

## Limited Review Report

To  
The Board of Directors of GMR Infrastructure Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of GMR Infrastructure Limited ('the Company') for the quarter and nine months ended December 31, 2017 ('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, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 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 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. Based on our review conducted above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited standalone financial results prepared in accordance with the recognition and measurement principles laid down in the applicable Ind AS specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to the following matters in the notes to the accompanying unaudited standalone financial results for the quarter and nine months ended December 31, 2017:
  - a) Note 5 regarding losses being incurred by GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') since the commencement of its commercial operations and ongoing arbitration regarding compensation for losses arising as a result of diversion of partial traffic on parallel roads. Based on management's internal assessment and a legal opinion obtained by the management of GACEPL, the investments in GACEPL have been carried at cost and accordingly, no provision for diminution in the value of investments has been made in the accompanying unaudited standalone financial results for the quarter and nine months ended December 31, 2017.



- b) Note 7 regarding (i) cessation of operations and the losses, including cash losses incurred by GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL'), and the consequent erosion of net worth of these entities 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 GMR Rajahmundry Energy Limited ('GREL') and the consequent implementation of the Strategic Debt Restructuring Scheme to convert part of the debt outstanding into equity and to undertake flexible structuring of balance debt for improving viability and revival of the project 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 of these entities 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. In the opinion of the management of the Company, no further provision for diminution in the value of investments is considered necessary in the accompanying unaudited standalone financial results for the quarter and nine months ended December 31, 2017 for the reasons explained in the said note.
- c) Note 8 regarding uncertainties in tying up power and fuel supply agreements, achieving profitability in operations, achievement of final mega power status, fuel linkage tie ups, refinancing of existing loans at lower rates of interest and other key assumptions made by the management in the valuation assessment of the investments in GMR Chhattisgarh Energy Limited ('GCEL'). The carrying value of the investments in GCEL 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 is considered necessary in the accompanying unaudited standalone financial results for the quarter and nine months ended December 31, 2017 for the reasons explained in the said note.
- d) Note 13 regarding the achievement of certain 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 provision for diminution in the value of investments is considered necessary at this stage in the accompanying unaudited standalone financial results for the quarter and nine months ended December 31, 2017 for the reasons explained in the said note.
- e) Note 3 regarding the call option exercised by the Company to acquire Class A Compulsorily Convertible Preference Shares ("CCPS A"), issued by GMR Airports Limited ('GAL') to the Private Equity Investors ('the Investors'), subject to obtaining the requisite regulatory approvals. However, the Investors have initiated arbitration proceedings against GAL and the Company, seeking conversion of CCPS A. In view of ongoing arbitration, and considering the uncertainty regarding the conversion / settlement of CCPS A, no adjustments have been made for the call option exercised by the Company to purchase CCPS A and for reasons as explained in the aforesaid note, Class B Compulsorily Convertible Preference Shares ("CCPS B") issued to the Company continue to be carried at cost of Rs. Nil.



# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- f) Note 10 regarding losses being incurred by GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') since the commencement of its commercial operations, uncertainty as regards the six laning of the project currently and the resultant life of the Concession thereof and outcome of arbitration proceedings regarding compensation for losses arising as a result of certain events constituting a Change in Law as per the Concession Agreement with National Highways Authority of India ('NHAI'). Based on a valuation assessment, a legal opinion and for reasons explained in the said note, the management of the Company believes that no further provision for diminution in the value of investments is considered necessary in the accompanying unaudited standalone financial results for the quarter and nine months ended December 31, 2017

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

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI firm registration number: 101049W/E300004

  
per Sandeep Karnani  
Partner

Membership number: 061207



Place: New Delhi

Date: February 13, 2018

**GMR Infrastructure Limited**  
**Corporate Identity Number (CIN): L45203MH1996PLC281138**  
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**Statement of unaudited standalone financial results for the quarter and nine months period ended December 31, 2017**

(in Rs. crore)

S.No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1</b>	<b>Revenue</b>						
	(a) Revenue from operations						
	i) Sales/income from operations	214.00	111.67	85.58	549.10	215.79	392.77
	ii) Other operating income (Refer note 16)	94.32	89.33	130.67	280.17	692.34	787.00
	(b) Other income						
	i) Foreign exchange fluctuation gain (net)	0.33	3.75	8.78	2.98	7.28	-
	ii) Others	3.27	1.25	0.94	4.82	1.82	2.65
	<b>Total Revenue</b>	<b>311.92</b>	<b>206.00</b>	<b>225.97</b>	<b>837.07</b>	<b>917.23</b>	<b>1,182.42</b>
<b>2</b>	<b>Expenses</b>						
	(a) Cost of materials consumed	103.23	40.17	21.09	235.22	54.08	113.07
	(b) Subcontracting expenses	70.61	35.07	30.57	182.82	79.57	172.12
	(c) Employee benefits expenses	9.69	14.78	16.32	39.69	42.23	52.11
	(d) Finance costs	235.49	182.96	196.58	596.88	566.35	744.74
	(e) Depreciation and amortisation expenses	4.94	4.35	4.01	13.56	12.16	16.13
	(f) Foreign exchange fluctuation loss (net)	-	-	-	-	-	10.46
	(g) Other expenses	38.02	25.14	31.53	105.26	71.62	103.65
	<b>Total expenses</b>	<b>461.98</b>	<b>302.47</b>	<b>300.10</b>	<b>1,173.43</b>	<b>826.01</b>	<b>1,212.28</b>
<b>3</b>	<b>(Loss) / Profit before exceptional items and tax</b>	<b>(150.06)</b>	<b>(96.47)</b>	<b>(74.13)</b>	<b>(336.36)</b>	<b>91.22</b>	<b>(29.86)</b>
<b>4</b>	<b>Exceptional items</b>						
	Provision for diminution in value of investments/advances (Refer note 6, 9 and 14)	(420.74)	(179.92)	(343.07)	(774.79)	(1,296.48)	(3,654.16)
<b>5</b>	<b>(Loss) / Profit before tax (3 ± 4)</b>	<b>(570.80)</b>	<b>(276.39)</b>	<b>(417.20)</b>	<b>(1,111.15)</b>	<b>(1,205.26)</b>	<b>(3,684.02)</b>
<b>6</b>	<b>Tax expense</b>						
	(a) Current tax	0.03	0.02	0.07	0.07	0.07	0.09
	(b) Deferred tax	-	-	(35.34)	-	-	-
<b>7</b>	<b>(Loss) / Profit for the period/ year (5 ± 6)</b>	<b>(570.83)</b>	<b>(276.41)</b>	<b>(381.93)</b>	<b>(1,111.22)</b>	<b>(1,205.33)</b>	<b>(3,684.11)</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	(0.73)	0.31	0.55	(0.44)	0.20	(0.83)
	(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>9</b>	<b>Total Comprehensive income for the period/year (Comprising Profit/(Loss) and Other Comprehensive Income/ (expenses) (net of tax) for the period/year) (7 ± 8)</b>	<b>(571.56)</b>	<b>(276.10)</b>	<b>(381.38)</b>	<b>(1,111.66)</b>	<b>(1,205.13)</b>	<b>(3,684.94)</b>
<b>10</b>	<b>Paid-up equity share capital (Face value - Re. 1 per share)</b>	<b>603.59</b>	<b>603.59</b>	<b>603.59</b>	<b>603.59</b>	<b>603.59</b>	<b>603.59</b>
<b>11</b>	<b>Other equity</b>						<b>5,913.61</b>
<b>12</b>	<b>Earnings per share (EPS) (of Re. 1 each) (not annualised)</b>						
	(a) Basic and Diluted EPS before exceptional items	(0.25)	(0.16)	(0.06)	(0.56)	0.15	(0.05)
	(b) Basic and Diluted EPS after exceptional items	(0.95)	(0.46)	(0.63)	(1.84)	(2.00)	(6.10)



GMR Infrastructure Limited							
Report on Standalone Segment Revenue, Results, Assets and Liabilities							
							(in Rs. crore)
S.No	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
	a) EPC	214.00	111.67	85.58	549.10	215.79	392.77
	b) Others	94.32	89.33	130.67	280.17	692.34	787.00
	<b>Total</b>	<b>308.32</b>	<b>201.00</b>	<b>216.25</b>	<b>829.27</b>	<b>908.13</b>	<b>1,179.77</b>
	Less: Inter Segment Revenue from operations	-	-	-	-	-	-
		<b>308.32</b>	<b>201.00</b>	<b>216.25</b>	<b>829.27</b>	<b>908.13</b>	<b>1,179.77</b>
2	Segment Results						
	a) EPC	(0.74)	2.46	(8.64)	2.85	(17.56)	(34.09)
	b) Others	86.17	84.03	131.09	257.67	675.13	748.97
	<b>Total</b>	<b>85.43</b>	<b>86.49</b>	<b>122.45</b>	<b>260.52</b>	<b>657.57</b>	<b>714.88</b>
	Less: Finance costs	235.49	182.96	196.58	596.88	566.35	744.74
	Add/(less): Exceptional items						
	Provision for diminution in value of investments/advances (Refer note 6, 9 and 14)	(420.74)	(179.92)	(343.07)	(774.79)	(1,296.48)	(3,654.16)
	<b>(Loss) / Profit before tax</b>	<b>(570.80)</b>	<b>(276.39)</b>	<b>(417.20)</b>	<b>(1,111.15)</b>	<b>(1,205.26)</b>	<b>(3,684.02)</b>
3	Segment Assets						
	a) EPC	873.56	783.49	588.83	873.56	588.83	666.61
	b) Others	12,332.53	12,481.39	15,238.55	12,332.53	15,238.55	12,589.89
	c) Unallocated	193.95	210.77	217.52	193.95	217.52	184.46
	<b>Total</b>	<b>13,400.04</b>	<b>13,475.65</b>	<b>16,044.90</b>	<b>13,400.04</b>	<b>16,044.90</b>	<b>13,440.96</b>
4	Segment Liabilities						
	a) EPC	587.88	568.99	518.67	587.88	518.67	618.56
	b) Others	180.55	196.42	186.57	180.55	186.57	186.46
	c) Unallocated	7,202.46	6,747.93	6,432.83	7,202.46	6,432.83	6,118.74
	<b>Total</b>	<b>7,970.89</b>	<b>7,513.34</b>	<b>7,138.07</b>	<b>7,970.89</b>	<b>7,138.07</b>	<b>6,923.76</b>



## Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2017

1. Investors can view the unaudited standalone 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. 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 Ind AS 108 ‘Operating Segments’ prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder. 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

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’). Further, GAL had allotted bonus shares of 11,046,532 class B Compulsorily Convertible Preference Shares (“CCPS B”) to the Company, utilising the securities premium account.

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 call option was to be exercised by the Company on or before April 6, 2015. If the call option was not exercised by the Company before April 6, 2015, as per the investment agreement, each CCPS A will get converted into 82.821 equity shares of GAL with simultaneous conversion of CCPS B held by the Company into equity shares of GAL as per Articles and Memorandum of Association of GAL.

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 have initiated arbitration proceedings against GAL and the Company, seeking conversion of the CCPS A. The arbitration process is currently under progress.

In view of ongoing arbitration and considering the uncertainty regarding the conversion / settlement of CCPS A, the Group has recorded CCPS A received from PE investors at the face value as at December 31, 2017. Further, no adjustments have been made for the call option exercised by GIL to acquire CCPS A and the CCPS B issued to the Company continues to be carried at cost of Rs. Nil. Accordingly, the accompanying unaudited 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 drawn an Emphasis of Matter in their Limited Review Report in this regard.



**Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2017**

4. The Company along with its subsidiaries entered into a Subscription and Shareholders Agreement with Tenaga Nasional Berhad (Tenaga) and its affiliate, Power and Energy International (Mauritius) Limited ('Investors') whereby the investors have acquired a 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 was completed on November 4, 2016 and GEL has allotted equity shares to the Investors for the said consideration of USD 30.00 crore. As per the conditions precedent to the completion of the transaction, GEL's investment in certain subsidiaries have been transferred from GEL to other subsidiaries of the Company along with novation of loans taken from the Company to GMR Generation Assets Limited ('GGAL') (formerly 'GMR Renewable Energy Limited') towards discharge of the purchase consideration.

Pursuant to the aforesaid transaction, GEL and its subsidiaries ceased to be subsidiaries of the Company and have been considered as joint ventures as per the requirements of Ind AS -28.

5. The Company along with its subsidiaries has investments in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') a subsidiary of the Company. GACEPL has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 336.59 crore as at December 31, 2017. 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 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 December 31, 2017. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
6. The Company has investments in GGAL and GEL. GGAL and GEL have certain underlying subsidiaries/ joint ventures which are engaged in energy sector including mining operations. Some of these underlying subsidiaries/ joint ventures as further detailed in Notes 7, 8, 12 and 13 have been incurring losses. As a result, based on its internal assessment with regard to future operations and valuation assessment by an external expert and a consummated transaction as referred in note 4 above, the management of the Company has made a provision for diminution in the value of its investments in GGAL and GEL amounting to Rs. 5,117.40 crore (including Rs. 386.46 crore, Rs 671.21 crore and Rs. 2,809.74 crore during the quarter ended December 31, 2017, nine months ended December 31, 2017 and year ended March 31, 2017 respectively) and has disclosed the same as an 'exceptional item' in the accompanying unaudited standalone financial results of the Company. The management is of the view that post such diminution the carrying value of the Company's investment in GGAL and GEL is appropriate.
7. In view of lower supplies / availability of natural gas to the power generating companies in India, 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. GVPGL and GREL 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. These entities have been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply. During the year ended March 31, 2017, GEL had entered into a MOU with an external party for sale of its 220 MW gas based power plant for a consideration of USD 6.30 crore, however, the sale was not completed. Presently, the management of the Company is actively identifying the customers for the barge mount plant held by GEL.



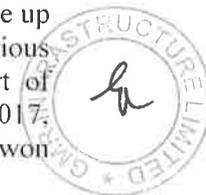
## Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2017

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, 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 on May 12, 2016 for 55% stake in equity share capital of GREL and the Company and GGAL have given a guarantee of Rs 2,738.00 crore to the lenders against the remaining debt. Post conversion, balance external borrowings are 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. 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 period ended December 31, 2017. The lenders had sought the approval from RBI for extension of the timelines for a further period of three months, which has not been accepted by RBI. The lenders and the management are exploring various options for revival/sale of the project. The lenders have advised the Company and GGAL to ensure payment of their dues failing which the lenders shall be constrained to invoke the guarantees.

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 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 has also carried out a valuation assessment of these gas based companies during the year ended March 31, 2017 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. Further, GVPGL had filed an appeal before APTEL against APTRANSCO and others to declare that natural gas includes RLNG for the definition of fuel in PPA. APTEL upheld the Company position. Further, APTRANSCO filed civil order in the Supreme Court challenging the order of APTEL. Subsequently, GVPGL's plea to permit RLNG as a source of Power has been heard by the Supreme Court and the judgment is reserved. Based on the aforementioned reasons, business plans and a valuation assessment by an external expert during the year ended March 31, 2017, the management is of the view that the carrying value of the investments including advances in these aforesaid entities (net of provision for diminution in the value of investments) as at December 31, 2017 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

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

8. GMR Chhattisgarh Energy Limited ('GCEL') 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. GCEL does not have any long term PPAs currently and has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 3,427.22 crore as at December 31, 2017. GCEL is taking steps to tie up the power supply through power supply agreements on a long/medium term basis with various customers including State Electricity Boards and is hopeful of tying up significant part of generation capacity in the ensuing financial year. During the period ended December 31, 2017, GCEL has been successful in its bid under the Tolling Linkage initiative of the GoI and has won



## Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2017

a Power Purchase Agreement for supply of power to the extent of 500MW to Gujrat Urja Vikas Nigam Limited ('GUVNL') for a period of 8 months which has commenced subsequent to the period ended December 31, 2017.

GCEL has experienced certain delays and incurred cost overruns in the completion of the project including receipt of additional claims from the EPC contractors. The claims of the key EPC contractor, Doosan Power Systems India Private Limited ('DPS') is under arbitration in the Singapore International Arbitration Centre (SIAC). Based on the legal opinion, the management is confident that it has strong defence for the claims raised by the EPC contractor and believes that the claims are not tenable in law and accordingly no financial implications are expected out of the said arbitration.

GCEL has also 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 of Rs. 955.68 crore and pledge of deposits of Rs. 50.94 crore. The grant of final mega power status of GCEL was dependent on its achieving tie up for supply of power for 85% of its installed capacity through the long term power purchase agreements within stipulated time which has been extended to 120 months from the date of import, as per the recent amendment to Mega Power Policy 2009 by the GoI. The management of GCEL is certain of fulfilling the conditions relating to Mega Power status in the foreseeable future, pending which cost of customs and excise duty has not been included in the cost of the project.

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 Scheme on February 21, 2017 pursuant to which borrowings of GCEL aggregating to Rs. 2,992.22 crore (including interest accrued thereon of Rs. 652.22 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 have 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 subsequent to the period ended December 31, 2017. Further, majority of the lenders have reduced interest rates for GCEL. The Consortium of lenders are also in the process of identifying investors for GCEL so as to revive the operational and financial position of GCEL and has currently shortlisted prospective investors, with whom discussions are currently in progress. The Consortium of lenders of the Company have not implemented the 5/25 Scheme as at December 31, 2017. Consequent to the SDR as stated above, GCEL ceased to be a subsidiary of the Company and has been considered as a joint venture as per the requirement of Ind AS -28.

Further, GCEL was allotted two coal mines at Ganeshpur and Talabira to meet its fuel requirements. During the period ended September 30, 2017, GCEL has filed writ petition with Delhi High Court for surrendering both the coal blocks allotted during the year ended March 31, 2015. The management is of the opinion that in view of the recent decisions by the Delhi High Court in similar cases, no adjustments will be required to the consolidated financial results of the Group in connection with the surrender of mines.

GCEL had entered into Bulk Power Purchase Transmission Agreement ('BPTA') with Power Grid Corporation of India Limited ('PGCIL'), per which GCEL was granted Long Term Access (LTA) of 386MW in Western Region and 430MW in Northern Region. GCEL has written letters to PGCIL for surrendering these transmission lines and has filed a petition before Central Electricity Regulatory Commission (CERC) for acceding to GCEL's request. During the period ended December 31, 2017, PGCIL has operationalized the LTA and issued two letters calling upon the GCEL to schedule the transfer of power against LTA and establish a letter of credit failing which regulatory action would be initiated. The GCEL has filed a petition before the Delhi High Court against the letters issued by PGCIL. The Delhi High Court has issued an interim order during the period ended December 31, 2017 staying the operation of the impugned letters till GCEL has the opportunity to approach CERC for such relief and accordingly GCEL has submitted an application



## Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2017

with CERC on October 21, 2017 to restrain PGCIL from operationalizing LTA and consequently raising the bill for the same. GCEL based on an internal assessment is of the view that the factors adversely impacting the supply of power by GCEL is “Force Majeure” as per BPTA and is currently subjudice and accordingly, believes that this will not have financial implications on GCEL.

The Group has obtained a valuation report from an external expert during the period ended December 31, 2017 estimating the future cash flows of GCEL on discounted cash flow basis. The valuation is dependent on the achievement of certain key assumptions considered by the management around GCEL’s future revenues, profitability of operations and servicing of its debts which are dependent on tying up of GCEL entire generation capacity for profitable rates through long term and medium term PPAs, achievement of higher PLF, projected sales mix of PPA and merchant power, fuel linkage tie ups and refinancing of existing loans with lower interest rates with banks, achievement of mega power status and successful gains from the government announced initiatives of tolling linkage and continued financial support by the Company.

The management is monitoring these assumptions closely on a periodic basis and based on business plans and valuation assessment carried out by an external expert during the period ended December 31, 2017, the management of the Group is of the view that the carrying value of the investments in GCEL (net of provision for diminution in the value of investments) as at December 31, 2017 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

9. Based on internal assessment of its investments in GMR Highways Limited (‘GMRHL’), a subsidiary of the Company and other road entities, the Company made a provision for diminution in the value of investments / advances of Rs. 1,740.05 crore as at December 31, 2017 (including Rs. 34.28 crore, Rs 103.58 crore and Rs. 736.07 crore during the quarter ended December 31, 2017, nine months ended December 2017 and year ended March 31, 2017 respectively) which has been disclosed as an ‘exceptional item’ in the accompanying unaudited standalone financial results of the Company for the quarter and nine months ended December 31, 2017. As detailed in note 10 and 11, 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’) and GMR Kishangarh Udaipur Ahmedabad Expressways Limited (‘GKUAEPL’).
10. 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 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’), which was rejected by NHAI. During the current period, GHVEPL has decided to proceed with arbitration and accordingly Arbitral Tribunal has been constituted. GHVEPL has filed claim of Rs. 752.32 crore calculated up to March 2017 (based on protection of net present value as specified under clause 41.3 of the concession agreement) before Arbitral Tribunal in September 2017. Further in accordance with the Concession Agreement, concession period for the project is 25 years from the Appointed date. 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.



## Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2017

Based on an internal assessment and valuation carried out by an external expert during the year ended March 31, 2017, 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, which is significantly dependent on the fructification of the aforesaid claims. Accordingly, based on the aforesaid legal opinion, expected future traffic flow, valuation assessment by an external expert, the management of GHVEPL believes that the carrying value of net assets of GHVEPL as at December 31, 2017, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

11. GKUAEL had entered into a Concession Agreement with NHAI for six laning of Kishangarh-Udaipur-Ahmedabad section of NH 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 of its intention to terminate the Concession Agreement and the matter was under arbitration.

During the year ended March 31, 2017, the Company has settled their disputes with NHAI before the arbitral tribunal after payment of penalty of Rs 53.87 crore by GKUAEL to NHAI.

In addition, GKUAEL had awarded the EPC contract to GMR Enterprises Private Limited ('GEPL'), the Holding Company and had given an advance of Rs. 590.00 crore. 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 claims from the EPC contractor, but the same was not recognized by GKUAEL as the amounts payable was not certain. During the year ended March 31, 2017, GKUAEL has settled the claims of the EPC contractors for Rs. 259.00 crore and confident of recovery of the balance Rs. 331.00 crore from GEPL and accordingly, the management is confident that the carrying value of its investments (net of provision for diminution in the value of investments) in GKUAEL as at December 31, 2017 is appropriate.

12. GMR Badrinath Hydro Power Generation Private Limited ('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, carried out by an external expert during the year ended March 31, 2017, the management of the Company is of the view that the carrying value of the investments in GBHPL as at December 31, 2017 is appropriate.



**Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2017**

13. The Company through its subsidiary GMR Coal Resources Pte. Limited ('GCRPL') has investments of Rs. 3,255.89 crore in PTGEMS, a joint venture as at December 31, 2017. PTGEMS along with its subsidiaries is engaged in the business of coal mining and trading activities. GCRPL has a Coal Supply Agreement ('CSA') with PTGEMS whereby it is entitled to offtake stated quantity of coal as per the terms of the CSA at an agreed discount. GCRPL has not significantly commenced the offtake of the coal under the CSA, however an amended CSA has been executed during the period ended September 30, 2017, pursuant to which the supplies are expected to commence by March 2018. Though the coal prices had significantly declined during the year ended March 31, 2016, there has been an increase in coal prices thereafter. Further, during the year ended March 31, 2017, GCRPL has restructured its loan facility with the lenders whereby the loan is repayable over a period of 5 years commencing January 2017. Based on these factors and valuation assessment carried out by an external expert during the year ended March 31, 2017, the management believes that the carrying value of investments in PTGEMS as at December 31, 2017 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
14. Based on an internal assessment of its investments in GMR Aviation Private Limited, a subsidiary of the Company, the Company has made a provision for diminution in the value of its investments of Rs. 110.39 crore as at December 31, 2017 (including Rs. 108.35 crore during the year ended March 31, 2017) which was disclosed as an 'exceptional item' in the standalone financial statements of the Company for the year ended March 31, 2017.
15. GMR SEZ and Port Holding Private Limited, ('GSPHPL'), a subsidiary of the Company has invested in certain step down subsidiaries which holds investment properties. The Company has considered fair value of its investments in GSPHPL as deemed cost under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and accordingly, based on the valuation assessment done by an external expert as per the requirements of Ind AS, the Company has adjusted Rs 734.70 crore to the carrying value of its investments in GSPHPL reported under the previous GAAP in its opening balance sheet as at April 1, 2015 prepared under Ind AS with a consequent increase in Other Equity.
16. 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.
17. The accompanying unaudited standalone financial results of the Company for the quarter and nine months ended December 31, 2017 have been reviewed by the Audit Committee in their meeting on February 12, 2018 and approved by the Board of Directors in their meeting on February 13, 2018.
18. The statutory auditors of the Company have carried out a Limited review of the accompanying unaudited standalone financial results for the quarter and nine months ended December 31, 2017.



**Notes to the unaudited standalone financial results for the quarter and nine months ended  
December 31, 2017**

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

New Delhi  
February 13, 2018

For GMR Infrastructure Limited



Grandhi Kiran Kumar  
Managing Director

