

**Independent Auditor's Review Report on the Quarterly Unaudited Standalone Ind AS Financial Results of GMR Infrastructure Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended****Review Report to  
The Board of Directors  
GMR Infrastructure Limited**

1. We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of GMR Infrastructure Limited (the 'Company') for the quarter ended June 30, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended, read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. As detailed in note 4(b) to the accompanying unaudited standalone Ind AS financial results for the quarter ended June 30, 2019, GMR Energy Limited ('GEL'), GMR Vemagiri Power Generation Limited ('GVPGL') and GMR Rajahmundry Energy Limited ('GREL') have ceased operations and have been incurring significant losses with a consequential erosion of net worth resulting from the continued unavailability of adequate supply of natural gas. Further, GREL has rescheduled the repayment of project loans due to implementation of the Strategic Debt Restructuring Scheme to convert part of the debt outstanding into equity and has signed a Resolution Plan with the lenders to restructure its debt obligations during the year ended March 31, 2019. The carrying value of the investments/ obligations in these entities is significantly dependent on the achievement of key assumptions around availability of natural gas, future tariff and the outcome of the sale of the Barge mounted power plant. Accordingly, we are unable to comment on the carrying value of the investments (including advances)/ obligations in these entities as at June 30, 2019. In respect of the above matter, our audit report for the year ended March 31, 2019 was also similarly qualified.
5. Based on our review conducted as above, except for the possible effects of the matter described in paragraph 4, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.



6. We draw attention to the following matters in the notes to the accompanying unaudited standalone Ind AS financial results for the quarter ended June 30, 2019:

a) Note 6(b) and 6(c) with regard to the ongoing arbitration for compensation of losses being incurred by GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') and GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL'), subsidiaries of the Company since the commencement of commercial operations. Pending outcome of the arbitration proceedings, finalisation of the proposed resolution plan with the lenders by GHVEPL and external legal opinion obtained by the management of GACEPL and GHVEPL the management of the Company is of the view that the carrying value of the investments (including loans and advances and other receivables)/obligations as at June 30, 2019 in GACEPL and GHVEPL is appropriate.

b) Note 4(f) regarding the cessation of construction of the 300 MW hydro based power plant on Alaknanda river, Uttarakhand which was being constructed by GMR Badrinath Hydro Power Generation Private Limited ('GBHPL'), a joint venture of the Company. The Hon'ble Supreme Court of India ('the Supreme Court'), while hearing a civil appeal in the matters of another hydro power company, directed that no further construction work shall be undertaken until further orders. Based on a business plan and valuation assessment by an external expert during the year ended March 31, 2019 management is of the view that the carrying value of the investments in GBHPL as at June 30, 2019 is appropriate.

c) Note 4(d) and 4(e) in connection with certain claims, receivables and counter claims from customers of GMR Warora Energy Limited ('GWEL') and GMR Kamalanga Energy Limited ('GKEL'), joint ventures of the Company, pending settlement / realisation as at June 30, 2019. The management of the Group based on its internal assessment, legal expert advice and certain interim favourable regulatory orders, no adjustments have been made in the accompanying unaudited standalone Ind AS financial results for the quarter ended June 30, 2019.

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

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

  
per Sandeep K. Jarnani  
Partner  
Membership No.: 061207  
UDIN: 19061207AAAAAT7612



Place: New Delhi  
Date: August 14, 2019

**Statement of unaudited standalone Ind AS financial results for the quarter ended June 30, 2019**

S.No.	Particulars	Quarter ended			Year ended
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		Unaudited	(Refer note 10)	Unaudited	Audited
<b>1</b>	<b>Revenue</b>				
	(a) Revenue from operations				
	i) Sales/income from operations	236.90	212.07	198.91	763.04
	ii) Other operating income (refer note 12)	75.44	80.40	87.74	338.00
	(b) Other income				
	i) Foreign exchange fluctuation gain (net)	-	10.29	14.22	43.92
	ii) Others	2.83	0.78	0.46	3.94
	<b>Total Revenue</b>	<b>315.17</b>	<b>303.54</b>	<b>301.33</b>	<b>1,148.90</b>
<b>2</b>	<b>Expenses</b>				
	(a) Cost of materials consumed	118.59	87.55	90.13	338.31
	(b) Subcontracting expenses	62.11	63.38	58.63	334.41
	(c) Employee benefit expenses	11.01	10.89	11.43	47.29
	(d) Finance costs	223.60	215.54	200.51	845.65
	(e) Depreciation and amortisation expenses	6.00	6.25	5.43	24.49
	(f) Other expenses	23.47	30.47	32.01	125.18
	<b>Total expenses</b>	<b>444.78</b>	<b>414.08</b>	<b>398.14</b>	<b>1,715.33</b>
<b>3</b>	<b>(Loss)/ Profit before exceptional items and tax</b>	<b>(129.61)</b>	<b>(110.54)</b>	<b>(96.81)</b>	<b>(566.43)</b>
<b>4</b>	<b>Exceptional items</b>				
	Provision for diminution in value of investments at amortised cost, loans/advances (refer note 11)	(89.13)	(475.96)	-	(475.96)
<b>5</b>	<b>(Loss) / Profit before tax (3 ± 4)</b>	<b>(218.74)</b>	<b>(586.50)</b>	<b>(96.81)</b>	<b>(1,042.39)</b>
<b>6</b>	<b>Tax expenses</b>	<b>(3.69)</b>	<b>(4.12)</b>	<b>0.02</b>	<b>(8.08)</b>
<b>7</b>	<b>(Loss) /Profit for the period/ year (5 ± 6)</b>	<b>(215.05)</b>	<b>(582.38)</b>	<b>(96.83)</b>	<b>(1,034.31)</b>
<b>8</b>	<b>Other comprehensive income/ (expenses) (net of tax)</b>				
	(A) (i) Items that will not be reclassified to profit or loss	(162.99)	(1,718.10)	0.29	(4,315.60)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
	(B) (i) Items that will be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	<b>Total comprehensive income for the period/year</b>				
<b>9</b>	<b>(Comprising Profit/(Loss) and Other comprehensive income/ (expenses) (net of tax) for the period/year) (7 ± 8)</b>	<b>(378.04)</b>	<b>(2,300.48)</b>	<b>(96.54)</b>	<b>(5,349.91)</b>
<b>10</b>	<b>Paid-up equity share capital</b>	<b>603.59</b>	<b>603.59</b>	<b>603.59</b>	<b>603.59</b>
	(Face value - Re. 1 per share)				
<b>11</b>	<b>Other equity</b>				<b>11,097.56</b>
	Earnings per share (EPS) (of Re. 1 each) (not annualised)				
	(a) Basic and Diluted EPS before exceptional items	(0.21)	(0.18)	(0.16)	(0.93)
	(b) Basic and Diluted EPS after exceptional items	(0.36)	(0.97)	(0.16)	(1.72)





## Notes to the unaudited standalone Ind AS financial results for the quarter ended June 30, 2019

1. Investors can view the unaudited standalone Ind AS financial results of GMR Infrastructure Limited ("the Company" or "GIL") on the Company's website [www.gmrgroup.in](http://www.gmrgroup.in) or on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) or NSE ([www.nse-india.com](http://www.nse-india.com)). The Company carries on its business through various subsidiaries, joint ventures and associates (hereinafter referred to as 'the Group'), being special purpose vehicles exclusively formed to build and operate various infrastructure projects.
2. The Company carries on its business in two business verticals viz., Engineering, Procurement and Construction ('EPC') and Others.

The segment reporting of the Company has been prepared in accordance with Ind AS 108 'Operating Segments' prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder. The Company has presented the operating segments information on the basis of its consolidated Ind AS financial results.

3. Pursuant to the investor agreements (including amendments thereof) entered into during the years ended March 31, 2011 and 2012 (hereinafter collectively referred to as "investor agreements"), GMR Airports Limited, ('GAL'), a subsidiary of the Company, had issued 3,731,468 Class A Compulsorily Convertible Preference Shares ("CCPS A") of Rs. 1,000 each at a premium of Rs. 2,885.27 each and Rs. 3,080.90 each aggregating to Rs. 663.31 crore and Rs. 441.35 crore respectively, to certain Private Equity Investors ('Investors').

As per the terms of the investor agreement, the Company had a call option to buy CCPS A from the Investors for a call price to be determined as per the terms of the investor agreement.

The Company vide its letter dated April 1, 2015, had exercised the call option to buy the CCPS A, subject to obtaining the requisite regulatory approvals. However, Investors had initiated arbitration proceedings against GAL and the Company, seeking conversion of the CCPS A.

The Company together with GAL has executed a settlement agreement dated August 13, 2018 with Investors to amicably settle all outstanding disputes pertaining to the matters which were the subject of the aforesaid arbitration. As per the settlement agreement, the Company through its wholly owned subsidiary has purchased 2,714,795 CCPS A of GAL for an additional consideration of Rs. 3,560.00 crore from the Investors and balance 932,275 CCPS A were converted into equity shares of GAL in the hands of the Investors, which represents 5.86% shareholding of GAL. As per the definitive agreement entered by the Company as referred in note 8 below, the Company, through its subsidiary, shall provide an exit to these Investor's 5.86% shareholding in GAL.

4. (a) The Company along with its subsidiaries has investments in GMR Generation Assets Limited ("GGAL") and GMR Energy Limited ("GEL") of Rs 3,013.40 crore. GGAL and GEL have certain underlying subsidiaries/ associates/ joint ventures which are engaged in energy sector including mining operations. GEL, GGAL and some of the underlying subsidiaries/ associates/ joint ventures as further detailed in note 4(b), 4(c), 4(d), 4(e) and 4(f) below have been incurring losses resulting in substantial erosion in their net worth. Based on its internal assessment with regard to future operations and valuation assessment by an external expert during the year ended March 31, 2019, the management of the Company had fair valued its investments and for reasons as detailed in 4(b), 4(c), 4(d), 4(e) and 4(f) below, the management is of the view that the fair value of the Company's investment in GGAL and GEL is appropriate.



**Notes to the unaudited standalone Ind AS financial results for the quarter ended June 30, 2019**

(b) In view of lower supplies / availability of natural gas to the power generating companies in India, GMR Rajahmundry Energy Limited ('GREL'), GMR Vemagiri Power Generation Limited ('GVPGL') and GEL 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. GREL and GVPGL emerged as successful bidders in the auction process organised by the Ministry of Power and operated on an intermittent basis from August 2015 and October 2015 respectively till September 2016 by using Regasified Liquefied Natural Gas ('RLNG') as natural gas. These entities have ceased operations and have been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply.

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. As a result, the consortium of lenders of GREL decided to implement Strategic Debt Restructuring Scheme ('SDR'), under the Framework of Reserve Bank of India for Revitalizing Distressed Assets in the Economy, whereby the lenders have to collectively hold 51% or more of the equity share capital in such assets by converting 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 was converted into equity shares of GREL for 55% stake in equity share capital of GREL and the Company and GGAL have given a guarantee of Rs 2,571.71 crore to the lenders against the remaining debt. Under the SDR Scheme, the bankers had to find new promoters for GREL within the period as prescribed under the scheme, which expired during the year ended March 31, 2018.

Consequent to the SDR as stated above, GREL ceased to be a subsidiary of the Company and has been considered as associate as per the requirement of Ind AS -28.

During the year ended March 31, 2019, considering that GREL continued to incur losses in absence of commercial operations, the consortium of lenders have decided to implement a revised resolution plan which has been approved by all the lenders and accordingly the lenders have restructured the debt. The Company along with its subsidiaries has provided guarantees to the lenders against the servicing of sustainable debts comprising of principal amounting to Rs. 1,412.63 crore and all interests there on, including any other obligation arising out of it and discharge of the put option in regard to CRPS (unsustainable debt) amounting to Rs 940.59 crore, if any exercised by the CRPS lenders, as per the terms of the revised resolution plan.

During the year ended March 31, 2018, pursuant to the appeal filed by APDISCOMs, the Hon'ble Supreme Court held that RLNG is not natural gas and accordingly GVPGL cannot be entitled for capacity charges based on availability declaration for generation of power on the basis of RLNG.



**Notes to the unaudited standalone Ind AS financial results for the quarter ended June 30, 2019**

GVPGL had also filed petition claiming losses of Rs. 447.00 crore pertaining to capacity charges pertaining to period 2006 to 2009 before Andhra Pradesh Electricity Regulatory Commission ('APERC'). Over the years, the case was heard for deciding the jurisdiction to adjudicate the proceedings. During the year ended March 31, 2019, the Hon'ble High Court of Andhra Pradesh passed its Judgment and held that the Central Electricity Regulatory Commission CERC has the jurisdiction to adjudicate the present dispute. The matter is pending to be heard before the CERC.

Presently, the management of the Company is actively identifying the customers for the barge mount plant held by GEL.

The management is evaluating various approaches / alternatives to deal with the situation and is confident that Government of India ('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 had also carried out a valuation assessment of GREL and GVPGL during the year ended March 31, 2019 which included certain assumptions relating to availability and pricing of domestic and imported gas, future tariff, tying up of Power Purchase Agreements ("PPA"), realization of claims for losses incurred in earlier periods from the customer and other operating parameters, which it believes reasonably reflect the future expectations from these projects. The business plan of GREL considered for valuation assessment has been approved by the consortium of lenders at the time of execution of the resolution plan. 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 and business plans, the management is of the view that the carrying value of the investment of Rs. 772.70 crore in GEL and in GVPGL held by GEL as at June 30, 2019 is appropriate. Further, the Company has provided for its investment in full in GREL and the management is confident that no further obligation would arise for the guarantees provided to the lenders against the servicing of sustainable and unsustainable debt. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

(c) The Company through its subsidiary, GGAL has investments (including loans and advances and other receivables in GMR Chhattisgarh Energy Limited ('GCEL'). GCEL had declared commercial operations of Unit I 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. GCEL did not have any long-term PPAs and had been incurring losses since the commencement of its commercial operations.

During the year ended March 31, 2017, under a Framework for Revitalizing Distressed Assets in the Economy by RBI, the lenders of GCEL have implemented the Strategic Debt Restructuring ('SDR') Scheme pursuant to which borrowings of GCEL aggregating to Rs. 2,992.22 crore (including interest accrued thereon of Rs. 654.73 crore) got converted into equity shares. The aforesaid conversion has resulted in loss of control by the Group over GCEL and the Consortium of bankers had taken over 52.38% of the paid up equity share capital of GCEL and the bankers have to find a new promoter for GCEL within the period as prescribed under the scheme, which expired during the year ended March 31, 2018. Consequent to the SDR as stated above, GCEL ceased to be a subsidiary of the company and had been considered as an associate as per the requirement of Ind AS -28.

The Consortium of lenders were in the process of identifying investors for GCEL so as to revive the operational and financial position of GCEL as at March, 2019. As informed by the lenders vide consortium meeting dated November 28, 2018 and March 15, 2019, the process





## Notes to the unaudited standalone Ind AS financial results for the quarter ended June 30, 2019

are in final stages with one bidder being identified as HI Qualified interested bidder for which negotiations were in progress.

During the quarter ended June 30, 2019, the consortium of lenders of GCEL have accepted Adani Power Limited ("APL") as the final bidder.

As part of the above restructuring, GMR Generation Asset Limited ("GGAL"), a wholly owned subsidiary of the Company, has entered into a definitive agreement with APL to sell its entire 47.72% stake in GCEL for Re 1. As per the said agreement, the corporate / bank guarantees to the extent of Rs 1,155.64 crore furnished by GMR group companies i.e. GEL and GPCL shall be released in due course as per the terms and conditions as stated in the agreement and if any liabilities arises on account of invocation of guarantees from the closing date as defined in the said agreement will be reimbursed by APL. Further, APL has also agreed to pay the dues payable by GCEL to GMR group companies to the extent of Rs. 93.32 crore and payable to Doosan Power Systems India Private Limited ('DPS')/ EPC contractor to the extent of Rs. 138.11 crore.

The management of the Group is of the view that the no consequential liability would arise on account of aforesaid matters as a binding agreement has been entered into with APL and the shares has been transferred to APL on July 26, 2019.

(d) GMR Warora Energy Limited ('GWEL'), a subsidiary of GEL 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. 424.14 crore as at June 30, 2019 which has resulted in substantial erosion of GWEL's net worth. GWEL had claimed compensation for coal cost pass through and various "change in law" events from its customers under the Power Purchase Agreements ('PPA') and have filed petitions with the regulatory authorities for settlement of such claims in favour of GWEL. GWEL has trade receivables, other receivables and unbilled revenue (including claims) of Rs 700.37 crore and the payment from the customers against the claims including interest on such claims is substantially pending receipt. Based on certain favourable interim regulatory orders, the management is confident of realization of the outstanding receivables. Though the net worth of GWEL is substantially eroded, GWEL has made profits during the year ended March 31, 2019 and quarter ended June 30, 2019 and the management of GWEL expects that the plant will generate sufficient profits in the future years and will be able to recover the receivables and based on business plans and valuation assessment by an external expert during the year ended March 31, 2019, the management is of the view that the carrying value of the investments in GWEL by GEL as at June 30, 2019 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

(e) GMR Kamalanga Energy Limited ('GKEL'), joint venture of GEL 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 accumulated losses of Rs. 1,794.74 crore as at June 30, 2019, which has resulted in substantial erosion of GKEL's net worth due to operational difficulties faced during the early stage of its operations. Further, GKEL has trade receivables, other receivables and unbilled revenue (including claims) of Rs. 1,212.10 crore as at June 30, 2019, for coal cost pass through and various "change in law" events from its customers under the PPAs and have filed petitions with the regulatory authorities for settlement of such claims in favour of GKEL. The payment from the customers against the claims is substantially pending receipt. Based on certain favourable interim regulatory orders with regard to its petition for 'Tariff Determination' and 'Tariff Revision' with its customers, the management is confident of a favourable outcome towards the outstanding receivables of GKEL. In view of these matters, business plans,



**Notes to the unaudited standalone Ind AS financial results for the quarter ended June 30, 2019**

valuation assessment by an external expert during the year ended March 31, 2019, the management is of the view that the carrying value of the investments in GKEL by GEL as at June 30, 2019 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

(f) GMR Badrinath Hydro Power Generation Private Limited ('GBHPL') a subsidiary of GEL 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. During the year ended March 31, 2018, the validity of Environmental Clearance ('EC') granted to GBHPL by the MoEF ceased to exist. Pursuant to an application made by GBHPL, the MoEF vide its letter dated April 17, 2018, proposed to extend the EC granted to GBHPL for a period of 3 years, subject to the final outcome of the matter pending before the Court. 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 carried out by an external expert during the year ended March 31, 2019, the management of the Company is of the view that the carrying value of the investments in GBHPL by GEL as at June 30, 2019 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

5. The Company through its subsidiary GMR Coal Resources Pte. Limited ('GCRPL') has investments of Rs. 3,498.76 crore in PTGEMS, a joint venture as at June 30, 2019. PTGEMS along with its subsidiaries is engaged in the business of coal mining and trading activities. The cost of investments is significantly higher than the book value of assets of PTGEMS and includes certain future benefits including Coal Supply Agreement ('CSA') of GCRPL with PTGEMS whereby the Company along with its subsidiaries is entitled to offtake stated quantity of coal as per the terms of the CSA at an agreed discount other than profit from mining operations. The Company along with its subsidiaries has not significantly commenced the offtake of the coal under the CSA. Though the shares of PTGEMS are listed on the overseas exchanges, the management is of the view that the quoted prices are not reflective of the underlying value of the mines as in the past few years the shares have been very thinly traded. Based on profitable mining operations, ramp up of production volumes and other assumptions around off take at a discounted price and trading thereof considered in valuation assessment carried out by an external expert during the year ended March 31, 2019, the management believes that the carrying value of aforesaid investments in PTGEMS as at June 30, 2019 is appropriate.
6. (a) As detailed in note 6(b) and 6(c), the diminution in value in GMR Highways Limited has primarily arisen on account of the diminution in the value of investments / advances in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') and GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') as detailed below.

(b) GACEPL has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 429.53 crore as at June 30, 2019. 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 till further orders. Based on an internal assessment and a legal opinion, the management of the Company is confident that it will be able to claim compensation





## Notes to the unaudited standalone Ind AS financial results for the quarter ended June 30, 2019

from relevant authorities for the loss it has suffered due to such diversion of traffic and considering expected future traffic flow, the management of GACEPL believes that the carrying value of investments in GACEPL as at June 30, 2019, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

(c) GHVEPL has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 1,008.62 crore as at June 30, 2019. 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 GHVEPL 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, 2017 with National Highways Authority of India ('NHAI'). The claim of GHVEPL was rejected by NHAI and accordingly during the year ended March 31, 2018, GHVEPL has decided to proceed with arbitration and accordingly Arbitral Tribunal was constituted and claims were filed. Further, the project was initially developed from existing 2 lanes to 4 lane and will be further developed to 6 laning subsequently (before 14th anniversary of the appointed date). If 6 laning is not carried out (if so required by NHAI/desired by the GHVEPL), concession period will be restricted to 15 years as against 25 years which can significantly impact the recoverable value of carriage ways.

During the year ended March 31, 2019, NHAI has directed GHVEPL to pay outstanding additional concession fees including interest of Rs. 493.26 crore, failure to which, it will terminate the concession agreement. GHVEPL has approached the Tribunal to restrain NHAI from seeking any such recovery/ demand/ claim and/or taking any coercive action including termination of concession agreement, till the completion of present arbitration proceedings. The Tribunal has heard both the parties and is yet to pronounce the order. Further the management is evaluating a resolution plan as per the RBI circular on "Framework on Resolution of Stressed Assets" and has informed the lenders towards the same. The Management is hopeful that appropriate resolution plan would be approved by the lenders and would resolve the expected cash flow issues arising due to existing accelerated loan repayment schedule from April 01, 2019.

The management of GHVEPL is confident that it will be able to claim compensation from the relevant authorities for the loss it suffered due to aforementioned reasons. Accordingly, based on the aforesaid legal opinion, expected future traffic flow over a concession period of 25 years based on valuation assessment by an external expert and expected compensation claim inflows, the management of the Company believes that the carrying value of investments in GHVEPL as at June 30, 2019, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

7. The Company along with its subsidiaries, associates and joint ventures have incurred losses primarily on account of losses in the energy and highway sector as detailed in note 4 and 6 above with a consequent erosion of its networth and lower credit ratings for some of its borrowings. Management is taking various initiatives including monetisation of assets, sale of stake in certain assets, raising finances from financial institutions and strategic investors, refinancing of existing debt and other strategic initiatives for reduction of debt. Pursuant to such initiatives the Group had successfully divested its stake in certain assets in the highway sector, airport sector and energy sector in last few years.. Pursuant to such initiatives, as detailed in note 8, the management has signed a definitive agreement with certain investors to divest equity stake in GMR Airport Limited ('GAL') on a fully diluted basis for a consideration of Rs 8,000 crore. The divestment is subject to obtaining the requisite approvals as stated in the aforesaid note and once successfully completed will enable the



**Notes to the unaudited standalone Ind AS financial results for the quarter ended June 30, 2019**

Group to meet its financial obligations and its cash flow requirements. Accordingly, the financial results continue to be prepared on a going concern basis which contemplates realisation of current assets and settlement of current liabilities in an orderly manner.

8. Pursuant to the binding term sheet entered by the Group during the year ended March 31, 2019, the Group has executed a definitive agreement on July 04, 2019 with TRIL Urban Transport Private Limited ("Tata"), a subsidiary of Tata Sons, Solis Capital (Singapore) Pte. Limited ("Solis") and Valkyrie Investment Pte. Limited ("Valkyrie") (together referred as "the Investors") whereby the Investors will acquire equity stake in GMR Airport Limited ("GAL") on a fully diluted basis for a consideration of Rs 8,000 crore through issuance of equity shares of GAL of Rs 1,000 crore and purchase of GAL's equity shares held by the Group for Rs 7,000 crore. The said transaction is subject to regulatory approvals, lender consents and other approvals which are currently in progress and the management is confident of obtaining the requisite approvals to achieve an expeditious closure of the transaction.
9. Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to lease arrangements existing on the date of initial application using the modified retrospective approach with right-of-use asset recognized at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet immediately before the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted.
10. The figures of quarter ended March 31, 2019 are the balancing figure between the audited figures for the full financial year for the year ended March 31, 2019 and the published unaudited year to date figures for the nine months ended December 31, 2018.
11. During the quarter ended June 30, 2019, the Company has accounted for provision for diminution in value of investments at amortised cost, loans/ advances amounting to Rs. 89.13 crore (March 31, 2019: Rs. 475.96 crore) given to group companies which has been disclosed as an exceptional item in the standalone Ind AS financial results.
12. 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.
13. The unaudited standalone Ind AS financial results of the Company for the quarter ended June 30, 2019 have been reviewed by the Audit Committee in their meeting on August 13, 2019 and approved by the Board of Directors in their meeting on August 14, 2019.
14. The statutory auditors of the Company have carried out a Limited review of the unaudited Ind AS standalone financial results for the quarter ended June 30, 2019.



**Notes to the unaudited standalone Ind AS financial results for the quarter ended June 30, 2019**

15. Previous quarter / period / year's figures have been regrouped/ reclassified, wherever necessary to conform to current period's classification.



New Delhi  
August 14, 2019

For GMR Infrastructure Limited

A handwritten signature in black ink.

Grandhi Kiran Kumar  
Managing Director & CEO

