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Chartered Accountants

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Auditor's Report On Quarterly IND AS Financial Results and Year to Date Results of the GMR Infrastructure Limited 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 accompanying statement of standalone Ind AS financial results of GMR Infrastructure Limited ('the Company') for the quarter ended March 31, 2018 and for the year ended March 31, 2018 ('the Statement'), 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 Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular'). The standalone Ind AS financial results for the quarter ended March 31, 2018 and year ended March 31, 2018 have been prepared on the basis of the standalone Ind AS financial results for the nine-month period ended December 31, 2017, the audited annual standalone Ind AS financial statements as at and for the year ended March 31, 2018, and the relevant requirements of the Regulation and the Circular, which 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 Ind AS financial results based on our review of the standalone Ind AS financial results for the nine-month period ended December 31, 2017 which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 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 standalone Ind AS financial statements as at and for the year ended March 31, 2018; and the relevant requirements of the Regulation and the Circular.

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(s). 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. a) As detailed in note 7, GMR Generation Assets Limited ('GGAL') along with its subsidiaries/ joint ventures and associates have been incurring losses for reasons as more fully discussed in the aforesaid note. Based on the valuation assessment carried out by an independent expert during the year ended March 31, 2018, there is a diminution in the value of the Company's investment in GGAL as at March 31, 2018 of Rs. 2,830 crore. The Company has not accounted for the aforesaid diminution in the value of investment in the accompanying standalone Ind AS financial results for the quarter and year ended March 31, 2018. In our opinion, the aforesaid accounting treatment is not in accordance with the relevant accounting standards. Had the management provided for the aforesaid diminution, the loss after tax for the quarter and year ended March 31, 2018 would have been higher by Rs. 2,830 crore with a consequent impact on the reserves as at March 31, 2018.

   b) As detailed in note 8, GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL'), joint ventures of the Company have ceased operations and have been incurring losses with a consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas. GMR Rajahmundry Energy Limited ('GREL'), a joint venture of the Company have rescheduled the repayment of project loans with the consequent implementation of the Strategic Debt Restructuring Scheme to convert part of the debt outstanding into equity and to undertake

S.R. Batliboi & Associates LLP Bengaluru 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 in these entities 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 and accordingly we are unable to comment on the carrying value of the Company's investment (including advances) in these entities as at March 31, 2018.

Qualified Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in paragraph 3(a) and possible effect of the matter described in paragraph 3(b) above, these quarterly standalone Ind AS financial results as well as the year to date results:

   i. are presented in accordance with the requirements of the Regulation read with the Circular, in this regard; and
   ii. give a true and fair view of the net loss including other comprehensive income and other financial information for the quarter ended March 31, 2018 and for the year ended March 31, 2018.

Emphasis of Matter

5. We draw attention to the following matters in the notes to the accompanying standalone Ind AS financial results for the quarter and year ended March 31, 2018:

   a) Notes 6 and 11 with regard to the ongoing arbitration for compensation of losses filed by GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') and GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL'), subsidiaries of the Company on account of the losses being incurred by these entities since the commencement of commercial operations, for reasons as detailed in the aforesaid notes. Pending outcome of the aforesaid arbitration, based on management's internal assessment and an external legal opinion obtained by the management of GACEPL and GHVEPL, the management of the Group is of the view that the carrying value of the investments as at March 31, 2018 in GACEPL and GHVEPL is appropriate. Further, the auditors of these subsidiaries have included an emphasis of matter in their respective audit reports issued for the year ended March 31, 2018 with regard to the aforesaid matter.

   b) Note 4 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, that Class B Compulsorily Convertible Preference Shares ("CCPS B") issued to the Company continue to be carried at cost of Rs. Nil.

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6. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2018 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2018 and the published year-to-date figures up to December 31, 2017, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under the Regulation and the Circular.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

S.R. Batliboi & Associates LLP
Bengaluru

Place: New Delhi
Date: May 30, 2018

GMR Infrastructure Limited
Corporate Identity Number (CIN): L45203MH1996PLC281138
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Statement of audited standalone financial results for the quarter and year ended March 31, 2018

(in Rs. crore)

S.No.	Particulars	Quarter ended			Year ended	
		March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
		(Refer Note 21)	Unaudited	(Refer Note 21)	Audited	Audited
1	**Revenue**					
	(a) Revenue from operations					
	i) Sales/income from operations	187.03	214.00	176.98	736.13	392.77
	ii) Other operating income (Refer note 19)	89.71	94.32	94.66	369.88	787.00
	(b) Other income					
	i) Foreign exchange fluctuation gain (net)	4.20	0.33	-	7.18	-
	ii) Others	40.35	3.27	0.83	45.17	2.65
	Total Revenue	**321.29**	**311.92**	**272.47**	**1,158.36**	**1,182.42**
2	**Expenses**					
	(a) Cost of materials consumed	141.31	103.23	58.99	376.53	113.07
	(b) Subcontracting expenses	55.66	70.61	92.55	238.48	172.12
	(c) Employee benefit expenses	11.99	9.69	9.88	51.68	52.11
	(d) Finance costs	224.73	235.49	178.39	821.61	744.74
	(e) Depreciation and amortisation expenses	5.50	4.94	3.97	19.06	16.13
	(f) Foreign exchange fluctuation loss (net)	-	-	17.74	-	10.46
	(g) Other expenses	39.11	38.02	32.03	144.37	103.65
	Total expenses	**478.30**	**461.98**	**393.55**	**1,651.73**	**1,212.28**
3	**(Loss)/ Profit before exceptional items and tax**	**(157.01)**	**(150.06)**	**(121.08)**	**(493.37)**	**(29.86)**
4	**Exceptional items**					
	Provision for dimunition in value of investments/advances (Refer note 7, 10, 15 and 16)	(662.50)	(420.74)	(2,357.68)	(1,437.29)	(3,654.16)
5	**(Loss) / Profit before tax (3 ± 4)**	**(819.51)**	**(570.80)**	**(2,478.76)**	**(1,930.66)**	**(3,684.02)**
6	**Tax expense**					
	(a) Current tax	0.02	0.03	0.02	0.09	0.09
	(b) Deferred tax	-	-	-	-	-
7	**(Loss) /Profit for the period/ year (5 ± 6)**	**(819.53)**	**(570.83)**	**(2,478.78)**	**(1,930.75)**	**(3,684.11)**
8	**Other Comprehensive Income/ (expenses) (net of tax)**					
	(A) (i) Items that will not be reclassified to profit or loss	0.93	(0.73)	(1.03)	0.49	(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	-	-	-	-	-
9	**Total Comprehensive income for the period/year (Comprising Profit/(Loss) and Other Comprehensive Income/ (expenses) (net of tax) for the period/year) (7 ± 8)**	**(818.60)**	**(571.56)**	**(2,479.81)**	**(1,930.26)**	**(3,684.94)**
10	**Paid-up equity share capital (Face value - Re. 1 per share)**	603.59	603.59	603.59	603.59	603.59
11	**Paid-up debt capital (refer note 18)**				566.07	714.33
12	**Other equity (including debenture redemption reserve)**				3,990.32	5,913.61
13	**Debenture Redemption Reserve**				112.54	127.21
14	Earnings per share (EPS) (of Re. 1 each) (not annualised)					
	(a) Basic and Diluted EPS before exceptional items	**(0.26)**	**(0.25)**	**(0.20)**	**(0.82)**	**(0.05)**
	(b) Basic and Diluted EPS after exceptional items	**(1.36)**	**(0.95)**	**(4.12)**	**(3.21)**	**(6.12)**
15	Debt Equity Ratio (refer note 17)				1.47	0.92
16	Debt Service Coverage Ratio ('DSCR') (refer note 17)					
	(a) DSCR before exceptional items				0.18	0.55
	(b) DSCR after exceptional items				(0.62)	(2.27)
17	Interest Service Coverage Ratio ('ISCR') (refer note 17)					
	(a) ISCR before exceptional items				0.40	0.96
	(b) ISCR after exceptional items				(1.35)	(3.95)

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Report on Standalone Segment Revenue, Results, Assets and Liabilities

(in Rs. crore)

S.No	Particulars	Quarter ended			Year ended	
		March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
		(Refer Note 21)	Unaudited	(Refer Note 21)	Audited	Audited
1	**Segment Revenue**					
	a) EPC	187.03	214.00	176.98	736.13	392.77
	b) Others	89.71	94.32	94.66	369.88	787.00
	Total	**276.74**	**308.32**	**271.64**	**1,106.01**	**1,179.77**
	Less: Inter Segment	-	-	-	-	-
	Revenue from operations	**276.74**	**308.32**	**271.64**	**1,106.01**	**1,179.77**
2	**Segment Results**					
	a) EPC	(29.99)	(0.74)	(16.53)	(27.14)	(34.09)
	b) Others	97.71	86.17	73.84	355.38	748.97
	Total	**67.72**	**85.43**	**57.31**	**328.24**	**714.88**
	Less: Finance costs	224.73	235.49	178.39	821.61	744.74
	Add/(less): Exceptional items					
	Provision for dimunition in value of investments/advances (Refer note 7, 10, 15 and 16)	(662.50)	(420.74)	(2,357.68)	(1,437.29)	(3,654.16)
	(Loss) / Profit before tax	**(819.51)**	**(570.80)**	**(2,478.76)**	**(1,930.66)**	**(3,684.02)**
3	**Segment Assets**					
	a) EPC	885.63	873.56	666.61	885.63	666.61
	b) Others	11,179.61	12,332.53	12,589.89	11,179.61	12,589.89
	c) Unallocated	138.33	193.95	184.46	138.33	184.46
	Total	**12,203.57**	**13,400.04**	**13,440.96**	**12,203.57**	**13,440.96**
4	**Segment Liabilities**					
	a) EPC	568.36	587.88	618.56	568.36	618.56
	b) Others	187.67	180.55	186.46	187.67	186.46
	c) Unallocated	6,853.63	7,202.46	6,118.74	6,853.63	6,118.74
	Total	**7,609.66**	**7,970.89**	**6,923.76**	**7,609.66**	**6,923.76**

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Notes to standalone Ind AS financial results for the quarter and year ended March 31, 2018

1. Statement of standalone assets and liabilities

(in Rs. crore)

	Particulars	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)
A	**ASSETS**		
1	**Non-current assets**		
	Property, plant and equipment	117.21	68.36
	Capital work-in-progress	20.93	-
	Other intangible assets	2.15	3.11
	Financial assets		
	Investments	8,292.55	9,817.44
	Loans	2,230.71	1,825.79
	Trade receivables	66.74	42.23
	Other financial assets	203.01	133.17
	Deferred tax assets (Net)	97.23	97.23
	Non-current tax assets (Net)	34.68	85.73
	Other non-current assets	40.09	45.33
		11,105.30	**12,118.39**
2	**Current assets**		
	Inventories	38.10	65.74
	Financial assets		
	Investments	26.60	6.77
	Loans	180.21	500.16
	Trade receivables	50.34	67.88
	Cash and cash equivalents	76.15	31.47
	Bank balances other than cash and cash equivalents	16.53	13.59
	Other financial assets	623.29	549.48
	Other current assets	56.90	57.33
	Assets classified as held for disposal	30.15	30.15
		1,098.27	**1,322.57**
	Total assets (1+2)	**12,203.57**	**13,440.96**
B	**EQUITY AND LIABILITIES**		
1	**Equity**		
	Equity share capital	603.59	603.59
	Other equity	3,990.32	5,913.61
	Total equity	**4,593.91**	**6,517.20**
2	**Non-current liabilities**		
	Financial liabilities		
	Borrowings	5,184.57	5,091.51
	Other financial liabilities	99.19	104.75
	Net employee defined benefit liabilities	0.46	2.74
	Other non-current liabilities	33.61	122.96
		5,317.83	**5,321.96**
3	**Current liabilities**		
	Financial liabilities		
	Borrowings	768.91	112.88
	Trade payables	333.48	219.55
	Other financial liabilities	910.75	925.12
	Other current liabilities	233.51	296.33
	Net employee defined benefit liabilities	13.27	15.60
	Provisions	1.50	1.91
	Liabilities for current tax (Net)	5.18	5.18
	Liabilities directly associated with the asset classified as held for disposal	25.23	25.23
		2,291.83	**1,601.80**
	Total equity and liabilities (1+2+3)	**12,203.57**	**13,440.96**

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Notes to the standalone financial results for the quarter and year ended March 31, 2018

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

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 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

4. 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 March 31, 2018. 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 standalone Ind AS 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 Audit Report in this regard.

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Notes to the standalone financial results for the quarter and year ended March 31, 2018

5. 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.

6. The Company along with its subsidiaries has investments (including loans and advances) of Rs. 476.79 crore 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. 353.15 crore as at March 31, 2018. 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. Based on the aforesaid legal opinion, expected future traffic flow, the management of GACEPL believes that the carrying value of investments in GACEPL as at March 31, 2018, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.

7. The Company has direct 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 the underlying subsidiaries/ joint ventures as further detailed in Notes 8 and 9 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 5 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 till March 31, 2018. (including Rs. nil and Rs 671.21 crore during the quarter ended March 31, 2018 and year ended March 31, 2018 respectively) and has disclosed the same as an 'exceptional item' in the accompanying standalone Ind AS financial results of the Company. Based on the valuation assessment by the external expert and the sensitivity analysis carried out for some of the aforesaid assumptions the value so determined indicates that there exists a further diminution of Rs. 2,830.00 crore in the value of Company's investment in GGAL as at March 31, 2018. However, for reasons as detailed in note 8 and 9 below, the management is of the view that the carrying value of the Company's investment in GGAL is appropriate and no further adjustment has been made in the accompanying standalone Ind AS financial results for the quarter and year ended March 31, 2018 in this regard. The statutory auditors of the Company have qualified their Audit Report in this regard.

8. 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

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GMR Infrastructure Limited

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.

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. 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. Meanwhile, Reserve Bank of India (RBI) has issued a circular "Resolution of Stressed Assets - Revised Framework" on February 12, 2018. With this circular, all existing frameworks for stressed asset resolution including SDR stand discontinued and the resolution plan is to be implemented within 180 days from the reference date, viz., March 01, 2018. The lenders and the management are exploring various options for revival of the project and is confident of implementing a resolution plan with in the period of 180 days, as allowed by the RBI circular. 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, 2018 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 and business plans, the management is of the view that the carrying value of assets of Rs. 882.56 in these aforesaid entities (net of provision for diminution in the value of investments) as at March 31, 2018 is appropriate. The Company has provided for its investment in full in GREL and the management is confident of implementing a resolution plan with the lenders for the guarantee provided to the lenders against the remaining debt. The statutory auditors of the Company have qualified their Audit 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.

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Notes to the standalone financial results for the quarter and year ended March 31, 2018

9. (a) 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. 3,146.56 crore as at March 31, 2018. 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 year ended March 31, 2018, GCEL has been successful in its bid under the Tolling Linkage initiative of the GoI and has won 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 during the year ended March 31, 2018.

   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. 957.36 crore and pledge of deposits of Rs. 54.01 crore. The grant of final mega power status of GCEL was dependent on its achieving tie up for supply of power for 70% of its installed capacity through the long term power purchase agreements by way of competitive bidding and the balance through regulated market within stipulated time (i.e., March 2022). 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. 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 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 during the year ended March 31, 2018..Further, majority of the lenders have reduced interest rates for GCEL. The Consortium of lenders of the Company have not implemented the 5/25 Scheme as at March 31, 2018. Consequent to the SDR as stated above, GCEL ceased to be a subsidiary of the Company and has been considered as an associate as per the requirement of Ind AS -28. The Consortium of lenders are 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. Meanwhile, RBI has issued a circular "Resolution of Stressed Assets - Revised Framework" on February 12, 2018. With this circular, all existing frameworks for stressed asset resolution including SDR stand discontinued and the resolution plan is to be implemented within 180 days from the reference date, viz., March 01, 2018.

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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 year ended March 31, 2018, 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 year ended March 31, 2018 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 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 during the year has obtained a valuation report on the asset's value in use from its valuation expert. In determining the asset's value in use, the expert has estimated the future cash flows of GCEL on discounted cash flows basis which is based on various assumptions made by the management which the expert has relied upon to arrive at the range of values. In estimating the future cash flows, the Group has made certain key assumptions based on externally available information relating to future revenues, profitability in operation and servicing of its debts which is dependent upon tying up of its entire generation capacity at profitable rates through long term and medium term PPA in a power scarce market, achievement of higher PLF, projected sales mix of PPA, fuel linkage tie ups, refinancing of existing loans with lower rates of interest with banks, achievement of mega power status, successful gains from upcoming PPA Bids and non-extraction of coal from Ganeshpur Mines. The valuation expert based on these assumptions, has determined the range of value in use of GCEL's assets as at December 31, 2017 (i.e., valuation date). Based on the valuation assessment by the external expert and the sensitivity analysis carried out for some of the aforesaid assumptions the value so determined indicates that there exists a diminution in the value of Company's investment of Rs. 2,280 crore in GCEL as at March 31, 2018.

The management of the Group, including the lenders' of GCEL, who also collectively are the majority shareholders, have initiated a process for 'change of control' of GCEL, which entails sale of up to 100% equity stake of GCEL. The process is in an advanced stage and is expected that the process of change in control would be completed by August 2018. The management is confident that it will succeed in completing the change of control and subsequently the Company will be able to recover the carrying value of assets in GCEL and accordingly, the management of the Group is of the view that the carrying value of the investments in GCEL of Rs. 2,280 crore (net of provision for diminution in the value of investments) as at March 31, 2018 is appropriate. The statutory auditors of the Company have qualified their Audit Report in this regard.

(b) GMR Warora Energy Limited (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. 718.27 crore as at March 31, 2018 which has resulted in substantial erosion of GWEL's 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 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, the management of the Group believes that the carrying value of the investments in GWEL by GEL as at March 31, 2018 is appropriate.

(c) GMR Kamalanga Energy Limited (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. 1,817.55 Crore as at March 31, 2018, which has resulted in substantial erosion of GKEL's net worth due to operational difficulties faced during the early stage of its operations. However, 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 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, the management is of the view that the carrying value of the investments in GKEL by GEL as at March 31, 2018 is appropriate.

10. 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. 2,315.56 crore as at March 31, 2018 (including Rs. 575.51 crore and Rs 679.09 crore during the quarter ended March 31, 2018 and year ended March 31, 2018 respectively) which has been disclosed as an 'exceptional item' in the accompanying standalone Ind AS financial results of the Company for the quarter and year ended March 31, 2018. As detailed in note 11 and 12, 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 ('GKUAEL').

11. The Company along with its subsidiaries has investments (including loans and advances) of Rs. 883.37 crore 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 year, GHVEPL has decided to proceed with aribitration 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.

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Based on an internal assessment and valuation carried out by an external expert during the year ended March 31, 2018, 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 investments in GHVEPL as at March 31, 2018, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit report Report in this regard.

12. 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, 2017, GKUAEL had settled the claims of the EPC contractors for Rs. 259.00 crore and the balance of Rs. 331.00 crore to be recovered from GEPL. Subsequent to the year ended March 31, 2018, an amount of Rs. 231.00 crore has been received and the balance amount of Rs. 100.00 crore is expected to be received by June 30, 2018.

13. 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 and has incurred Rs 467.29 crore towards the development of the project as at March 31, 2018. 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, 2018, the management of the Company is of the view that the carrying value of the investments in GBHPL as at March 31, 2018 is appropriate.

14. The Company through its subsidiary GMR Coal Resources Pte. Limited ('GCRPL') has investments of Rs. 3,312.22 crore in PTGEMS, a joint venture as at March 31, 2018. 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 in the next financial year. Further, during the year ended March 31, 2017, GCRPL had restructured its loan facility with the lenders whereby the loan is repayable over a period of 5 years commencing January 2017. Coal prices in the international markets have exhibited stability during the last few quarters making the operations of the mines more profitable. Based on these factors

and valuation assessment carried out by an external expert during the year ended March 31, 2018, the management believes that the carrying value of investments in PTGEMS as at March 31, 2018 is appropriate.

15. 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 March 31, 2018 (including Rs. 108.35 crore during the year ended March 31, 2017) which was disclosed as an 'exceptional item' in the standalone Ind AS financial statements of the Company for the year ended March 31, 2017.

16. 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. During the year ended March 31, 2018, based on the valuation assessment of GSPHPL including its subsidiaries carried out by an external expert have made a provision for diminution in the value of investments of Rs. 86.99 crore as at March 31, 2018 which has been included as an 'exceptional item' in the accompanying standalone Ind AS financial results of the Company for the quarter and year ended March 31, 2018.

17. Debt Service Coverage Ratio (DSCR) represents profit and other income and before finance costs, and tax expenses / finance costs plus principal repayment of loan funds during the period. ISCR represents profit and other income and before finance costs and tax expenses / finance costs. 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 + other equity).

18. Paid-up debt capital represents outstanding non-convertible debentures issued by the Company (excluding provision for redemption premium) as at the year end.

19. 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.

20. The accompanying standalone Ind AS financial results of the Company for the quarter and year ended March 31, 2018 have been reviewed by the Audit Committee in their meeting on May 29, 2018 and approved by the Board of Directors in their meeting on May 30, 2018.

21. The figures of last quarter of current and previous years are the balancing figure between the audited figures for the respective full financial year and the published unaudited year to date figures for the nine months ended of the respective financial years.

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

For GMR Infrastructure Limited

Grandhi Kiran Kumar
Managing Director

New Delhi
May 30, 2018

S. R. Batliboi & Associates LLP
Bengaluru

GMR Infrastructure Limited