March 31, 2016 continue to be prepared and consolidated on a going concern basis.</p> <p>Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the assets in GMIAL and GADLIL and any other consequential impact that may arise in this regard on the consolidated financial results for the quarter and year ended March 31, 2016.</p> |
| | <p>b. Type of audit qualification : Qualified opinion</p> |
| | <p>c. Frequency of qualification: Since year ended March 31, 2013</p> |
| | <p>d. For audit qualification where the impact is quantified by the auditor, Management's Views: Not quantifiable</p> |
| | <p>e. For audit qualification where the impact is not quantified by the auditor:</p> |
| | <p>(i) Management's estimation on the impact of audit qualification: Not applicable</p> |
| | <p>(ii) If management is unable to estimate the impact, reasons for the same:</p> <p>GMIAL entered into an agreement on June 28, 2010 with MACL and MoFT, Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of MIA for a period of 25 years ('the Concession Agreement'). On November 27, 2012, MACL and MoFT issued notices to GMIAL stating that the concession agreement was void ab initio and that neither MoFT nor MACL had authority under the laws of Maldives to enter into the agreement. It was also stated that MACL would take over the possession and control of MIA within 7 days of the said letter. Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the MIA and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL's principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. On June 18, 2014, the tribunal delivered its award declaring that the concession agreement was not void ab initio and is valid and binding on the parties. Further, the tribunal declared that the 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 26, 2014, GoM and MACL, 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.</p> <p>On June 17, 2015, the tribunal issued its decision, in respect of the preliminary issue stating that the limit to damages recoverable in the aforementioned award was intended to apply from the date of concession agreement has been repudiated and also that the limit to recoverable damages identified in the aforementioned award means all damages recoverable by GMIAL and not only contractually contemplated damages. Accordingly, on October 1, 2015, GMIAL served the amended schedule of loss to the tribunal and a five day hearing has now been set for the quantum hearing from August 8 to August 12, 2016. In view of the aforesaid matter, GMIAL continues to reflect assets amounting to Rs.1,594.68 crore (USD 23.88 crore) including claim recoverable of Rs. 1,273.14 crore (USD 19.08 crore) at their carrying values as at March 31, 2016, 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 year ended March 31, 2016 have been prepared and accordingly consolidated on a going concern basis.</p> <p>Further, GMIAL had executed work construction contracts with GADLIL 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 March 31, 2016 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognised as at March 31, 2016 since the amounts payable are not certain.</p> <p>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 March 31, 2016 and accordingly, the consolidated financial results of the Group do not include any adjustments that might result from the outcome of this uncertainty.</p> <p>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. 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 year ended March 31, 2016 have been prepared and accordingly consolidated on a going concern basis.</p> |
| | <p>(iii) Auditors' Comments on (i) or (ii) above: Refer iv (a) above.</p> |



| | | |
|------|---------------------------------|--|
| III. | Signatories: | |
| | Managing Director |  Grandhi Kiran Kumar |
| | Group CFO |  Madhva Bhimacharya Terdal |
| | Audit Committee Chairman |  N.C. Sarabeswaran |
| | Statutory Auditor | S R Batliboi & Associates LLP Chartered Accountants ICAI Firm registration number: 101049W/E 302004  per Sunil Bhumralkar Partner Membership number: 35141  |
| | Place: | Bengaluru |
| | Date: | May 30, 2016 |



GMR Infrastructure Limited

Corporate Identity Number (CIN): L45203MH1996PLC281138

Registered Office: Naman Centre , 7th Floor, Opp. Dena Bank, Plot No. C-31 , G Block ,
Bandra Kurla Complex, Bandra (East) , Mumbai , Mumbai City, Maharashtra , India - 400051

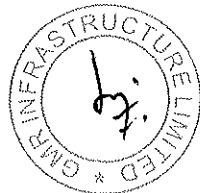
Phone: +91-22-42028000 Fax: +91-22-42028004

Email: adiseshavataram.cherukupalli@gmrgroup.in Website: www.gmrgroup.in

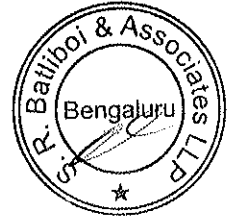
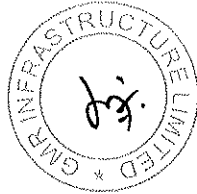
PART I

Statement of Standalone financial results for the quarter and year ended March 31, 2016

| (In Rs. crore) | | | | | | |
|-----------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| S.No | Particulars | Quarter ended | | | Year ended | |
| | | March 31, 2016 | December 31, 2015 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| | | Refer Note 25 | Unaudited | Refer Note 25 | Audited | Audited |
| 1 | Income from operations | | | | | |
| | (a) Sales / income from operations | 112.35 | 24.42 | 46.47 | 178.01 | 164.89 |
| | (b) Other operating income (refer Note 28) | 174.81 | 157.41 | 128.03 | 621.09 | 484.85 |
| | Total income from operations | 287.16 | 181.83 | 174.50 | 799.10 | 649.74 |
| 2 | Expenses | | | | | |
| | (a) Cost of materials consumed | 12.12 | 3.57 | 7.57 | 27.57 | 33.30 |
| | (b) Subcontracting expenses | 54.28 | 17.70 | 14.60 | 97.70 | 90.83 |
| | (c) Employee benefits expenses | 27.27 | 4.52 | 4.26 | 39.25 | 25.03 |
| | (d) Depreciation and amortisation expenses | 3.86 | 3.91 | 5.70 | 15.77 | 20.03 |
| | (e) Other expenses | 20.04 | 2.32 | 19.85 | 46.39 | 50.87 |
| | Total expenses | 117.57 | 32.02 | 51.98 | 226.68 | 220.06 |
| 3 | Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2) | 169.59 | 149.81 | 122.52 | 572.42 | 429.68 |
| 4 | Other income | | | | | |
| | a) Foreign exchange fluctuation gain (net) | (2.00) | 2.43 | 0.07 | 0.63 | 6.67 |
| | b) Other income - others | 0.94 | 2.07 | 6.13 | 14.44 | 12.81 |
| 5 | Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4) | 168.53 | 154.31 | 128.72 | 587.49 | 449.16 |
| 6 | Finance costs | 142.18 | 141.08 | 130.59 | 514.88 | 537.29 |
| 7 | Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 - 6) | 26.35 | 13.23 | (1.87) | 72.61 | (88.13) |
| 8 | Exceptional items | | | | | |
| | Provision for diminution in value of investments/advances in subsidiaries/associate (Refer Note 10, 21, 22 and 24) | (1,530.80) | (15.64) | (262.40) | (1,576.93) | (262.40) |
| 9 | (Loss) / Profit from ordinary activities before tax (7 ± 8) | (1,504.45) | (2.41) | (264.27) | (1,504.32) | (350.53) |
| 10 | Tax expenses / (credit) | 14.58 | - | (1.81) | 14.58 | 2.12 |
| 11 | Net (Loss) / Profit from ordinary activities after tax (9 ± 10) | (1,519.03) | (2.41) | (262.46) | (1,518.90) | (352.65) |
| 12 | Paid-up equity share capital (Face value - Re. 1 per share) | 603.59 | 603.59 | 436.13 | 603.59 | 436.13 |
| 13 | Paid-up debt capital (refer Note 27) | | | | 830.00 | 967.50 |
| 14 | Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year | | | | 8,818.26 | 7,883.47 |
| 15 | Debenture Redemption Reserve (included in reserves in S.No 14 above) | | | | 125.44 | 121.33 |
| 16 | Weighted average number of shares used in computing Earning Per Share | 6,035,945,275 | 6,035,945,275 | 4,361,247,379 | 5,663,023,512 | 4,232,805,171 |
| 17 | Earnings per share (of Re. 1 each) (not annualised) Basic and Diluted | (2.52) | (0.00) | (0.60) | (2.68) | (0.83) |
| 18 | Debt Equity Ratio (refer Note 26) | | | | 0.61 | 0.46 |
| 19 | Debt Service Coverage Ratio ('DSCR') (refer Note 26) | | | | (0.65) | 0.09 |
| 20 | Interest Service Coverage Ratio ('ISCR') (refer Note 26) | | | | (1.92) | 0.35 |



| GMR Infrastructure Limited | | | | | | |
|--|--|-------------------|-------------------|------------------|-------------------|------------------|
| Report on Standalone Segment Revenue, Results and Capital Employed | | | | | | |
| (In Rs. crore) | | | | | | |
| S.No | Particulars | Quarter ended | | | Year ended | Year ended |
| | | March 31, 2016 | December 31, 2015 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| | | Refer Note 25 | Unaudited | Refer Note 25 | Audited | Audited |
| | | | | | | |
| 1 | Segment Revenue | | | | | |
| | a) EPC | 112.35 | 24.42 | 46.47 | 178.01 | 164.89 |
| | b) Others | 174.81 | 157.41 | 128.03 | 621.09 | 484.85 |
| | Total | 287.16 | 181.83 | 174.50 | 799.10 | 649.74 |
| | Less: Inter Segment | | | | | |
| | Net Segment Revenue | 287.16 | 181.83 | 174.50 | 799.10 | 649.74 |
| 2 | Segment Results | | | | | |
| | a) EPC | (2.01) | (2.35) | 15.38 | (5.38) | (1.49) |
| | b) Others | 170.54 | 156.66 | 113.34 | 592.87 | 450.65 |
| | Total | 168.53 | 154.31 | 128.72 | 587.49 | 449.16 |
| | Less: Finance costs | 142.18 | 141.08 | 130.59 | 514.88 | 537.29 |
| | Add/(less): Exceptional Items | | | | | |
| | Provision for diminution in value of investments/advances in subsidiaries/associate (Refer Note 10, 21, 22 and 24) | (1,530.80) | (15.64) | (262.40) | (1,576.93) | (262.40) |
| | (Loss) / Profit before tax | (1,504.45) | (2.41) | (264.27) | (1,504.32) | (350.53) |
| 3 | Capital employed | | | | | |
| | (Segment Assets - Segment Liabilities) | | | | | |
| | a) EPC | 124.86 | (24.56) | 177.68 | 124.86 | 177.68 |
| | b) Others | 14,839.84 | 16,723.79 | 14,280.77 | 14,839.84 | 14,280.77 |
| | c) Unallocated | (5,542.85) | (5,753.84) | (3,970.77) | (5,542.85) | (3,970.77) |
| | Total | 9,421.85 | 10,945.39 | 10,487.68 | 9,421.85 | 10,487.68 |

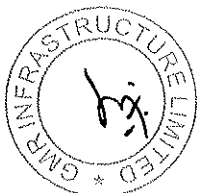


Notes to the standalone financial results for the quarter and year ended March 31, 2016

1. Statement of assets and liabilities

(In Rs. crore)

| Particulars | As at | |
|--|------------------|------------------|
| | March 31, 2016 | March 31, 2015 |
| | Audited | Audited |
| A EQUITY AND LIABILITIES | | |
| 1 Shareholders' funds | | |
| (a) Share capital | 603.59 | 1,572.80 |
| (b) Reserves and surplus | 8,818.26 | 7,883.47 |
| (c) Money received against share warrants | - | 141.75 |
| Sub-total | 9,421.85 | 9,598.02 |
| 2 Share application money pending allotment | - | 889.66 |
| 3 Non-current liabilities | | |
| (a) Long-term borrowings | 5,296.62 | 3,365.98 |
| (b) Other long-term liabilities | 140.52 | 22.72 |
| (c) Long-term provisions | 2.74 | 1.74 |
| Sub-total | 5,439.88 | 3,390.44 |
| 4 Current liabilities | | |
| (a) Short-term borrowings | 137.45 | 146.03 |
| (b) Trade payables | 106.38 | 160.80 |
| (c) Other current liabilities | 688.80 | 988.86 |
| (d) Short-term provisions | 15.38 | 12.79 |
| Sub-total | 948.01 | 1,308.48 |
| Total | 15,809.74 | 15,186.60 |
| B ASSETS | | |
| 1 Non-current assets | | |
| (a) Fixed assets | 75.78 | 83.28 |
| (b) Non-current investments | 7,703.86 | 9,025.56 |
| (c) Long-term loans and advances | 5,998.63 | 4,125.24 |
| (d) Trade receivables | 43.17 | 52.40 |
| (e) Other non-current assets | 317.27 | 761.42 |
| Sub-total | 14,138.71 | 14,047.90 |
| 2 Current assets | | |
| (a) Current investments | 155.64 | 100.00 |
| (b) Inventories | 8.73 | 4.55 |
| (c) Trade receivables | 124.72 | 147.95 |
| (d) Cash, cash equivalents and other bank balances | 329.99 | 398.64 |
| (e) Short-term loans and advances | 469.26 | 228.18 |
| (f) Other current assets | 582.69 | 259.38 |
| Sub-total | 1,671.03 | 1,138.70 |
| Total | 15,809.74 | 15,186.60 |



Notes to the standalone financial results for the quarter and year ended March 31, 2016

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

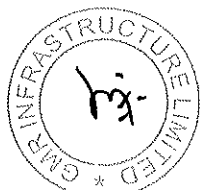
- a. The Company carries on its business in two business verticals viz., Engineering Procurement Construction (‘EPC’) and others.
- b. The segment reporting of the Company has been prepared in accordance with Accounting Standard 17 on Segment Reporting, notified under section 133 of the Companies Act,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

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

4. The Company through its subsidiary GMR Infrastructure (Mauritius) Limited (‘GIML’) has made investments of Rs. 396.81 Crore (USD 5.94 Crore) (including equity share capital of Rs. 154.24 Crore (USD 2.31 Crore) and subordinate loans and interest accrued thereon of Rs. 242.57 Crore (USD 3.63 Crore) towards 77% holding in GMR Male International Airport Private Limited (‘GMIAL’) and GIML has placed fixed deposits of Rs. 864.90 Crore (USD 12.95 Crore) with lenders towards loans taken by GMIAL. Further the Company has given a corporate guarantee of Rs. 2,620.72 Crore (USD 39.25 Crore) to the lenders in connection with the borrowings made by GMIAL.

GMIAL entered into an agreement on June 28, 2010 with Maldives Airports Company Limited (‘MACL’) and Ministry of Finance and Treasury (‘MoFT’), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport (‘MIA’) for a period of 25 years (“the Concession Agreement”). On November 27, 2012, MACL and MoFT issued notices to GMIAL stating that the Concession Agreement was void ab initio and that neither MoFT nor MACL had authority under the laws of Maldives to enter into the agreement. It was also stated that MACL would take over the possession and control of MIA within 7 days of the said letter.

Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the MIA and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL’s principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. On June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and is valid and binding on the parties. Further, the tribunal declared that the Government of Maldives (‘GoM’) and MACL are jointly and severally liable to GMIAL for loss caused by repudiation of the contract. The quantum of the damages is yet to be decided and the damages are limited to the sum which would have been recovered under clause 19.4.3 (b) had the Concession Agreement been terminated on grounds of public interest pursuant to clause 19.2.1 (h). On November 26, 2014, GoM and MACL 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



Notes to the standalone financial results for the quarter and year ended March 31, 2016

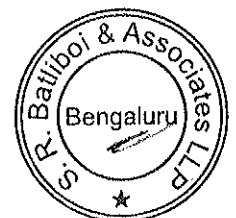
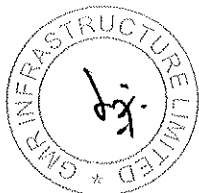
the timetable had been agreed by the parties for hearing of the preliminary issue in the first half of 2015.

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 the Concession Agreement has been repudiated and also that the limit to recoverable damages identified in the aforementioned award means all damages recoverable by GMIAL and not only contractually contemplated damages. Accordingly, on October 1, 2015, GMIAL served the amended schedule of loss to the tribunal and a five day hearing has now been set for the quantum hearing from August 8, 2016 to August 12, 2016. In view of the aforesaid matter GMIAL continues to reflect assets amounting to Rs. 1,594.68 Crore (USD 23.88 Crore) including claim recoverable of Rs. 1,273.14 Crore (USD 19.08 Crore) at their carrying values as at March 31, 2016, net of assets written off of Rs. 202.61 Crore during the year ended March 31, 2013. GMIAL's ability to continue its future business operations and consequential impact on investments made / guarantees given by the Company and GIML is solely dependent on the outcome of arbitration and / or a negotiated settlement.

Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), 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 March 31, 2016 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognized as at March 31, 2016 since the amounts payable are not certain.

Based on the aforesaid award by the tribunal, internal assessment and a legal opinion obtained by GMIAL, the management of the Company is confident that GMIAL would be entitled for compensation under the Concession Agreement at least to the extent of the carrying value of the assets taken over by the GoM / MACL and the subsequent expenditure incurred by GMIAL as at March 31, 2016 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 qualified their Audit Report in this regard.

5. The Company along with its subsidiaries has investments of Rs. 394.17 Crore (including investments in equity / preference shares of Rs. 244.70 Crore made by the Company and its subsidiaries and loans and interest accrued thereon of Rs. 149.47 Crore) in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') a subsidiary of the Company as at March 31, 2016. GACEPL has been incurring losses since the commencement of its commercial operations. The management believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the years ended March 31, 2014, March 31, 2015 and March 31, 2016 till further orders. Based on an internal assessment and a legal opinion obtained by the management, the management of GACEPL is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly, the investments in GACEPL has been carried at cost and no provision for diminution in the value of investments has been made as at March 31, 2016. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.



Notes to the standalone financial results for the quarter and year ended March 31, 2016

6. In view of lower supplies / availability of natural gas to the power generating companies in India, the Company's subsidiaries GMR Energy Limited ('GEL'), GMR Vemagiri Power Generation Limited ('GVPGL') and GMR Rajahmundry Energy Limited ('GREL') are facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL has not generated and sold electrical energy since April 2013 and GVPGL has not generated and sold electrical energy since May 2013 till March 31, 2015 and have been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply, thereby resulting in erosion of net worth. GREL had not commenced commercial operations pending linkages of natural gas supply from the Ministry of Petroleum and Natural Gas till the period ended September 30, 2015 and accordingly the consortium of lenders had approved the reschedulement of Commercial Operation Date ('COD') of GREL to October 22, 2015 and repayment of project loans and have agreed for further funding of Rs.707.00 Crore to meet its cost overruns on account of delays in commissioning of its power plant.

In March 2015, the Ministry of Power, Government of India ('GoI') issued a scheme for utilization of the gas based power generation capacity for the years ended March 31, 2016 and 2017. The scheme envisages supply of imported spot RLNG "e-bid RLNG" to the stranded gas based plants as well as plants receiving domestic gas, upto the target Plant load factor (PLF), selected through a reverse e-bidding process and also intervention / sacrifices to be collectively made by all stakeholders. The aforementioned gas based power plants of the aforesaid subsidiaries are included in the list of stranded gas based power plants and are entitled to participate in the e-bidding process. GVPGL and GREL emerged as successful bidders in the auction process organised by the Ministry of Power in May 2015, September 2015 and March 2016 and have been awarded the Letter of Intent for gas allocation for 4 months period ended September 2015, for 6 months period ended March 2016 and September 2016 respectively, which has facilitated the operations of both GREL and GVPGL at varying capacity and accordingly GVPGL and GREL have commenced operations on an intermittent basis from August 2015 and October 2015 respectively. There has been a significant decline in the price of imported gas and in view of the proposed amendment to the Central Sales Tax Act with regard to gas sold or purchased and transported through a common carrier pipeline or any other common transport distribution systems, the management believes that these would result in significant reduction in the costs of imported gas.

The management 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 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 carried out valuation assessment of these gas based companies which includes certain assumptions relating to availability and pricing of domestic and imported gas, future tariff and other operating parameters, which it believes reasonably reflect the future expectations from these projects. The management will monitor these aspects closely and take actions as are considered appropriate and is confident that these gas based entities will be able to generate sufficient profits in future years and meet their financial obligations as they arise. Based on the aforementioned reasons, business plans and a valuation assessment by an external expert, the management is of the view that the carrying value of the investments (including advances) made by the Company in these aforesaid gas based companies as at March 31, 2016 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 these companies as may be required for continuance of their normal business operations. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report. In this regard, also refer Note 23.



Notes to the standalone financial results for the quarter and year ended March 31, 2016

7. As at March 31, 2016, the Company through its subsidiary, GEL has investments of Rs. 3,411.83 Crore (including investments in equity/preference share capital, share application money pending allotment, subordinate loans and interest accrued thereon) in GMR Chhattisgarh Energy Limited ('GCHEPL'), a subsidiary of the Company and has also provided corporate / bank guarantee towards loan taken by GCHEPL from the project lenders.

GCHEPL has experienced certain delays and incurred cost overruns in the completion of the project including additional claims from EPC contractors. As per the management of GCHEPL, additional claims from EPC contractors are not expected to be material. GCHEPL 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. During the year ended March 31, 2015, GCHEPL was allotted two coal mines to meet its fuel requirements. GCHEPL has declared commercial operations of Unit I and coal mine on November 1, 2015 and Unit II on March 31, 2016 of its 1,370 MW coal based thermal power plant at Raipur district, Chhattisgarh.

GCHEPL does not have power purchase agreements ('PPAs') 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. Though the COD for Unit I was declared from June 1, 2015, GCHEPL commenced generation of power on November 1, 2015 and sold power on a merchant basis. As a result, during the year, GCHEPL has incurred losses of Rs. 454.50 Crore and has accumulated losses of Rs. 494.84 Crore as at March 31, 2016.

GCHEPL's future revenues, profitability of operations and servicing of its debts is dependent upon tying up of its entire generation capacity for profitable rates through long term and medium term PPAs in a power scarce market, achievement of higher PLF and refinancing of existing loans with lower interest rates with banks and successful gains from the government announced initiatives of tolling linkage. Considering the improvement in the power market in India, GCHEPL is hopeful of tying up its significant generation through profitable long term PPAs, tolling linkage and also obtaining Mega Power Status along with refinancing of loans and reduction in interest rates on borrowings. GCHEPL is in active discussion with the lenders to restructure its loans and towards funding of cost overruns. Due to these reasons and based on business plans and valuation assessment by an external expert, the management is of the view that the carrying value of its investments in GCHEPL as at March 31, 2016 is appropriate. In estimating the future cash flows, the management has, in the absence of medium/long term PPAs', made certain key assumptions relating to the future revenues based on externally available information, restructuring of loans by the lenders, continued financial support by the Company and operating parameters which the management believes reasonably reflect the future expectations of these items. In view of the above, the Company 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 Audit Report.

8. As at March 31, 2016, the Company through its subsidiary, GEL, has investments of Rs. 1,191.84 Crore (including investments in equity / preference share capital and subordinate loans and interest accrued thereon) in GMR Warora Energy Limited ('GWEL') ('Formerly known as EMCO Energy Limited) a subsidiary of the Company and has also provided corporate / bank guarantee towards loans taken by GWEL from the project lenders. GWEL is engaged in the business of generation and sale of electrical energy from its coal based power plant of 600MW situated at Warora. GWEL has accumulated losses of Rs. 1,084.16 Crore as at March 31, 2016 which has resulted in erosion of GWEL's entire net worth. GWEL has achieved the COD of Unit I in March 2013 and of Unit II in September 2013 and has tied up entire power supplies capacity with customers and has completed the refinancing of its term and other loans with the lenders which has resulted in the reduction in the rate of interest and extended repayment period. Though the networth of GWEL is fully eroded, the losses have reduced and are Rs.



Notes to the standalone financial results for the quarter and year ended March 31, 2016

158.05 Crore for the year ended March 31, 2016 vis a vis losses of Rs. 370.61 Crore for the year ended March 31, 2015. Accordingly, the management of GWEL expects that the plant will generate sufficient profits in the future years and based on business plans and valuation assessment by an external expert, is of the view that the carrying value of the investments in GWEL as at March 31, 2016 is appropriate.

9. As at March 31, 2016, the Company through its subsidiary GEL, has investments of Rs. 2,530.93 Crore (including investments in equity share capital, subordinate loans and interest accrued thereon) in GMR Kamalanga Energy Limited ('GKEL'), a subsidiary of the Company 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. 1,613.03 Crore as at March 31, 2016, which has resulted in substantial erosion of GKEL's net worth due to operational difficulties faced during the early stage of its operations. However, the losses have reduced and are Rs. 269.67 Crore for the year ended March 31, 2016 vis a vis losses of Rs. 853.78 Crore for the year ended March 31, 2015. Further, pursuant to the Reserve Bank of India's framework for revitalizing distressed assets in the economy (including strategic debt restructuring scheme), the consortium of bankers have amended the rupee term loan agreement on June 29, 2015 and accordingly loan is to be repaid in 66 quarterly structured instalments from October 1, 2017. During the year ended March 31, 2016, GKEL has received favourable orders with regard to its petition for 'Tariff Determination' in case of PPA with GRIDCO Limited and for 'Tariff Revision' in case of PPAs with Haryana DISCOMS through PTC India Limited from Central Electricity Regulatory Commission ('CERC'). In view of these matters, business plans, valuation assessment by an external expert and continued financial support by the Company, the management is of the view that the carrying value of the investments in GKEL as at March 31, 2016 is appropriate.
10. During the year ended March 31, 2015 and March 31, 2016, based on a valuation assessment of its investments in GMR Highways Limited ('GMRHL'), subsidiary of the Company, the Company made a provision for diminution in the value of investments / advances of Rs. 262.40 Crore and Rs. 261.23 Crore which is disclosed as an 'exceptional item' in the standalone financial statements of the Company for the year ended March 31, 2015 and March 31, 2016 respectively. The diminution in value has primarily arisen on account of the diminution in the value of investments / advances in GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL'), GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUABL') and other road projects for reasons stated in (a), (b) and (c) below.

- a) The Company along with its subsidiaries have made investments of Rs. 680.10 Crore (including investments in equity / preference shares of Rs. 302.03 Crore made by the Company and its subsidiary and loans of Rs. 378.07 Crore) in GHVEPL, a subsidiary of the Company. GHVEPL has been incurring losses since the commencement of its commercial operations, as a result of which, based on a valuation assessment by an external expert of GHVEPL, the Company made a provision for diminution in the value of investments in GMRHL amounting to Rs. 131.41 Crore which was disclosed as an 'exceptional item' in the standalone financial statements of the Company for the year ended March 31, 2015.

Further, the management of GHVEPL believes that the said diminution in value is primarily due to loss of revenue arising as a result of drop in commercial traffic on account of bifurcation of State of Andhra Pradesh and ban imposed on sand mining in the region. The management based on its internal assessment and a legal opinion, believes that these events constitute a Change in Law as per the Concession Agreement and GHVEPL is entitled to the claim for losses suffered on account of the aforementioned reasons and accordingly filed its claim for the loss of revenue till the



Notes to the standalone financial results for the quarter and year ended March 31, 2016

year ended March 31, 2015 with NHAI. During the year ended March 31, 2016, NHAI rejected the aforementioned claims and consequently GHVEPL has invoked dispute resolution process as per the provisions of the Concession Agreement. Subsequently, NHAI has intimated GHVEPL that conciliation has failed and the management of GHVEPL is in the process of initiating the arbitration. Accordingly, based on its internal assessment, the Company has made a further provision for diminution in the value of investments / advances amounting to Rs. 96.98 Crore and Rs. 137.67 Crore during the quarter and year ended March 31, 2016 respectively which has been disclosed as an 'exceptional item'. The management of the Company 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 based on valuation assessment which is significantly dependent on the fructification of the aforesaid claims believes that no further provision for diminution in the value of investments is necessary as at March 31, 2016. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.

- b) The Company along with its subsidiary made investments of Rs. 735.80 Crore in GKUAEL, a subsidiary of the Company, (including loans of Rs. 35.80 Crore and investments in equity / preference shares of Rs. 700.00 Crore made by the Company and its subsidiary), which is primarily utilized by GKUAEL towards payment of capital advance of Rs. 590.00 Crore to its EPC contractors and Rs. 137.47 Crore towards indirect expenditure attributable to the project and borrowing costs ('project expenses'). GKUAEL has also provided a bank guarantee of Rs. 269.36 Crore to National Highways Authority of India ('NHAI'). GKUAEL had entered into a Concession Agreement with NHAI on November 30, 2011 for six laning of Kishangarh-Udaipur-Ahmedabad section of National Highways 79A, 79, 76 and 8. Pursuant to non-fulfillment of the mandatory 'Conditions Precedent' specified under the Concession Agreement within the due date, GKUAEL had 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. GKUAEL had approached the Hon'ble High Court of Delhi seeking an injunction against invocation of the aforementioned performance bank guarantee by NHAI which has not been accepted by the Hon'ble High Court of Delhi.

In addition, GKUAEL awarded the EPC contract to GMR Projects Private Limited ('GPPL') and had given an advance of Rs. 590.00 Crore as stated above. Pursuant to the notice of dispute, GKUAEL has terminated the contract on May 15, 2015. During the year ended March 31, 2016, GKUAEL has received a claim of Rs. 840.76 Crore from the EPC contractor, however no such claim relating to the termination of contract has been recognized by GKUAEL as at March 31, 2016 as the amounts payable are not certain.

Due to the termination of concession agreement with NHAI, initiation of arbitration proceedings and its consequential impact on the operations, the management of the Company, based on its internal assessment, has made a provision for diminution in the value of investments amounting to Rs. 137.47 Crore and advances amounting to Rs 5.70 Crore (including Rs. 6.74 Crore and Rs. 12.18 Crore during the quarter ended and year ended March 31, 2016 respectively) which has been disclosed as an 'exceptional item'.



Notes to the standalone financial results for the quarter and year ended March 31, 2016

Further, based on an internal assessment and a legal opinion, the management of GKUAEL is confident that it will be able to claim compensation from NHA1 for the loss it has suffered due to termination of contract for reasons as stated aforesaid and accordingly is of the view that no further provision for diminution in the value of investments is necessary as at March 31, 2016. The statutory auditors have qualified their Audit Report in this regard.

- c) During the year ended March 31, 2016, based on an internal assessment of its investments in certain road projects, the Company has made a provision for diminution in the value of investments of Rs. 111.38 Crore which has been disclosed as an 'exceptional item' in the standalone financial results of the Company for the quarter and year ended March 31, 2016.

11. As at March 31, 2016, the Company along with its subsidiary has investments of Rs. 369.80 Crore (including investments in equity share capital and subordinate loan and interest accrued thereon) in GMR Badrinath Hydro Power Generation Private Limited ('GBHPL'), a subsidiary of the Company. GBHPL is in the process of setting up 300 MW hydro based power plant in Alaknanda river, Chamoli District of Uttarakhand. The Hon'ble Supreme Court of India (the Court'), 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. Further, during the year ended March 31, 2016, Ministry of Environment Forest and Climate Change ('MoEF') has represented to the Supreme Court of India that of the six hydro projects in Uttarakhand, two projects including GBHPL requires certain design modifications as per the policy stipulations. However, based on its internal assessment and a legal opinion, the management of GBHPL is confident of obtaining the requisite clearances and based on business plan and a valuation assessment by an external expert, the management of the Company is of the view that the carrying value of the investments in GBHPL as at March 31, 2016 is appropriate.

12. a) The Company through its subsidiaries has investments of Rs. 414.44 Crore (USD 6.21 Crore) (including loan and interest accrued there on) in PT Dwikarya Sejati Utama ('PTDSU') as at March 31, 2016. The Company through its subsidiaries 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 pursuant to a settlement agreement dated June 25, 2014, the deferred consideration of USD 2.00 Crore was agreed with the sellers of PTDSU. As per the settlement agreement, USD 0.50 Crore was paid and the balance USD 1.50 Crore was to be paid in 16 equal quarterly instalments, commencing from June 30, 2015. Further, 35% shares of PTBSL are pledged as a security towards the payment of the balance instalments.

The consolidated financial statements of PTDSU and its subsidiaries PTBSL and PTDSI as at March 31, 2016 have accumulated losses of Rs. 30.67 Crore (USD 0.50 Crore). PTBSL, a coal property company commenced coal production on a trial basis and achieved a production of 28,000 MT during the year ended March 31, 2015. Though, these entities are currently unable to produce coal in view of limitations on transportation of coal due to water levels in Musi River, the management is hopeful of resuming production once the water levels are stabilized. In addition, the coal prices have significantly declined from May 2015 onwards. The management believes that the inability to produce coal as referred above and decline in the prices is expected to be temporary and as such do not have a significant impact on the ability of these entities to continue as a going concern. PTDSU and its subsidiaries are confident of raising finance as may be required for development of mines and continuance of their normal business operations. Based on these factors and valuation assessment by an external expert, the management is of the



Notes to the standalone financial results for the quarter and year ended March 31, 2016

view that the carrying value of the investments in PTDSU and its subsidiaries as at March 31, 2016 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.

b) The Company through its subsidiary GMR Coal Resources Pte. Limited ('GCRPL') has investments of Rs. 3,384.71 Crore (USD 50.69 Crore) in PT Golden Energy Mines ('PTGEMS'), a jointly controlled entity of the Company as at March 31, 2016. PTGEMS along with its subsidiaries is engaged in the business of coal mining and trading activities. The Group has a Coal Supply Agreement ('CSA') with PTGEMS whereby the Group is entitled to offtake stated quantity of coal as per the terms of the CSA at an agreed discount. The Group has not significantly commenced the offtake of the coal under the CSA, however the management of the Group is of the view that the same will not have an impact on their total entitlements of offtake of coal under CSA. The management of the Group is also negotiating certain terms of the CSA which are pending conclusion. The coal prices have significantly declined from May 2015 onwards. However, the management of the Company believes that such decline in the prices is expected to be temporary and such decline has been compensated by favorable currency movements in Indonesia and cost efficiency measures in mining activities in PTGEMS. The Company along with GCRPL is also in active discussion with the lenders to restructure its loans. Based on these factors and valuation assessment carried out by an external expert, the management of the Company believes that the carrying value of the investments in PTGEMS as at March 31, 2016 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.

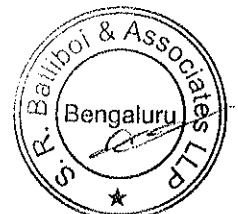
13. Delhi International Airport Private Limited ('DIAL') has accumulated losses of Rs. 233.09 Crore as at March 31, 2016 which has resulted in part erosion of net worth of DIAL as at March 31, 2016. However, DIAL has earned profits during the quarter and year ended March 31, 2016 and March 31, 2015 and March 31, 2014 and has met all its obligations as at March 31, 2016.

The Airport Economic Regulatory Authority ('AERA') vide its powers conferred by Section 13(1)(a) of the AERA Act, 2008 passed an Aeronautical tariff order Viz. 03/2012-13 issued on April 24, 2012 which determined the Aeronautical tariff to be levied at Delhi Airport for the fourth and fifth year of tariff period of first five year control period (i.e. 2009 - 2014). The first five year control period referred to above ended on March 31, 2014.

DIAL had filed a writ petition before the Hon'ble High Court of Delhi seeking extension of existing tariff as allowed vide AERA order 03/2012-13 issued on April 24, 2012 till disposal of DIAL's appeal pending before Airports Economic Regulatory Authority Appellate Tribunal ('AERAAT'). Subsequently, Hon'ble High Court of Delhi vide its final order dated January 22, 2015 ordered that the tariff determined by AERA for the First Control Period vide Tariff Order No.03/2012-13 issued on April 24, 2012 shall continue till the disposal of the appeals pending against the said Tariff Order, by the AERAAT.

AERA has filed a Special Leave Petition (SLP) 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. AERA has also filed an application before Hon'ble Supreme Court seeking directions for the implementation of its tariff order for second control period. The pleadings of the parties are complete and now listed for arguments on SLP and applications in due course.

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



Notes to the standalone financial results for the quarter and year ended March 31, 2016

DIAL has filed an appeal against the AERA order No. 40/2015-16 dated December 08, 2015 with AERAAT on January 11, 2016. In view of above legal proceedings, the implementation of AERA order for second control period, the said order cannot be implemented till the disposal of all legal issues associated with the order. The revenue so collected by DIAL during this interim period will be adjusted from the aggregate revenue requirement for the second control period w.e.f. April 1, 2014.

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

14. 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:

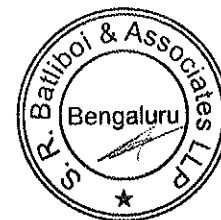
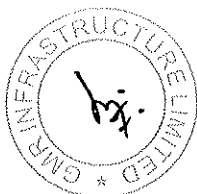
| (In Rs. Crore) | |
|---|---------------|
| Equity shares of the Company | 101.55 |
| Equity shares of GMR Airports Limited ('GAL') | 11.28 |
| Others | 2.17 |
| Total | 115.00 |

SEBI had issued Circular CIR/CFD/DIL/3-2013 dated January 17, 2013 prohibiting listed companies from framing any employee benefit scheme involving acquisition of its own securities from the secondary market. SEBI had issued Circular CIR/CFD/POLICYCELL/14/2013 dated November 29, 2013 extending the date of compliance to June 30, 2014. The management of the Company submitted the details of the GWT to the stock exchanges. SEBI has issued a Notification dated October 28, 2014 notifying "The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014" ("SEBI Regulations") whereby the Companies having existing schemes to which these regulations apply are required to comply with these regulations within one year of the effective date of the regulations and the trusts holding shares, for the purposes of implementing general employee benefit schemes, which exceed ten percent of the total value of the assets of the trusts, shall have a period of five years to bring down trusts' holding in such shares to the permissible limits. Recently, SEBI published Frequently Asked Question ("FAQ") on SEBI Regulations and clarified that appropriation of shares towards ESPS/ESOP/SAR/General Employee Benefits Scheme / Retirement Benefit Schemes by October 27, 2015 would be considered as compliance with proviso to regulation 3(12) of the SEBI Regulations. The Company may appropriate towards individual employees or sell in the market during next four years so that no unappropriated inventory remains thereafter. The shareholders have approved the revised terms and conditions of the scheme by passing a special resolution in the annual general meeting of the Company held on September 23, 2015 and that the Company will ensure compliance with other applicable provisions of the new regulations within the permissible time period. Further, as per the trust deed, GWT is constituted for undertaking only employee benefit schemes and hence the Company has not consolidated the financial results of GWT in the standalone financial results of the Company.



Notes to the standalone financial results for the quarter and year ended March 31, 2016

15. A search under Section 132 of the Income Tax Act, 1961 ('IT Act') 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 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 years ended March 31, 2015 and March 31, 2016, block assessments have been completed for certain years and the Company has received orders /demand amounting to Rs 94.60 Crore under Section 143(3) r.w.s.153A of the IT Act from the Income Tax Authorities in respect to Assessment Years 2007-08 to 2013-14. The management of the Company has filed the appeals against the above orders and believes that these demands are not tenable and it has complied with all the applicable provisions of the IT Act with respect to its operations.
16. During the year ended March 31, 2014, the Company along with its subsidiaries entered into a definitive agreement ('SPA') with Malaysia Airports MSC Sdn Bhd ('Buyer') for sale of 40% equity stake in their jointly controlled entities, Istanbul Sabiha Gokcen Uluslararası 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).
- Pursuant to the SPA entered with the buyer, the Company along with its subsidiaries had provided a guarantee of Euro 4.50 Crore towards tax claims, as specified in the SPA for a period till May 2019.
17. During the year ended March 31, 2014, pursuant to the equity shareholders' approval obtained on March 20, 2014, the Company issued 11,366,704 Compulsorily Convertible Preference Shares ('CCPS') of face value of Rs. 1,000 each comprising of (a) 5,683,351 Series A CCPS each fully paid up, carrying a coupon rate of 0.001% per annum ('p.a.') and having a term of 17 months from the date of allotment and (b) 5,683,353 Series B CCPS each fully paid up, carrying a coupon rate of 0.001% p.a. and having a term of 18 months from the date of allotment, to IDFC Limited, Dunearn Investments (Mauritius) Pte Limited, GKFF Ventures, Premier Edu-Infra Solutions Private Limited and Skyron Eco-Ventures Private Limited. The Series A CCPS and Series B CCPS were convertible into equity shares upon the expiry of their respective terms in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital Disclosure Requirements) Regulations, 2009, as amended ('ICDR Regulations') on the basis of the minimum permissible price, computed in accordance with Regulation 76 read with Regulation 71(b) of the SEBI ICDR Regulations on the conversion date. Pursuant to the approval of the Management Committee of the Board of Directors dated August 26, 2015 and September 26, 2015, the Company approved the allotment for conversion of aforesaid Series A CCPS into 359,478,241 equity shares of face value of Re. 1 each at a price of Rs. 15.81 per equity share (including securities premium of Rs. 14.81 per equity share) and the Series B CCPS into 380,666,645 equity shares of face value of Re.1 each at a price of Rs. 14.93 per equity share (including Securities premium of Rs. 13.93 per equity share) respectively.
18. Pursuant to the approval of the Management Committee of the Board of Directors dated April 18, 2015, the Company approved the allotment of 934,553,010 equity shares of face value of Re. 1 each at a price of Rs. 15 per equity share (including securities premium of Rs. 14 per equity share) for an amount aggregating to Rs.1,401.83 Crore to the existing equity shareholders of the Company on rights basis in the ratio of 3 equity shares for every 14 equity shares held by equity shareholders under chapter IV of the SEBI ICDR Regulations and provisions of all other applicable laws and regulations.



Notes to the standalone financial results for the quarter and year ended March 31, 2016

The details of utilization of rights issue as at March 31, 2016 is stated below :-

(Rs in Crore)

| Particulars | Amount proposed to be utilised from Net proceeds | Amount utilised | Balance Amount as at March 31, 2016 |
|--|--|-----------------|-------------------------------------|
| Full or partial repayment or prepayment of borrowings and payment of interest, prepayment penalty or premium on borrowings | 1,035.00 | 1,035.00 | - |
| Extend facilities to Company's subsidiary towards part repayment of the subsidiary's borrowings | 215.00 | 215.00 | - |
| General corporate purpose | 131.98 | 131.98 | - |
| Issue related expenses | 19.85 | 19.85 | - |
| Total | 1,401.83 | 1,401.83 | - |

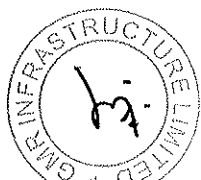
19. Pursuant to the approval of the Management Committee of the Board of Directors dated December 10, 2015, the Company has issued 7.50% Foreign Currency Convertible Bonds ('FCCBs') of USD 30.00 Crore to Kuwait Investment Authority with a maturity period of 60 years.
20. On July 02, 2014, the Board of Directors of the Company approved an issue and allotment of up to 180,000,000 warrants having an option to apply for and be allotted equivalent number of equity shares of face value of Re.1/- each on a preferential basis under chapter VII of the SEBI ICDR Regulations and provisions of all other applicable laws and regulations and accordingly the Company received an advance of Rs. 141.75 Crore against such share warrants. The shareholders approved the aforesaid issue of warrants through postal ballot on August 12, 2014. Pursuant to the approval of the Management Committee of the Board of Directors dated February 26, 2016 the outstanding warrants have been cancelled as the holders did not exercise the option within the due date of 18 months from the date of allotment, and Rs 141.75 Crore received as advance towards such warrants has been forfeited in accordance with the SEBI ICDR Regulations during the year ended March 31, 2016. The said amount has been credited to Capital Reserve account in the standalone financial results of the Company for the quarter and year ended March 31, 2016.
21. During the year ended March 31, 2016, the Company along with its subsidiary GMRHL, entered into a shares purchase agreement ('SPA') with Oriental Tollways Private Limited and Orbit Infraventures LLP for the divestment of 117,300,000 equity shares of Rs.10 each, representing their 51.00% stake in GMR OSE Hungud Hospet Highways Private Limited ('GOSHHEPL'), a subsidiary of the Company for a sale consideration of Rs 59.14 Crore held by both the Company and GMRHL. As at March 31, 2016, the transfer of 59,801,692 equity shares held by the Company is not completed. However, based on the SPA, the Company has made a provision for impairment of Rs. 29.65 Crore towards the diminution in the value of investments, which has been disclosed as an 'exceptional item' in the standalone financial results of the Company for the quarter and year ended March 31, 2016.
22. During the year ended March 31, 2016, the Company along with its subsidiaries GMRHL and GEL, entered into a SPA with India Infrastructure Fund for the sale of their entire equity stake of 26.00% in Ulundurpet Expressways Private Limited ('UEPL') for a sale consideration of Rs. 32.50 Crore. As at March 31, 2016, the sale transaction is not completed. However, based on the SPA the Company has made a provision for impairment of Rs. 1.05 Crore which has been



Notes to the standalone financial results for the quarter and year ended March 31, 2016

disclosed as an 'exceptional item' in the standalone financial results of the Company for the quarter and year ended March 31, 2016.

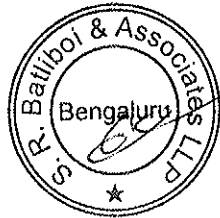
23. Pursuant to the approval of the Management Committee, the Company has entered into a Subscription and Shareholders Agreement dated May 9, 2016 with Tenaga Nasional Berhad and its affiliate, Power and Energy International (Mauritius) Limited ('Investors') whereby the investors will acquire 30% equity stake in a select portfolio of GEL assets on a fully diluted basis for a consideration of USD 30.00 crore through primary issuance of equity shares of GEL. The transaction is subject to the satisfactory completion of the various precedent conditions by both parties and is expected to be completed in 3-6 months. Further, investments in certain subsidiaries/ jointly controlled entities of GEL are to be transferred from GEL to the subsidiaries of the Company prior to the completion of the investment by Tenaga in GEL. The transfer of these investments is subject to obtaining necessary approvals of the lenders and regulatory authorities and the management of the Company is confident of obtaining the requisite approvals.
24. GMR Renewable Energy Limited (GREEL) and GEL, subsidiaries of the Company, made substantial investments in their subsidiaries/ associates which are implementing or operating various energy sector projects including mining operations. These two subsidiaries and some of their underlying subsidiaries/associates have been incurring losses and have made provision for diminution in the value of the investments. Based on the valuation assessment by the management with regard to future operations and revenue generation from these assets, a provision of Rs.1,285 Crore is made towards diminution in the value of investments in GREEL and GEL which has been disclosed as an 'exceptional item' in the standalone financial results of the Company for the quarter and year ended March 31, 2016.
25. The figures of last quarter of current and previous years are the balancing figures between the audited figures in respect of the full financials years and the published unaudited year to date figures for nine months ended for respective years.
26. DSCR represents profit including exceptional items and other income and before finance costs, and tax expenses / finance costs plus principal repayment of loan funds during the period. ISCR represents profit including exceptional items and other income and before finance costs and tax expenses / finance costs. Finance costs do not include debenture redemption premium which has been adjusted against the securities premium account as permitted under Section 52 of the Companies Act, 2013. Debt-equity ratio represents loan funds (long term borrowings, short term borrowings and current maturity of long term borrowings included in current liabilities)/ shareholders' funds (equity shares + reserves and surplus). Also refer note 10 and note 24.
27. Paid-up debt capital represents outstanding non-convertible debentures issued by the Company (excluding provision for redemption premium) as at March 31, 2016.
28. Other operating income includes interest income, dividend income, income from management and other services and profit on sale of current investments considering that the Company undertakes investment activities.
29. Employee benefits expenses and other expenses for quarter and year ended March 31, 2016 are net of Rs. 34.13 Crore and Rs.120.73 Crore, respectively, cross charged to certain subsidiaries of the Company.
30. The standalone financial statements of the Company for the quarter and year ended March 31, 2016 have been reviewed by the Audit Committee in their meeting on May 30, 2016 and approved by the Board of Directors in their meeting on May 30, 2016.



Notes to the standalone financial results for the quarter and year ended March 31, 2016

31. Figures pertaining to previous year have been re-grouped / reclassified, wherever necessary, to conform to the classification adopted in the current year.

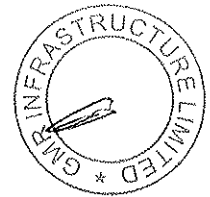
Bengaluru
May 30, 2016



For GMR Infrastructure Limited

A handwritten signature in black ink, appearing to read "Grandhi Kiran Kumar".

Grandhi Kiran Kumar
Managing Director



Auditor's Report on Quarterly and Year to Date Standalone Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**To****The Board of Directors of GMR Infrastructure Limited**

1. We have audited the standalone financial results of GMR Infrastructure Limited ("the Company") for the quarter and year ended March 31, 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The quarterly standalone financial results are the derived figures between the standalone audited figures in respect of the year ended March 31, 2016 and the published year-to-date standalone figures up to December 31, 2015, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The standalone financial results for the quarter and year ended March 31, 2016 have been prepared on the basis of the standalone financial results for the nine-month period ended December 31, 2015, the audited annual standalone financial statements as at and for the year ended March 31, 2016, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these standalone financial results based on our review of the standalone financial results for the nine-month period ended December 31, 2015 which were prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, specified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2016; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion

Basis for Qualified Opinion

3. As detailed in Note 4 to the accompanying statement of standalone financial results for the quarter and year ended March 31, 2016, the Company through its subsidiary, GMR Infrastructure (Mauritius) Limited ('GIML') has investments of Rs. 396.81 Crore (USD 5.94 Crore) (including equity share capital of Rs. 154.24 Crore (USD 2.31 Crore) and subordinate loans and interest accrued thereon of Rs. 242.57 Crore (USD 3.63 Crore) towards 77% equity shareholding in GMR Male International Airport Private Limited ('GMIAL'). Further GIML, has placed fixed deposits of Rs. 864.90 Crore (USD 12.95 Crore) with lenders towards loan taken by GMIAL and the Company has given a corporate guarantee of Rs. 2,620.72 Crore (USD 39.25 Crore) to the lenders in connection with the borrowings made by GMIAL. The Concession Agreement entered into between GMIAL, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years was declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated the arbitration process to seek remedies under the



said agreement and on June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and was valid and binding on the parties. However, the quantum of the damages is yet to be decided and accordingly, pending final outcome of the arbitration, such investments have been carried at cost in the standalone financial results as at March 31, 2016, as the management is of the view that GMIAL will be able to recover at least the carrying value of the assets of Rs. 1,594.68 Crore (USD 23.88 Crore) including claim recoverable of Rs. 1,273.14 Crore (USD 19.07 Crore) as at March 31, 2016.

Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for Rehabilitation, Expansion, and Modernization of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and have received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognized in the standalone financial results of GMIAL as at March 31, 2016. The takeover of MIA by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL.

Having regard to the uncertainty in view of the dispute and the final outcome of the matter, we are unable to comment on its impact on the carrying value of the investments pertaining to the aforesaid entities and any other consequential impact that may arise in this regard on the accompanying standalone financial results for the quarter and year ended March 31, 2016. In respect of the above matter, our audit report for the year ended March 31, 2015 and limited review report for the quarters ended June 30, 2015, September 30, 2015 and December 31, 2015 were similarly qualified.

4. As detailed in Note 10 (b) to the accompanying statement of standalone financial results for the quarter and year ended March 31, 2016, the Company along with its subsidiary has made investments of Rs. 735.80 Crore in GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL'), a subsidiary of the Company (including loans of Rs. 35.80 Crore and investments in equity shares and preference shares of Rs. 700.00 Crore), which is primarily utilized by GKUAEL towards payment of capital advance of Rs. 590.00 Crore to its EPC contractor and Rs. 137.47 Crore towards indirect expenditure attributable to the project and borrowing costs ('project expenses'). GKUAEL has also given a bank guarantee of Rs. 269.36 Crore to National Highways Authority of India ('NHAI'). GKUAEL issued a notice of intention to terminate the Concession Agreement and a notice of dispute to NHAI invoking arbitration provisions of the Concession Agreement during the earlier years. Both the parties have appointed their arbitrators and the arbitration process is pending commencement. Pursuant to the notice of dispute, GKUAEL terminated the EPC contract on May 15, 2015 and has received claims towards such termination. However, no such claims have been recognized in the standalone financial results of GKUAEL as at March 31, 2016.

Based on its internal assessment, the management of the Company made a provision for diminution in the value of investments / advances amounting to Rs. 137.47 Crore and advances amounting to Rs 5.70 Crore (including Rs. 6.74 Crore and Rs. 12.18 Crore during the quarter ended and year ended March 31, 2016 respectively). However, the notice of dispute and initiation of arbitration proceedings indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of the GKUAEL. Having regard to this uncertainty, we are unable to comment on the final outcome of the matter and its consequential impact on the carrying value of the Company's investments in GKUAEL in the accompanying standalone financial results of the Company for the quarter and year ended March 31, 2016. In respect of the above matter, our audit report for the year ended March 31, 2015 and limited review report for the



quarters ended June 30, 2015, September 30, 2015 and December 31, 2015 were similarly qualified.

Qualified Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in paragraphs 3&4, these quarterly and year to date financial results of the Company;
 - i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - ii. give a true and fair view of the net loss and other financial information for the quarter and the year ended March 31, 2016.

Emphasis of Matter

6. We draw attention to the following matters in the notes to the accompanying standalone financial results for the quarter and year ended March 31, 2016:
 - a) Note 5 regarding investments of Rs. 394.17 Crore (including investments in equity / preference shares of Rs. 244.70 Crore made by the Company and its subsidiaries and loans and interest accrued thereon of Rs. 149.47 Crore) as at March 31, 2016 in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company. Though GACEPL has been incurring losses since the commencement of commercial operations and the matter is currently under arbitration, based on management's internal assessment and legal opinion obtained by the management of GACEPL, such investments have been carried at cost. Accordingly, no provision for diminution in the value of investments has been made in the accompanying standalone financial results for the quarter and year ended March 31, 2016.
 - b) Note 6 regarding (i) cessation of operations and the losses, including cash losses incurred by GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVVPL'), subsidiaries of the Company and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas and (ii) rescheduling of the commercial operation date and the repayment of certain project loans by another subsidiary of the Company, GMR Rajahmundry Energy Limited ('GREL'), pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet short term and long term obligations. The accompanying standalone financial results of the Company for the quarter and year ended March 31, 2016 do not include any adjustments that might result from the outcome of this significant uncertainty.
 - c) Note 7 regarding uncertainties in tying up power supplies, achieving profitability in operations, mega power status, refinancing of existing loans at lower rates of interest, other key assumptions made in the valuation assessment of the investments in GMR Chhattisgarh Energy Limited ('GCHEPL'), a subsidiary of the Company. The carrying value of the investments in GCHEPL is critically dependent upon the achievement of the key assumptions as discussed in the aforesaid note. In the opinion of the management of the Company, no further provision for diminution in the value of investments (including loans) is considered necessary at this stage in the accompanying standalone financial results for the quarter and year ended March 31, 2016 for the reasons explained in the said note.



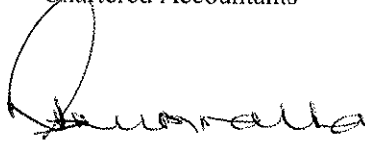
S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- d) Note 10(a) regarding investments of Rs. 680.10 Crore (including investments in equity / preference shares of Rs. 302.03 Crore made by the Company and its subsidiary and loans of Rs. 378.07 Crore) as at March 31, 2016 in GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL'), a subsidiary of the Company. GHVEPL has been incurring losses since the commencement of commercial operations and the Company has made a provision of Rs 269.08 Crore (including Rs. 96.98 Crore and Rs. 137.68 Crore during the quarter and year ended March 31, 2016 respectively) for the diminution in the value of the investments as at March 31, 2016. Based on a valuation assessment, a legal opinion and for reasons explained in the said note, management of the Company believes that no further provision for diminution in the value of investments is considered necessary in the accompanying standalone financial results for the quarter and year ended March 31, 2016.
- e) Note 12(a) and 12(b) regarding the uncertainties pertaining to coal prices and other key assumptions made by the management in the valuation assessment of its investments in entities which are engaged in the operation and development of coal mines. In the opinion of the management of the Company, no further provision for diminution in the value of investments (including loans) is considered necessary at this stage in the accompanying standalone financial results for the quarter and year ended March 31, 2016 for the reasons explained in the said notes.

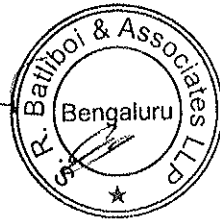
Our opinion is not qualified in respect of the aforesaid matters.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI firm registration number: 101049W / E300004
Chartered Accountants



per Sunil Bhumralkar
Partner

Membership number: 35141



Place: Bengaluru

Date: May 30, 2016

ANNEXURE 1

GMR Infrastructure Limited

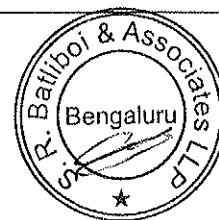
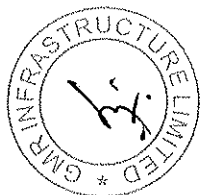
Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted by GMR Infrastructure Limited along with its standalone financial results for the quarter and year ended March 31, 2016


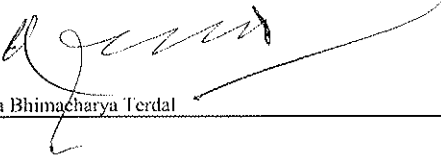
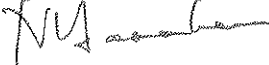
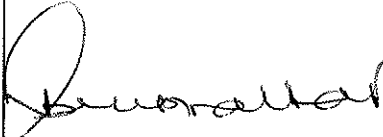

(In Rs. crore except for earning per share)

| I. | Sl. No | Particulars | Audited figures (as reported before adjusting for qualifications) | Adjusted figures (audited figures after adjusting for qualifications) |
|---|--------|---|---|---|
| | 1 | Turnover / Total income (including other income) | 814.17 | 814.17 |
| | 2 | Total Expenditure (including finance cost, tax expenses, share of loss/profit with associates and minority interest before exceptional items) | (756.14) | (756.14) |
| | 3 | Exceptional items gain / (loss) (net) | (1,576.93) | (1,576.93) |
| | 4 | Net profit/(loss) | (1,518.90) | (1,518.90) |
| | 5 | Earnings per share (in Rs.) - Basic | (2.68) | (2.68) |
| | 6 | Total assets | 15,809.74 | 15,809.74 |
| | 7 | Total liabilities | 6,387.89 | 6,387.89 |
| | 8 | Net worth (refer note 1) | 9,421.85 | 9,421.85 |
| | 9 | Any other financial item(s) (as felt appropriate by the management) | Refer Emphasis of Matter in the Auditor's Report on Quarterly and Year to Date Standalone Financial Results | |
| <p>Note 1: Net worth has been calculated as per the definition of net worth in Guidance Note on "Terms used in Financial Statements" issued by the Institute of Chartered Accountants of India.</p> | | | | |
| II. | | | | |
| Audit Qualification (each audit qualification separately): | | | | |
| | (i) | Qualification 1 | | |
| | | a. Details of audit qualification: | | |
| | | <p>As detailed in Note 10 (b) to the accompanying statement of standalone financial results for the quarter and year ended March 31, 2016, the Company along with its subsidiary has made investments of Rs. 735.80 Crore in GMR Kishangarh Udaipur Ahmedabad Expressways Limited ("GKUAEI"), a subsidiary of the Company (including loans of Rs. 35.80 Crore and investments in equity shares and preference shares of Rs. 700.00 Crore), which is primarily utilized by GKUAEL towards payment of capital advance of Rs. 590.00 Crore to its EPC contractor and Rs. 137.47 Crore towards indirect expenditure attributable to the project and borrowing costs ("project expenses"). GKUAEL has also given a bank guarantee of Rs. 269.36 Crore to National Highways Authority of India ("NHAI"). GKUAEL issued a notice of intention to terminate the Concession Agreement and a notice of dispute to NHAI invoking arbitration provisions of the Concession Agreement during the earlier years. Both the parties have appointed their arbitrators and the arbitration process is pending commencement. Pursuant to the notice of dispute, GKUAEL terminated the EPC contract on May 15, 2015 and has received claims towards such termination. However, no such claims have been recognized in the standalone financial results of GKUAEL as at March 31, 2016.</p> <p>Based on its internal assessment, the management of the Company made a provision for diminution in the value of investments / advances amounting to Rs. 137.47 Crore and advances amounting to Rs. 5.70 Crore (including Rs. 6.74 Crore and Rs. 12.18 Crore during the quarter ended and year ended March 31, 2016 respectively). However, the notice of dispute and initiation of arbitration proceedings indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of the GKUAEL. Having regard to this uncertainty, we are unable to comment on the final outcome of the matter and its consequential impact on the carrying value of the Company's investments in GKUAEL in the accompanying standalone financial results of the Company for the quarter and year ended March 31, 2016.</p> | | |
| | | b. Type of audit qualification: Qualified opinion | | |
| | | c. Frequency of qualification: Since year ended March 31, 2015 | | |
| | | d. For audit qualification where the impact is quantified by the auditor, management's views: Not quantifiable | | |
| | | e. For audit qualification where the impact is not quantified by the auditor: | | |
| | | (i) Management's estimation on the impact of audit qualification: Not ascertainable | | |
| | | (ii) If management is unable to estimate the impact, reasons for the same: | | |
| | | <p>b) The Company along with its subsidiary made investments of Rs. 735.80 Crore in GKUAEL, a subsidiary of the Company, (including loans of Rs. 35.80 Crore and investments in equity / preference shares of Rs. 700.00 Crore made by the Company and its subsidiary), which is primarily utilized by GKUAEL towards payment of capital advance of Rs. 590.00 Crore to its EPC contractors and Rs. 137.47 Crore towards indirect expenditure attributable to the project and borrowing costs ("project expenses"). GKUAEL has also provided a bank guarantee of Rs. 269.36 Crore to National Highways Authority of India ("NHAI"). GKUAEL had entered into a Concession Agreement with NHAI on November 30, 2011 for six laning of Kishangarh-Udaipur-Ahmedabad section of National Highways 79A, 79, 76 and 8. Pursuant to non-fulfillment of the mandatory 'Conditions Precedent' specified under the Concession Agreement within the due date, GKUAEL had 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. GKUAEL had approached the Hon'ble High Court of Delhi seeking an injunction against invocation of the aforementioned performance bank guarantee by NHAI which has not been accepted by the Hon'ble High Court of Delhi.</p> <p>In addition, GKUAEL awarded the EPC contract to GMR Projects Private Limited (GPPL) and had given an advance of Rs. 590.00 Crore as stated above. Pursuant to the notice of dispute, GKUAEL has terminated the contract on May 15, 2015. During the year ended March 31, 2016, GKUAEL has received a claim of Rs. 840.76 Crore from the EPC contractor, however no such claim relating to the termination of contract has been recognized by GKUAEL as at March 31, 2016 as the amounts payable are not certain.</p> | | |
| | | <p>Due to the termination of concession agreement with NHAI, initiation of arbitration proceedings and its consequential impact on the operations, the management of the Company, based on its internal assessment, has made a provision for diminution in the value of investments amounting to Rs. 137.47 Crore and advances amounting to Rs. 5.70 Crore (including Rs. 6.74 Crore and Rs. 12.18 Crore during the quarter ended and year ended March 31, 2016 respectively) which has been disclosed as an 'exceptional item'.</p> <p>Further, 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 is of the view that no further provision for diminution in the value of investments is necessary as at March 31, 2016. The statutory auditors have qualified their Audit Report in this regard.</p> | | |
| | | (iii) Auditors' comments on (i) or (ii) above: Refer i(a) above. | | |



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| (ii) | <p>Qualification 2</p> <p>a. Details of audit qualification: As detailed in Note 4 to the accompanying statement of standalone financial results for the quarter and year ended March 31, 2016, the Company through its subsidiary, GMR Infrastructure (Mauritius) Limited ('GIML') has investments of Rs. 396.81 Crore (USD 5.94 Crore) (including equity share capital of Rs. 154.24 Crore (USD 2.31 Crore) and subordinate loans and interest accrued thereon of Rs 242.57 Crore (USD 3.63 Crore) towards 77% equity shareholding in GMR Male International Airport Private Limited ('GMIAL'). Further GIML, has placed fixed deposits of Rs. 864.90 Crore (USD 12.95 Crore) with lenders towards loan taken by GMIAL and the Company has given a corporate guarantee of Rs. 2,620.72 Crore (USD 39.25 Crore) to the lenders in connection with the borrowings made by GMIAL. The Concession Agreement entered into between GMIAL, Maldives Airport Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years was declared void ab initio by MACL and MoFT and MACL has taken possession of MIA with effect from December 8, 2012. GMIAL has initiated the arbitration process to seek remedies under the said agreement and on June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and was valid and binding on the parties. However, the quantum of the damages is yet to be decided and accordingly, pending final outcome of the arbitration, such investments have been carried at cost in the standalone financial results as at March 31, 2016, as the management is of the view that GMIAL will be able to recover at least the carrying value of the assets of Rs. 1,594.68 Crore (USD 23.88 Crore) including claim recoverable of Rs. 1,273.14 Crore (USD 19.07 Crore) as at March 31, 2016.</p> <p>Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for Rehabilitation, Expansion, and Modernization of MIA. Pursuant to the aforesaid takeover of the airport by MACL, GMIAL has terminated the contracts with GADLIL and these service providers and have received claims from GADLIL and other service providers towards termination payments. However, no such claims relating to the termination of contracts have been recognized in the standalone financial results of GMIAL as at March 31, 2016. The takeover of MIA by MACL, initiation of arbitration proceedings and its consequential impact on the operations indicate the existence of a material uncertainty that may cast a significant doubt about the going concern of GMIAL and GADLIL.</p> <p>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 investments pertaining to the aforesaid entities and any other consequential impact that may arise in this regard on the accompanying standalone financial results for the quarter and year ended March 31, 2016.</p> |
| | <p>b. Type of audit qualification : Qualified opinion</p> |
| | <p>c. Frequency of qualification: Since year ended March 31, 2013</p> |
| | <p>d. For audit qualification where the impact is quantified by the auditor, Management's Views: Not quantifiable</p> |
| | <p>e. For audit qualification where the impact is not quantified by the auditor:</p> |
| | <p>(i) Management's estimation on the impact of audit qualification: Not applicable</p> |
| | <p>4. The Company through its subsidiary GMR Infrastructure (Mauritius) Limited ('GIML') has made investments of Rs. 396.81 Crore (USD 5.94 Crore) (including equity share capital of Rs. 154.24 Crore (USD 2.31 Crore) and subordinate loans and interest accrued thereon of Rs 242.57 Crore (USD 3.63 Crore) towards 77% holding in GMR Male International Airport Private Limited ('GMIAL') and GIML has placed deposits of Rs. 864.90 Crore (USD 12.95 Crore) with lenders towards loans taken by GMIAL. Further the Company has given a corporate guarantee of Rs. 2,620.72 Crore (USD 39.25 Crore) to the lenders in connection with the borrowings made by GMIAL.</p> <p>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 ('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.</p> <p>Though GMIAL denied that the contract was void ab initio, MACL took over the possession and control of the MIA and GMIAL vacated the airport effective December 8, 2012. This has resulted in the GMIAL's principal activity becoming impossible from the date of takeover. The matter is currently under arbitration and the procedural meeting was held on April 10, 2013. On June 18, 2014, the tribunal delivered its award declaring that the Concession Agreement was not void ab initio and is valid and binding on the parties. Further, the tribunal declared that the Government of Maldives ('GoM') and MACL are jointly and severally liable to GMIAL for loss caused by repudiation of the contract. The quantum of the damages is yet to be decided and the damages are limited to the sum which would have been recovered under clause 19.4.3 (b) had the Concession Agreement been terminated on grounds of public interest pursuant to clause 19.2.1 (h). On November 26, 2014, GoM and MACL 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.</p> <p>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 the Concession Agreement has been repudiated and also that the limit to recoverable damages identified in the aforementioned award means all damages recoverable by GMIAL and not only contractually contemplated damages. Accordingly, on October 1, 2015, GMIAL served the amended schedule of loss to the tribunal and a five day hearing has now been set for the quantum hearing from August 8, 2016 to August 12, 2016. In view of the aforesaid matter GMIAL continues to reflect assets amounting to Rs. 1,594.68 Crore (USD 23.88 Crore) including claim recoverable of Rs. 1,273.14 Crore (USD 19.08 Crore) at their carrying values as at March 31, 2016, net of assets written off of Rs. 202.61 Crore during the year ended March 31, 2013. GMIAL's ability to continue its future business operations and consequential impact on investments made / guarantees given by the Company and GIML is solely dependent on the outcome of arbitration and / or a negotiated settlement.</p> <p>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 March 31, 2016 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognized as at March 31, 2016 since the amounts payable are not certain.</p> <p>Based on the aforesaid award by the tribunal, internal assessment and a legal opinion obtained by GMIAL, the management of the Company is confident that GMIAL would be entitled for compensation under the Concession Agreement at least to the extent of the carrying value of the assets taken over by the GoM / MACL and the subsequent expenditure incurred by GMIAL as at March 31, 2016 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 qualified their Audit Report in this regard.</p> |
| | <p>(iv) Auditors' Comments on (i) or (ii) above: Refer iii(a) above.</p> |



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| III. | Signatories: | |
| | Managing Director |  Grandhi Kiran Kumar |
| | Group CFO |  Madhva Bhimacharya Terdal |
| | Audit Committee Chairman |  N.C. Sarabeswaran |
| | Statutory Auditor | S R Batliboi & Associates I.L.P Chartered Accountants ICAI Firm registration number: 101049W E 300004   per Sunil Bhumraikar Partner Membership number: 35141 |
| | Place: | Bengaluru |
| | Date: | May 30, 2016 |

