

**Limited Review Report****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 and nine months ended December 31, 2018 (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'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('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 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 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 5 to the accompanying unaudited standalone Ind AS financial results for the quarter and nine months ended December 31, 2018, GMR Generation Assets Limited ('GGAL') along with its subsidiaries/ joint ventures and associates have been incurring losses. Based on the valuation assessment carried out by an independent expert during the year ended March 31, 2018 and on evaluation of the results as against the projections for the quarter and nine months ended December 31, 2018, the Company has not accounted for a further diminution in the value of the Company's investment in GGAL as at December 31, 2018 of Rs. 3,471 crore primarily on account of diminution in the value of investments in GMR Chhattisgarh Energy Limited ('GCEL') and various other investments for reasons as detailed in aforesaid note. In our opinion, the aforesaid accounting treatment is not in accordance with the relevant accounting standards. Had the management accounted for the aforesaid diminution, the loss after tax cumulatively upto December 31, 2018 would have been higher by Rs. 3,471 crore with a consequential impact on the reserves of the Company as at December 31, 2018. Further, we are unable to comment on any consequential impact that may arise pursuant to the outcome of the resolution process being undertaken for GCEL as per the circular "Resolution of Stressed Assets – revised framework" issued by the Reserve Bank of India dated February 12, 2018 ('RBI circular'). In respect of the above matter, our audit report for the year ended March 31, 2018 and review reports for quarters ended June 30, 2018 and September 30, 2018 were similarly qualified.
5. As detailed in note 5(b) to the accompanying unaudited standalone Ind AS financial results for the quarter and nine months ended December 31, 2018, GMR Energy Limited ('GEL'), GMR Vemagiri Power Generation Limited ('GVVGL') 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 unavailability of adequate supply of natural gas. Further, GREL have 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 is in the process of implementing the resolution plan as per the RBI circular. Continued uncertainty exists as to the availability of adequate supply of



# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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. Accordingly we are unable to comment on the carrying value of the Company's investment (including advances)/obligations in these entities as at December 31, 2018 and any consequential impact that may arise pursuant to the outcome of the resolution process being undertaken for GREL as per the RBI circular. In respect of the above matter, our audit report for the year ended March 31, 2018 and review reports for quarters ended June 30, 2018 and September 30, 2018 were similarly qualified.

6. Based on our review conducted as above, except for the effects of the matter relating to provision for diminution in investments described in paragraph 4 and possible effects of all other matters described in paragraph 4 and 5, nothing has come to our attention that causes us to believe that the Statement for the quarter and nine months ended December 31, 2018 prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, 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.
7. We draw attention to note 10 to the accompanying unaudited standalone Ind AS financial results for the quarter and nine months ended December 31, 2018. Management has prepared the accompanying financial results on a going concern basis, which is dependent on the management's plans to raise funds through monetization of assets (including active discussions with investors for the sale of stake in certain key assets) and other strategic initiatives to meet its current obligations, the outcome of which is uncertain as of date. Our conclusion is not qualified in respect of this matter.
8. We draw attention to the following matters in the notes to the Statement for the quarter and nine months ended December 31, 2018:
  - a) Note 7(b) and 7(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 for reasons as detailed in the aforesaid notes. Pending outcome of the arbitration proceedings and based on management's internal assessment of expected compensation inflows from the arbitration proceedings and an external legal opinion obtained by the management of GACEPL and GHVEPL, the management is of the view that the carrying value of the investments (including loans and advances and other receivables) in GACEPL and GHVEPL as at December 31, 2018 is appropriate. Further, the auditors of these subsidiaries have included an emphasis of matter in their respective review reports issued for the quarter and nine months ended December 31, 2018 with regard to the aforesaid matters. 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 Karnani

Partner  
Membership No.: 061207

Place: New Delhi  
Date: February 14, 2019



**GMR Infrastructure Limited**

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**Statement of unaudited standalone Ind AS financial results for the quarter and nine months period ended December 31, 2018**

(in Rs. crore)

S.No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1</b>	<b>Revenue</b>						
	(a) Revenue from operations:						
	i) Sales/income from operations	186.72	165.34	214.00	550.97	549.10	736.13
	ii) Other operating income (Refer note 14)	79.83	90.03	94.32	257.60	280.17	369.88
	(b) Other income:						
	i) Foreign exchange fluctuation gain (net)	-	21.96	0.33	33.63	2.98	7.18
	ii) Others	0.52	2.18	3.27	3.16	4.82	45.17
	<b>Total Revenue</b>	<b>267.07</b>	<b>279.51</b>	<b>311.92</b>	<b>845.36</b>	<b>837.07</b>	<b>1,158.36</b>
<b>2</b>	<b>Expenses</b>						
	(a) Cost of materials consumed	80.19	80.44	103.23	250.76	235.22	376.53
	(b) Subcontracting expenses	164.29	48.11	70.61	271.03	182.82	238.48
	(c) Employee benefits expenses	13.30	11.67	9.69	36.40	39.69	51.68
	(d) Finance costs	221.41	208.19	235.49	630.11	596.88	821.61
	(e) Depreciation and amortisation expenses	6.46	6.35	4.94	18.24	13.56	19.06
	(f) Foreign exchange fluctuation loss (net)	2.55	-	-	-	-	-
	(g) Other expenses	42.20	31.35	38.02	105.56	105.26	144.37
	<b>Total expenses</b>	<b>530.40</b>	<b>386.11</b>	<b>461.98</b>	<b>1,312.10</b>	<b>1,173.43</b>	<b>1,651.73</b>
<b>3</b>	<b>(Loss)/ Profit before exceptional items and tax</b>	<b>(263.33)</b>	<b>(106.60)</b>	<b>(150.06)</b>	<b>(466.74)</b>	<b>(336.36)</b>	<b>(493.37)</b>
<b>4</b>	<b>Exceptional items</b>						
	(i) Provision for diminution in value of investments/advances (Refer note 5(a), 7(a) and 9)	-	-	(420.74)	-	(774.79)	(1,437.25)
	(ii) Gain on buyback of shares by wholly owned subsidiary (Refer note 12)	967.84	-	-	967.84	-	-
	(iii) Gain on sale of investment in subsidiary/ joint venture (Refer note 13)	67.94	-	-	67.94	-	-
<b>5</b>	<b>(Loss) / Profit before tax (3 ± 4)</b>	<b>772.45</b>	<b>(106.60)</b>	<b>(570.80)</b>	<b>569.04</b>	<b>(1,111.15)</b>	<b>(1,930.66)</b>
<b>6</b>	<b>Tax expense</b>	<b>(4.00)</b>	<b>0.02</b>	<b>0.03</b>	<b>(3.96)</b>	<b>0.07</b>	<b>0.09</b>
<b>7</b>	<b>(Loss) /Profit for the period/ year (5 ± 6)</b>	<b>776.45</b>	<b>(106.62)</b>	<b>(570.83)</b>	<b>573.00</b>	<b>(1,111.22)</b>	<b>(1,930.75)</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	(0.41)	0.04	(0.73)	(0.08)	(0.44)	0.49
	(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>776.04</b>	<b>(106.58)</b>	<b>(571.56)</b>	<b>572.92</b>	<b>(1,111.66)</b>	<b>(1,930.26)</b>
<b>10</b>	<b>Paid-up equity share capital (Face value - Re. 1 per share)</b>	<b>603.50</b>	<b>603.50</b>	<b>603.50</b>	<b>603.50</b>	<b>603.50</b>	<b>603.50</b>
<b>11</b>	<b>Other equity</b>						<b>3,090.30</b>
<b>12</b>	<b>Earnings per share (EPS) (of Re. 1 each) (not annualised)</b>						
	(a) Basic and Diluted EPS before exceptional items	<b>(0.43)</b>	<b>(0.18)</b>	<b>(0.25)</b>	<b>(0.77)</b>	<b>(0.56)</b>	<b>(0.82)</b>
	(b) Basic and Diluted EPS after exceptional items	<b>1.29</b>	<b>(0.18)</b>	<b>(0.95)</b>	<b>0.95</b>	<b>(1.84)</b>	<b>(3.21)</b>



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, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
	a) EPC	187.77	166.24	214.00	552.92	549.10	736.13
	b) Others	78.78	89.13	94.32	255.65	280.17	369.88
	<b>Total</b>	<b>266.55</b>	<b>255.37</b>	<b>308.32</b>	<b>808.57</b>	<b>829.27</b>	<b>1,106.01</b>
	Less: Inter Segment	-	-	-	-	-	-
	<b>Revenue from operations</b>	<b>266.55</b>	<b>255.37</b>	<b>308.32</b>	<b>808.57</b>	<b>829.27</b>	<b>1,106.01</b>
2	Segment Results						
	a) EPC	(112.43)	1.59	(0.74)	(102.68)	2.85	(271.4)
	b) Others	70.51	100.00	86.17	266.05	257.67	355.38
	<b>Total</b>	<b>(41.92)</b>	<b>101.59</b>	<b>85.43</b>	<b>163.37</b>	<b>260.52</b>	<b>328.24</b>
	Less: Finance costs	221.41	208.19	235.49	630.11	596.88	821.61
	Add/(less): Exceptional items						
	(i) Provision for diminution in value of investments/advances (Refer note 5(a), 7(a) and 9)	-	-	(420.74)	-	(774.79)	(1,437.29)
	(ii) Gain on buyback of shares by wholly owned subsidiary (Refer note 12)	967.84	-	-	967.84	-	-
	(iii) Gain on sale of investment in subsidiary/ joint venture (Refer note 13)	67.94	-	-	67.94	-	-
	<b>(Loss) / Profit before tax</b>	<b>772.45</b>	<b>(106.60)</b>	<b>(370.00)</b>	<b>569.04</b>	<b>(1,111.15)</b>	<b>(1,930.66)</b>
3	Segment Assets						
	a) EPC	1,138.85	1,130.90	873.56	1,138.85	873.56	885.63
	b) Other	12,322.02	11,173.26	12,332.53	12,322.02	12,332.53	11,179.61
	c) Unallocated	146.35	159.84	193.95	146.35	193.95	138.33
	<b>Total</b>	<b>13,607.22</b>	<b>12,464.00</b>	<b>13,400.04</b>	<b>13,607.22</b>	<b>13,400.04</b>	<b>12,203.57</b>
4	Segment Liabilities						
	a) EPC	793.30	641.02	587.88	793.30	587.88	568.36
	b) Other	161.22	182.68	180.55	161.22	180.55	187.67
	c) Unallocated	7,566.70	7,454.76	7,202.46	7,566.70	7,202.46	6,853.63
	<b>Total</b>	<b>8,521.22</b>	<b>8,278.46</b>	<b>7,970.89</b>	<b>8,521.22</b>	<b>7,970.89</b>	<b>7,609.66</b>



**Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018**

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 and 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
<b>EPC</b>	Handling of engineering, procurement and construction solutions in infrastructure sector
<b>Others</b>	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 had initiated arbitration proceedings against GAL and the Company, seeking conversion of the CCPS A.

The Company together with GAL has executed settlement agreement dated August 13, 2018 with Investors to amicably settle all outstanding disputes pertaining to the matters which are the subject of the aforesaid arbitration. The settlement agreement was subject to and conditional upon the issuance of a consent award by the Arbitral Tribunal (“Tribunal”) which was received from the Tribunal. As per the settlement agreement, the Company through its wholly owned subsidiary has purchased 2,714,795 CCPS A of GAL for a consideration of Rs. 560.00 crore from the Investors and balance 932,275 CCPS A have



**Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018**

been converted into equity shares of GAL in the hands of the Investors, which represents 5.86% of shareholding of GAL.

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's 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 entities was 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 above transaction, compulsory convertible preference shares of GGAL issued to various preference shareholders were converted into equity shares of GGAL.

Pursuant to the aforesaid transaction, GEL and its underlying entities ceased to be subsidiaries of the Company and were considered as associate as per the requirements of Ind AS -28.

5. (a) The Company has investments of Rs. 4,099.39 crore in GGAL and GEL as at December 31, 2018. 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 5(b), 5(c), 5(d), 5(e) and 5(f) below have been incurring losses. As a result, based on its internal assessment with regard to future operations and valuation assessment by an external expert during the year ended March 31, 2018, the management of the Company had made a provision for diminution in the value of its investments in GGAL and GEL amounting to Rs. 5,117.41 crore as at December 31, 2018 (including Rs. Nil and Rs. 671.21 crore during the nine months period ended December 31, 2018 and year ended March 31, 2018 respectively) and has disclosed the same as an 'exceptional item' in the 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 after discounting the projected cash flows using discount rate ranging from 12.00% to 16.00% across various entities indicates that there exists a further diminution of Rs. 3,471.00 crore in the value of Company's investment in GGAL as at December 31, 2018. However, for reasons as detailed in 5(b), 5(c), 5(d), 5(e) and 5(f) below, the management is of the view that the carrying value of the Company's investment in GGAL and GEL is appropriate and no further adjustment has been made in the unaudited standalone Ind AS financial results for the quarter and nine months period ended December 31, 2018 in this regard. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

(b) 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 ceased operations and have been incurring losses including cash losses



## Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018

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, 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 ('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 on May 12, 2016 for 55% stake in equity share capital of GREL and the Company and GGAL have given a guarantee of Rs 2,571.71 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.

Meanwhile, Reserve Bank of India (RBI) had 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 were exploring various options for revival of the project and implementing a resolution plan within the period of 180 days, as allowed by the RBI circular. During the period ended December 31, 2018 the resolution plan has been approved by banks and signed on August 27, 2018 but the same has not been shared with the management as the bankers are in the process of obtaining internal clearances and accordingly the resolution plan has not been implemented till date. 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.

Further, during the year ended March 31, 2014, in case of GVPGL's litigation with APDISCOMs, Appellate Tribunal for Electricity ('APTEL') had passed orders declaring that natural gas for the purpose of Power Purchase Agreement ('PPA') includes Regasified Liquefied Natural Gas ('RLNG'). During the year ended March 31, 2018, pursuant to the appeal filed by APDISCOMs, the Honorable Supreme Court held that RLNG is not natural gas for the purpose of the said PPA and accordingly GVPGL cannot be entitled for capacity charges based on availability declaration for generation of power on the basis of RLNG.

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 has also carried out a valuation assessment of GVPGL and GREL during the year ended March 31, 2018 which includes certain assumptions relating to availability and pricing of domestic and imported gas. future



**Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018**

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 investments of Rs. 932.12 crore in these aforesaid entities (net of provision for diminution in the value of investments) as at December 31, 2018 is appropriate. Further, the Company has provided for its investment in full in GREL and the management is confident that no further impairment would arise on the implementation of the resolution plan with the lenders for the guarantees amounting to Rs. 2,571.71 crore provided to the lenders against the remaining 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) of Rs. 2,258.00 crore in GMR Chhattisgarh Energy Limited ('GCEL') after providing for diminution in the value of investment. 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 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. 3,942.42 crore as at December 31, 2018. 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 which power was supplied by GCEL upto November 30, 2018. GCEL has also entered into a PPA with GUVNL for 1,000MW for a period of six months for which generation is expected to commence shortly.

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 of USD 14.36 crore, Doosan Power Systems India Private Limited ('DPS') was under arbitration in the Singapore International Arbitration Centre (SIAC). Subsequent to the quarter ended December 31, 2018, Final Settlement Agreement has been entered into between the Company, GGAL and GCEL on January 03, 2019 with DPS wherein all the parties have agreed to withdraw respective claims arising out of the EPC Agreements. As per the settlement agreement, the final liability payable to DPS is settled at Rs. 573.52 crore, against which, Rs. 172.01 crore is payable upfront and for the balance Rs. 401.51 crore, the Company has issued Optionally Convertible Debentures ('OCD's') to DPS which are redeemable in 8 quarterly instalments starting March 2019.

GCEL has also obtained provisional Mega Power status certificate from the Ministry of Power, GoI, 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. 55.31 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.



## Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018

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 carrying value of investments in connection with the surrender of mines.

GCEL had entered into Bulk Power 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 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. GCEL has filed a petition before the Delhi High Court against the letters issued by PGCIL. The Delhi High Court 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 accordingly, believes that this will not have financial implications on GCEL.

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 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. Further, majority of the lenders have reduced interest rates for GCEL. 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. Meanwhile, RBI 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. As per the RBI circular dated February 12, 2018 for resolution of stressed assets stated above, the management 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 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 shortlisted prospective investors, with whom discussions are currently in progress. As informed by the lenders vide consortium meeting dated November 28, 2018, the process is in final stages with one bidder being identified as H1 Qualified interested bidder. The prospective bid value quoted by the H1 Qualified interested bidder is not considered for disclosure in view of confidentiality involved in the matter. The entire bid process is also pending 100% approval of lenders as required by the

RBI Circular on Resolution of Stressed Assets – Revised Framework dated February 12, 2018 and dependent on finality of the decision of the Hon'ble Supreme Court on the said circular.



**Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018**

The management carried out a valuation assessment of GCEL during the year ended March 31, 2018 and September 30, 2018 which includes certain assumptions 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, successful outcome of all legal disputes and non-extraction of coal from Ganeshpur Mines. Based on the aforesaid 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 in the value of Company's investment of Rs. 2,258.00 crore in GCEL as at December 31, 2018.

GCEL expects the entire process of change in control to be completed in due course and is not in receipt any further information from the lenders on conclusion of the bidding process and the approved bid values and accordingly, the management is of the view that the carrying value of the investments in GCEL of Rs. 2,258.00 crore (net of provision for diminution in the value of investments) as at December 31, 2018 is appropriate and no consequential liability would arise on the implementation of the resolution plan with the lenders for the guarantees/other commitments given by the Company. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

(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. 701.55 crore as at December 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. GWEL had claimed compensation for various "change in law" events from its customers under the PPAs and had filed petitions with the regulatory authorities for settlement of such claims in favour of GWEL. GWEL has trade receivables and unbilled revenue (including claims) of Rs 532.92 crore and the payment from the customers against the claims is substantially pending receipt. Based on certain favourable interim regulatory orders, the management is confident of a favourable outcome towards the outstanding receivables. Though the net worth of GWEL is substantially eroded, 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, 2018, the management is of the view that the carrying value of the investments in GWEL as at December 31, 2018 is appropriate.

(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. 1,806.90 crore as at December 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. GKEL has a fuel supply agreement for 500 MW with Mahanadi Coal Fields Limited, a subsidiary of Coal India Limited. Further, GKEL has fuel supply agreement for 493 MW with Shakti Linkage. 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



**Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018**

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. GKEL has trade receivables and unbilled revenue (including claims) of Rs. 1,036.32 crore as at December 31, 2018, for 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, valuation assessment by an external expert during the year ended March 31, 2018, the management is of the view that the carrying value of the investments in GKEL as at December 31, 2018 is appropriate.

(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 and has incurred Rs. 467.06 crore towards the development of the project as at December 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. 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, 2018, the management of the Company is of the view that the carrying value of the investments in GBHPL as at December 31, 2018 is appropriate.

6. The Company through its subsidiary GMR Coal Resources Pte. Limited ('GCRPL') has investments of Rs. 3,674.41 crore in PTGEMS, a joint venture as at December 31, 2018. 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 GCRPL 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 year ended March 31, 2018, pursuant to which the supplies have commenced in the current 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. After a significant decline in 2016 and 2017, the coal prices in the international markets have exhibited stability during the last few quarters making the operations of the mines more profitable. 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 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 aforesaid investments in PTGEMS as at December 31, 2018 is appropriate.



**Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018**

7. (a) 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. 2,305.77 crore as at December 31, 2018 (including Rs. Nil and Rs. 679.09 crore during the nine months period ended December 31, 2018 and year ended March 31, 2018 respectively) which was disclosed as an 'exceptional item' in the accompanying standalone Ind AS financial results of the Company. As detailed in note 7(b), 7(c) and 7(d), the diminution in value has primarily arisen on account of the diminution in the value of investments / advances in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') and GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEPL') as detailed below.

(b) The Company along with its subsidiaries has investments (including loans and advances and other receivables) of Rs. 493.46 crore in GACEPL. GACEPL has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 404.95 crore as at December 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 and considering expected future traffic flow, the management of GACEPL believes that the carrying value of investments in GACEPL as at December 31, 2018, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

(c) The Company along with its subsidiaries has investments (including loans and advances and other receivables) of Rs. 924.60 crore in GHVEPL. GHVEPL has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 982.90 crore as at December 31, 2018. 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 from the appointed date if 6 laning is carried out.

During the quarter ended December 31, 2018, NHAI has directed GHVEPL to pay outstanding additional concession fees of Rs. 372.08 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



## Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018

“Framework on Resolution of Stressed Assets” and has informed the lenders towards the same.

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 GHVEPL believes that the carrying value of investments in GHVEPL as at December 31, 2018, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

(d) GKUAEL, a subsidiary of the Company 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, GKUAEL 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 settled the termination claims of the EPC contractors for Rs. 259.00 crore and the balance of Rs. 331.00 crore was to be recovered from GEPL.

8. Based on an internal assessment of its investments in GMR Aviation Private Limited, a subsidiary of the Company, the Company had made a provision for diminution in the value of its investments of Rs. 110.39 crore as at December 31, 2018.
9. GMR SEZ and Port Holding Private Limited, (‘GSPHPL’), a subsidiary of the Company has investment 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, the Company had made a provision for diminution in the value of investments of Rs. 86.99 crore as at March 31, 2018 which was included as an ‘exceptional item’ in the accompanying standalone Ind AS financial results of the Company for the year ended March 31, 2018.
10. 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 5 and 7 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 (including active discussions with investors for the sale of stake in certain key assets), raising finances from financial institutions and strategic investors, refinancing of existing debt and other strategic initiatives to address the repayment of borrowings and debt



## Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018

servicing in the next twelve months and to create sustainable cash flows. 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.

11. Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 1, 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the unaudited standalone Ind AS financial results.
12. During the quarter ended December 31, 2018, GMR Infrastructure (Mauritius) Limited ('GIML'), wholly owned subsidiary of the Company has bought back 139,314,000 equity shares of USD 1 each from the Company for a consideration of Rs. 1,623.37 crore. Pursuant to the aforesaid transaction, the Company has recognised a gain of Rs. 967.84 crore. The same has been disclosed as 'exceptional item' in the financial results of the Company for the quarter and nine months period ended December 31, 2018.
13. During the quarter ended December 31, 2018, the Company has sold:
  - a) 88,405,234 equity share of GMR Megawide CEBU Airport Corporation of PHP 1 each to GMR Airports International B.V. for a sale consideration of Rs. 71.23 crore and has recognised a gain of Rs. 59.20 crore and
  - b) 632,566 equity share of GAL of Rs. 10 each to certain Private Equity Investors for a sale consideration of Rs. 10.00 crore and has recognised a gain of Rs. 8.74 crore.The aforesaid gains have been disclosed as 'exceptional item' in the financial results of the Company for the quarter and nine months period ended December 31, 2018.
14. 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.
15. The unaudited standalone Ind AS financial results of the Company for the quarter and nine months ended December 31, 2018 have been reviewed by the Audit Committee in their meeting on February 13, 2019 and approved by the Board of Directors in their meeting on February 14, 2019.
16. The statutory auditors of the Company have carried out a Limited review of the unaudited Ind AS standalone financial results for the quarter and nine months ended December 31, 2018.



**Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2018**

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

For GMR Infrastructure Limited



Srinivas Bommidala  
Director

New Delhi  
February 14, 2019

