S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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Limited Review Report

Review Report to
The Board of Directors
GMR Infrastructure Limited

1. We have reviewed the accompanying statement of unaudited consolidated Ind AS financial results of GMR Infrastructure Limited Group comprising GMR Infrastructure Limited (the 'Company') and its subsidiaries (together referred to as 'the Group'), its joint ventures / joint operations and associates, 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. a) As detailed in the accompanying unaudited consolidated Ind AS financial results for the quarter and nine months ended December 31, 2018, GMR Chhattisgarh Energy Limited ('GCEL') referred to in note 9 and certain other entities (associates/ joint ventures) referred to in note 5(a) to 5(e) have been incurring losses. Based on the valuation assessment carried out by an external expert during the year ended March 31, 2018, there exists further diminution in the value of Rs. 2,250 crore for the Group's investment in GCEL and certain other entities (associates/ joint ventures) as at March 31, 2018, which have not been accounted for by the Group. 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 and minority interest cumulatively upto December 31, 2018 would have been higher by Rs. 2,250 crore with a consequential impact on the consolidated reserves of the Group 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 matters, our audit report for the year ended March 31, 2018 and

S.R. Batliboi & Associates LLP Bengaluru

In respect of the above matters, 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.

b) As detailed in note 5(d) to the accompanying unaudited consolidated Ind AS financial results for the quarter and nine months ended December 31, 2018, GMR Energy Limited ('GEL'),GMR Vemagiri Power Generation Limited ('GVPGL') and GMR Rajahmundry Energy Limited ('GREL'), have ceased operations and have been incurring significant losses with a consequential erosion of net worth resulting from the unavailability of adequate supply of natural gas. Further, GREL has rescheduled the repayment of project loans due to implementation of the Strategic Debt Restructuring Scheme to convert part of the debt outstanding into equity and 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 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 Group's assets (including advances)/ obligations in these entities as at December 31, 2018 and on 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.

c) As detailed in note 3 to the accompanying unaudited consolidated Ind AS financial results for the quarter and nine months ended December 31, 2018, the tax authorities of Maldives have disputed certain transactions not considered by GMR Male International Airport Private Limited ('GMIAL'), a subsidiary of the Company, in the computation of business profit taxes and withholding tax and have issued notice of tax assessments on business profit taxes and withholding tax together with the applicable fines and penalties. The management of the Group is of the view that such disputes from the tax authorities are not tenable and have considered the tax exposures as a contingent liability. In the absence of comprehensive analysis on the above tax exposures, we are unable to determine whether any adjustments might be necessary to the accompanying unaudited consolidated financial results for the quarter and nine months ended December 31, 2018. 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. Based on our review conducted as above except for the effect of the matter described in paragraph 4(a) above and possible effects of the matter described in paragraph 4 (a) to paragraph 4 (c) above and based on the consideration of the reports of other auditors on the unaudited separate quarterly financial results and on the other financial information of subsidiaries / associates / joint ventures / joint operations, 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

S.R. Batliboi & Associates LLP
Bengaluru

in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to note 15 to the accompanying unaudited consolidated 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.

7. We draw attention to note 10 and 11 to the accompanying unaudited consolidated Ind AS financial results for the quarter and nine months ended December 31, 2018 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 aforesaid 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 of the Group is of the view that the carrying value of the intangible assets / other assets of Rs. 2,515.00 crore as at December 31, 2018 in GACEPL and GHVEPL 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 matter. Our conclusion is not qualified in respect of this matter.

8. We draw attention to note 14 to the accompanying unaudited consolidated Ind AS financial results for the quarter and nine months ended December 31, 2018 regarding the recovery / adjustment of costs incurred towards residential quarters for Central Industrial Security Force ('CISF') by GMR Hyderabad International Airport Limited ('GHIAL') and certain other costs as detailed in the aforesaid note out of the Passenger Service Fee (Security Component) ['PSF SC'] by GHIAL and Delhi International Airport Limited ('DIAL') pending the final decision from the Hon'ble High Court of respective jurisdictions and consequential instructions from the Ministry of Civil Aviation. Our conclusion is not qualified in respect of this matter.

9. We draw attention to note 5(e) to the accompanying unaudited consolidated Ind AS financial results for the quarter and nine months ended December 31, 2018 with regard to the cessation of construction of the 300 MW hydro based power plant on Alaknanda river, Uttarakhand being constructed by GMR Badrinath Hydro Power Generation Private Limited ('GBHPL'), a joint venture of the Group. The Hon'ble Supreme Court of India ('the Supreme Court'), while hearing a civil appeal in the matters of a hydro power company, directed that no further construction work shall be undertaken by certain projects until further orders. The management of the Group is confident of obtaining the requisite clearances and based on a business plan and valuation assessment by an external expert during the year ended March 31, 2018 is of the view that the carrying value of the investments in GBHPL as at December 31, 2018 is appropriate. Our conclusion is not qualified in respect of this matter.

S. R. Batliboi & Associates LLP
Bengaluru

10. We draw attention to note 5(b), 5(c), 6, and 8 to the accompanying unaudited consolidated Ind AS financial results for the quarter and nine months ended December 31, 2018 in connection with certain claims / counter claims, receivables as detailed in the aforesaid notes from customers of GMR Warora Energy Limited ('GWEL') and GMR Kamalanga Energy Limited ('GKEL'), joint ventures of the Group, and GMR Power Corporation Limited ('GPCL'), a subsidiary of the Company pending settlement / realisation as at December 31, 2018. The management of the Group based on its internal assessment, legal expert advice and certain interim favourable regulatory orders is confident of a favourable outcome and accordingly no adjustments have been made in the accompanying unaudited consolidated financial results for the quarter and nine months ended December 31, 2018. 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 these aforesaid matters.

11. The financial results and other financial information of 2 subsidiaries, with total assets of Rs. 16,584.38 crore as at December 31, 2018 and total revenue (including other income) of Rs 1,367.74 crore and Rs. 3,899.93 crore (before adjustments for consolidation) for the quarter and nine months ended December 31, 2018 respectively have been reviewed by us jointly with other auditors.

12. We did not review the financial results and other financial information, in respect of (i) 74 subsidiaries (including 6 subsidiary consolidated for the quarter and nine months ended September 30, 2018, with a quarter lag of three months) and 1 joint operation consolidated for the quarter and nine months ended September 30, 2018, with a quarter lag of three months and 4 subsidiaries consolidated for the period April 1, 2018 to August 31, 2018, whose Ind AS financial results include total assets of Rs. 31,391.98 crore as at December 31, 2018, and total revenues of Rs 880.40 crores and Rs 2,396.71 crore for the quarter and nine months ended on that date respectively (before adjustments for consolidation). These Ind AS financial results and other financial information have been reviewed by other auditors, which financial results, other financial information and review's reports have been furnished to us by the management. The unaudited consolidated Ind AS financial results also include the Group's share of net loss of Rs 68.87 crore and Rs. 223.83 crore for the quarter and nine months ended December 31, 2018 respectively (before adjustments for consolidation), as considered in the unaudited Ind AS financial results, in respect of 47 joint ventures / associates (including 21 joint ventures / associates consolidated for the quarter and nine months ended September 30, 2018, and 4 joint ventures consolidated for the period September 01, 2018 to September 30, 2018 with a quarter lag of three months), whose financial results, other financial information have been reviewed by other auditors and whose reports have been furnished to us by the management. Our conclusion, in so far as it relates to the affairs of such subsidiaries, joint ventures and associates is based solely on the report of other auditors. Our conclusion is not modified / qualified in respect of this matter.

Certain of these subsidiaries / associates / joint ventures and joint operations are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards

S.R. Batliboi & Associates LLP Bengaluru

applicable in their respective countries. The Company's management has converted the financial results of such subsidiaries / associates / joint ventures and joint operations located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These conversion adjustments have been made by the Group's management and have been subject to review by other auditors as per the accounting principles generally accepted in India. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries / associates / joint ventures and joint operations located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and reviewed by the other auditors.

13. The accompanying unaudited consolidated Ind AS financial results include unaudited financial results and other unaudited financial information in respect of 16 subsidiaries (including 12 subsidiaries consolidated for the quarter and nine months ended September 30, 2018, with a quarter lag of three months), whose financial results and other financial information reflect total assets of Rs 4,683.96 crore as at December 31, 2018, and total revenues of Rs 3.35 crore and Rs 7.12 crore for the quarter and nine months ended on that date respectively. These unaudited financial results and other unaudited financial information have been furnished to us by the management. The consolidated Ind AS financial results also include the Group's share of net profit of Rs 2.23 crore and Rs. 2.84 crore for the quarter and nine months ended December 31, 2018, as considered in the consolidated Ind AS financial results, in respect of 6 associates and joint ventures, (including 3 associates and joint ventures consolidated for the quarter and nine months ended September 30, 2018, with a quarter lag of three months), whose financial results and other financial information have not been reviewed and whose unaudited financial results and other unaudited financial information have been furnished to us by the management. Our conclusion, in so far as it relates to the affairs of these subsidiaries, joint ventures and associates is based solely on such management certified unaudited financial results and other unaudited financial information. According to the information and explanations given to us by the management, these financial results and other financial information are not material to the Group. Our conclusion is not qualified in respect of this matter.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place: New Delhi
Date: February 14, 2019

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GMR Infrastructure Limited
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PART I

Statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2018

(in Rs. crore)

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
A. Continuing Operations						
1. Income						
a) Revenue from Operations						
i) Sales/ Income from operations	1,850.00	1,810.48	1,980.00	5,308.52	6,333.10	8,311.75
ii) Other Operating income (refer note 19)	107.84	93.76	92.29	300.77	278.75	379.16
b) Other Income						
i) Foreign exchange fluctuations gain (net)	-	3.71	57.54	-	59.47	70.00
ii) Other income - others	162.03	117.77	146.95	408.75	368.05	483.04
Total Income	**2,119.87**	**2,025.72**	**2,276.78**	**6,018.04**	**7,039.37**	**9,274.25**
2. Expenses						
a) Revenue share paid/ payable to concessionaire grantors	451.80	435.07	381.62	1,311.99	1,510.14	1,911.50
b) Cost of materials consumed	82.17	83.27	106.07	259.09	241.41	388.33
c) Purchase of traded goods	145.54	176.54	422.39	390.00	1,085.10	1,530.20
d) (Increase) or Decrease in stock in trade	(1.21)	(5.79)	1.92	(1.79)	6.69	(0.07)
e) Sub-contracting expenses	219.57	133.55	152.62	463.10	380.93	528.89
f) Employee benefits expenses	185.79	194.88	169.72	570.32	496.18	690.35
g) Finance costs	719.36	676.36	634.13	1,898.46	1,728.87	2,316.34
h) Depreciation and amortisation expenses	244.41	245.90	262.09	733.17	767.69	1,028.40
i) Other expenses	387.43	352.71	357.34	1,078.75	1,118.28	1,486.11
j) Foreign exchange fluctuations loss (net)	74.51	-	-	152.18	-	-
Total expenses	**2,509.37**	**2,292.49**	**2,487.90**	**6,855.57**	**7,335.29**	**9,880.05**
3. (Loss) / profit before share of (loss) / profit of associates and joint ventures and tax expenses from continuing operations (1) - (2)	**(389.50)**	**(266.77)**	**(211.12)**	**(837.53)**	**(295.92)**	**(605.80)**
4. Share of (loss) / profit of associates and joint ventures	(149.28)	(101.33)	(441.93)	(358.96)	(715.94)	(431.36)
5. (Loss) / profit before tax from continuing operations (3) + (4)	**(538.78)**	**(368.10)**	**(653.05)**	**(1,196.49)**	**(1,011.86)**	**(1,037.16)**
6. Tax expenses / (credit) on continuing operations (net)	3.01	(33.74)	(55.20)	(82.71)	83.78	45.49
7. (Loss) / Profit after tax from continuing operations (5) - (6)	**(541.79)**	**(334.36)**	**(597.85)**	**(1,113.78)**	**(1,095.64)**	**(1,082.65)**
B. Discontinued operations						
8. Profit / (loss) before tax expenses from discontinued operations	(15.96)	117.78	23.54	110.65	(19.71)	(31.96)
9. Tax expenses / (credit) on discontinued operations (net)	3.29	2.28	4.09	11.91	4.10	(0.02)
10. Profit / (loss) after tax from discontinued operations (8) - (9)	**(19.25)**	**115.50**	**19.45**	**98.74**	**(23.81)**	**(31.94)**
11. (Loss) / profit after tax for the respective periods (7) + (10)	**(561.04)**	**(218.86)**	**(578.40)**	**(1,015.04)**	**(1,119.45)**	**(1,114.59)**
12. Other Comprehensive Income						
(A) (i) Items that will be reclassified to profit or loss	301.99	(38.05)	(86.64)	277.31	(52.55)	(101.06)
(ii) Income tax relating to items that will be reclassified to profit or loss	(53.93)	41.09	(6.59)	18.60	(6.59)	(6.53)
(B) (i) items that will not be reclassified to profit or loss	(3.43)	(2.21)	1.52	(4.58)	(2.55)	(2.86)
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.60	0.48	(0.15)	0.96	(0.15)	(0.24)
13. Total other comprehensive income, net of tax for the respective periods	**245.23**	**1.31**	**(91.86)**	**292.29**	**(61.84)**	**(110.69)**
14. Total comprehensive income attributable to (11) + (13)	**(315.81)**	**(217.55)**	**(670.26)**	**(722.75)**	**(1,181.29)**	**(1,225.28)**
a) Owners of the Company	(458.35)	(255.79)	(744.37)	(945.35)	(1,341.20)	(1,482.23)
b) Non Controlling Interest	142.54	38.24	74.11	222.60	159.91	256.95
15. Paid up equity share capital (Face value - Re 1 per share)	603.59	603.59	603.59	603.59	603.59	603.59
Weighted average number of shares used in computing Earnings per share	6,017,945,475	6,017,945,475	6,017,945,475	6,017,945,475	6,017,945,475	6,017,945,475
16. Earnings per share - Basic and Diluted - (Rs.) (not annualised)						
a) Basic and diluted EPS	(1.17)	(0.43)	(1.08)	(2.06)	(2.13)	(2.28)
b) Basic and diluted EPS from continuing operations	(1.14)	(0.63)	(1.11)	(2.23)	(2.09)	(2.24)
c) Basic and diluted EPS from discontinued operations	(0.03)	0.20	0.03	0.17	(0.04)	(0.04)

S. R. Batliboi & Associates LLP Bengaluru

GMR Infrastructure Limited

GMR Infrastructure Limited

Report on Consolidated Segment Revenue, Results, Assets and Liabilities

[in Rs. crore]

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) Airports	1,358.28	1,315.52	1,142.10	3,920.57	4,218.77	5,433.83
b) Power	145.74	178.17	430.54	396.82	1,111.89	1,565.36
c) Roads	167.22	134.70	147.63	446.44	437.34	589.70
d) EPC	236.42	231.81	273.01	697.90	702.33	931.12
e) Others	148.94	143.09	151.64	434.61	372.14	581.40
	2,056.60	**2,003.29**	**2,144.92**	**5,896.34**	**6,842.47**	**9,101.41**
Less: Inter Segment	(98.76)	(99.05)	(72.63)	(287.05)	(230.62)	(380.20)
Segment revenue from operations	**1,957.84**	**1,904.24**	**2,072.29**	**5,609.29**	**6,611.85**	**8,721.21**
2. Segment Results						
a) Airports	364.74	394.18	352.58	1,035.46	1,308.75	1,605.26
b) Power	(183.48)	(177.95)	(479.20)	(545.56)	(848.61)	(599.88)
c) Roads	78.37	41.18	45.22	172.58	164.64	207.59
d) EPC	(90.82)	12.40	29.70	(61.61)	48.14	15.89
e) Others	(36.31)	(6.91)	(18.24)	(60.23)	(93.60)	(119.15)
Total Segment Results	**132.50**	**262.90**	**(69.94)**	**540.64**	**579.32**	**1,109.71**
Less: Finance costs (net)	(671.28)	(631.00)	(583.11)	(1,737.13)	(1,591.18)	(2,146.87)
(Loss)/Profit before tax from continuing operations	**(538.78)**	**(368.10)**	**(653.05)**	**(1,196.49)**	**(1,011.86)**	**(1,037.16)**
3. Segment Assets						
a) Airports	17,102.34	17,133.29	17,212.10	17,102.34	17,212.10	17,080.76
b) Power	8,755.26	8,797.73	9,340.71	8,755.26	9,340.71	9,174.53
c) Roads	3,913.42	3,985.63	3,732.97	3,913.42	3,732.97	4,088.81
d) EPC	1,280.86	1,363.90	1,110.96	1,280.86	1,110.96	1,102.79
e) Others	4,341.67	6,122.67	4,433.80	4,341.67	4,433.80	4,567.75
f) Unallocated	1,926.73	1,966.86	1,153.76	1,926.73	1,153.76	1,329.58
g) Assets classified as held for disposal	28.77	28.53	893.68	28.77	893.68	942.77
Total Assets	**37,349.05**	**39,398.61**	**37,877.98**	**37,349.05**	**37,877.98**	**38,286.99**
4. Segment Liabilities						
a) Airports	3,834.50	3,808.45	3,842.76	3,834.50	3,842.76	3,749.69
b) Power	1,902.01	2,247.09	2,169.50	1,902.01	2,169.50	2,642.66
c) Roads	917.14	856.25	683.44	917.14	683.44	714.60
d) EPC	861.54	766.11	742.04	861.54	742.04	706.69
e) Others	301.75	289.73	364.56	301.75	364.56	333.06
f) Unallocated	28,393.70	26,385.14	23,872.68	28,393.70	23,872.68	23,961.68
g) Liabilities directly associated with the assets classified as held for disposal	63.61	112.41	502.05	63.61	502.05	530.80
Total Liabilities	**36,274.25**	**34,465.18**	**32,177.03**	**36,274.25**	**32,177.03**	**32,642.18**

S. R. Batliboi & Associates LLP
Bengaluru

GMR Infrastructure Limited

1. **Consolidation and Segment Reporting**

a. GMR Infrastructure Limited ('the Company' or 'GIL') carries on its business through various subsidiaries, joint ventures, jointly operations and associates (hereinafter referred to as 'the Group'), being special purpose vehicles exclusively formed to build and operate various infrastructure projects.

b. The segment reporting of the Group has been prepared in accordance with Ind AS-108 on 'Operating Segments' prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder.

The business segments of the Group comprise of the following:

Segment	Description of Activity
Airports	Development and operation of airports
Power	Generation of power, transmission of power, mining and exploration and provision of related services
Roads	Development and operation of roadways
EPC	Handling of engineering, procurement and construction solutions in the infrastructure sector
Others	Urban infrastructure and other residual activities

c. Investors can view the standalone results of the Company on the Company's website www.gmrgroup.in or on the websites of BSE (www.bseindia.com) or NSE (www.nse-india.com).

2. 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. 3,560.00 crore from the Investors

S. R. Batliboi & Associates LLP Bengaluru

GMR Infrastructure Limited

and balance 932,275 CCPS A have been converted into equity shares of GAL in the hands of the Investors, which represents 5.86% of shareholding of GAL. The aforesaid settlement has resulted in cash obligation of Rs 3,560.00 crore for the Group, which has been accounted during the current quarter.

3. GMR Male International Airport Private Limited ('GMIAL'), a subsidiary of the Company entered into an agreement on June 28, 2010 with Maldives Airports Company Limited ('MACL') and Ministry of Finance and Treasury ('MoFT'), Republic of Maldives, for the Rehabilitation, Expansion, Modernization, Operation and Maintenance of Male International Airport ('MIA') for a period of 25 years ("the Concession Agreement"). On November 27, 2012, MACL and MoFT issued notices to GMIAL stating that the Concession Agreement was void ab initio and that neither MoFT nor MACL had authority under the laws of Maldives to enter into the agreement and MACL took over the possession and control of the MIA and GMIAL vacated the airport effective December 8, 2012. The matter was under arbitration. During the year ended March 31, 2017, the arbitration tribunal delivered its final award in favour of GMIAL.

   During the year ended March 31, 2018, Maldives Inland Revenue Authority ('MIRA') has issued tax audit reports and notice of tax assessments demanding business profit tax amounting to USD 1.44 crore, USD 0.29 crore as the additional withholding tax excluding fines and penalties. During the period ended December 31, 2018, MIRA has issued additional demands of USD 0.21 crore and USD 0.13 crore on account of fines on business profit tax and withholding taxes respectively. However, management of the Group is of the view that the notice issued by MIRA is not tenable. Accordingly, no adjustments have been made to the accompanying consolidated financial results of the Group for the quarter and nine months ended December 31, 2018. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

4. The Group 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 GMR Energy Limited's ('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 Group.

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

5. (a) The Group has investments of Rs 3,000.20 crore in GEL, a joint venture of the Company as at December 31, 2018. GEL has certain underlying subsidiaries / joint ventures / associates which are engaged in energy sector. GEL and some of its underlying subsidiaries / joint ventures as further detailed in notes 5(b), 5(c), 5(d) and 5(e) below have been incurring losses. Based on the valuation assessment by an external expert during the year ended March 31, 2018 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 an impairment loss of Rs 1,100.04 crore in the value of Group's investment in GEL and its subsidiaries, joint ventures / associates as at December 31, 2018. However, for reasons as detailed in notes 5(b), 5(c), 5(d) and 5(e) below, the management is of the view that the carrying value of the Group's investment in GEL is appropriate and no further adjustment has been made in the consolidated financial results for the quarter and nine months ended December 31, 2018 in this regard. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

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GMR Infrastructure Limited

(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. 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 Power Purchase Agreements ('PPA') and have filed petitions with the regulatory authorities for settlement of such claims in favour of GWEL. GWEL has trade receivables 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 of the Group is of the view that the carrying value of the net assets in GWEL by GEL 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) 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 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 ('RBI') 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. Further, 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 net assets in GKEL by GEL 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) In view of lower supplies / availability of natural gas to the power generating companies in India, 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 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.

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GMR Infrastructure Limited

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 Group has 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 and the conversion of loans into equity share capital by the consortium of lenders, GREL ceased to be a subsidiary of the Group and the Group has accounted its investments in GREL under the Equity Method as per the requirements of Ind AS – 28.

Meanwhile, 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 with in 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 of the Group 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 of the Group 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 tariff and other operating parameters, which it believes reasonably reflect the future expectations from these projects. The management of the Group will monitor these aspects closely and take actions as are considered appropriate and is confident that these gas based entities will be able to generate sufficient profits in future years and meet their financial obligations as they arise. Based on the aforementioned reasons and business plans, the management is of the view that the carrying value of the investment of Rs. 807.87 crore of GEL and GVPGL as at December 31, 2018 is appropriate. The Group 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

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GMR Infrastructure Limited

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) GMR Badrinath Hydro Power Generation Private Limited ('GBHPL'), a subsidiary of GEL is in the process of setting up 300 MW hydro based power plant in Alaknanda River, Chamoli District of Uttarakhand. The Hon'ble Supreme Court of India ('the Court'), while hearing a civil appeal in the matters of Alaknanda Hydro Power Company Limited, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by the 24 projects coming up on the Alaknanda and Bhagirathi basins until further orders. Further, during the year ended March 31, 2016, Ministry of Environment Forest and Climate Change ('MoEF') has represented to the Supreme Court of India that of the six hydro projects in Uttarakhand, two projects including GBHPL requires certain design modifications as per the policy stipulations. During the year ended March 31, 2018, the validity of Environmental Clearance ('EC') granted to GBHPL by the MoEF ceased to exist. Pursuant to an application made by GBHPL, the MoEF vide its letter dated April 17, 2018, proposed to extend the EC granted to GBHPL for a period of 3 years, subject to the final outcome of the matter pending before the Court. Based on its internal assessment and a legal opinion, the management of the Group 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 Group is of the view that the carrying value of net assets of GBHPL 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.

6. ('GWEL'), a subsidiary of GEL entered into a PPA with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') on March 17, 2010 for sale of power for an aggregate contracted capacity of 200 MW, wherein power was required to be scheduled from power plant's bus bar. MSEDCL disputed place of evacuation of power with Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC has directed GWEL to construct separate lines for evacuation of power through State Transmission Utility ('STU') though GWEL was connected to Central Transmission Utility ('CTU'). Aggrieved by the MERC Order, GWEL preferred an appeal with APTEL. APTEL vide its interim Order dated February 11, 2014 directed GWEL to start scheduling the power from GWEL's bus bar and bear transmission charges of inter-state transmission system towards supply of power. GWEL in terms of the interim order scheduled the power from its bus bar from March 17, 2014 and paid inter-state transmission charges. APTEL vide its final Order dated May 8, 2015 upheld GWEL's contention of scheduling the power from bus bar and directed MSEDCL to reimburse the inter-state transmission charges hitherto borne by GWEL as per its interim order. Accordingly as at December 31, 2018, GWEL has raised claim of Rs. 383.91 crore (Group's share is Rs. 198.60 crore) towards reimbursement of transmission charges from March 17, 2014 till December 31, 2018. MSEDCL preferred an appeal with Hon'ble Supreme Court of India and also applied for stay proceedings for the above order of APTEL, which was rejected by the Hon'ble Supreme Court of India.

In view of the favorable Order from APTEL, rejection of stay petition of MSEDCL by the Hon'ble Supreme Court of India, receipt of substantial amount towards reimbursement of transmission charges and also considering the legal opinion received from legal counsel that GWEL has tenable case with respect to the appeal filed by MSEDCL against the said Order which is pending before Hon'ble Supreme Court of India, GWEL has recognized the reimbursement of transmission charges of Rs. 383.91 crore relating to the period from March 17, 2014 to December 31, 2018 (including Rs. 30.31 crore (Group's share is Rs. 15.68 crore) and Rs 72.87 crore (Group's share is Rs. 37.70 crore) for the quarter and nine months ended December 31, 2018) in the Statement of profit and loss. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

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GMR INFRASTRUCTURE LIMITED

7. a) During the year ended March 31, 2018, the Group had entered in to a Memorandum of Understanding (MOU) with PT Golden Energy Mines ('PTGEMS') for the sale of entire stake in PTDSU for a consideration of USD 6.56 crore towards purchase of share and mandatory convertible bonds issued by PTDSU, subject to fulfillment of various conditions as specified in the said agreement. The transaction was completed on August 31, 2018 and accordingly the Group has transferred its equity shares and mandatory convertible bonds to PTGEMS for the said consideration. Pursuant to the aforesaid transaction, PTDSU ceased to be subsidiary of the Company. In addition to the shares and mandatorily convertible bonds, the Group had receivable on account of interest free loan amounting to USD 2.98 million which is repayable in four annual installments starting from January 31, 2019 as per the MOU. The Group is confident of recovery of the same as and when it is due. Pursuant to the aforesaid transfer of equity shares and mandatorily convertible bonds, the Group has recognized profit of Rs 124.64 crore which has been disclosed as an exceptional item under discontinuing operations in the consolidated financial statements of the Company for the nine months period ended December 31, 2018.

   b) The Group has investments of Rs 3,605.78 crore in PTGEMS, a joint venture of the Group 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 made by the Group is significantly higher than the book value of assets of PTGEMS and includes certain future benefits including Coal Supply Agreement ('CSA') of GCRPL with PTGEMS whereby the Group is entitled to offtake stated quantity of coal as per the terms of the CSA at an agreed discount. The Group has not significantly commenced the offtake of the coal under the CSA, however 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, Group 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 of the Group believes that the carrying value of aforesaid investments in PTGEMS as at December 31, 2018 is appropriate.

8. GMR Power Corporation Limited ('GPCL'), a subsidiary of the Company, approached Tamil Nadu Electricity Regulatory Commission ('TNERC') to resolve the claims / counterclaims arising out of the PPA and Land Lease Agreement ('LLA') in respect of the dues recoverable from Tamil Nadu Generation and Distribution Corporation Limited ('TAGENDCO') on account of sale of energy including reimbursement towards interest on working capital, Minimum Alternate Tax ('MAT'), rebate, start / stop charges and payment of land lease rentals to TAGENDCO. GPCL received a favourable order from TNERC and in pursuance of the Order, filed its claim on April 30, 2010 amounting to Rs. 481.68 crore and recognised Rs. 79.55 crore as income in the books of account.

   TAGENDCO filed a petition against TNERC Order in Appellate Tribunal for Electricity ('APTEL'). In terms of an interim Order from APTEL, TAGENDCO deposited Rs. 537.00 crore including interest on delayed payment of the claim amount. APTEL vide its Order dated February 28, 2012, upheld the claim of GPCL and further directed GPCL to verify and pay counterclaims of TAGENDCO in respect of the benefits earned if any, by GPCL with regard to the delayed payment towards fuel supply that are not as per the terms of the FSA. GPCL had appealed to the Hon'ble Supreme Court in Civil Appeals seeking certain interim relief with respect to the benefits pointed out by APTEL on credit period of Fuel Supplies in terms of the FSA. The Hon'ble Supreme Court vide its Order dated April 24, 2014, has referred the dispute to TNERC for examining the claim of the contesting parties in so far as the quantum of amount is concerned. GPCL and TAGENDCO

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have filed their respective petitions before TNERC during August 2014. Further, TAGENDCO has filed the petition in the Hon'ble Supreme Court against APTEL order which is pending before the Hon'ble Supreme Court. During the period ended December 31, 2018, GPCL has received an order from TNERC whereby TNERC has upheld the TAGENDCO's claim amounting to Rs 121.37 crore. GPCL's counter claim of Rs 191.00 crore under old PPA towards interest on delayed payments, start and stop charges and invoice for nil dispatches and invoice for differential rates for the period from July 2011 to February 2014 has not yet been adjudicated by TNERC. The management intends to appeal against the order of TNERC with the higher authority within the timelines as specified in the Order.

GPCL was availing tax holiday under Section 80IA of the Income Tax Act, 1961 ('IT Act') in respect of its income from power generation. Considering that the substantial amount, though under protest, has been received by GPCL, based on an expert opinion, GPCL offered the claims upto March 31, 2014 as income in its tax returns and claimed the deduction as available under Section 80IA of the IT Act.

In accordance with the above, the amount received towards the above mentioned claims is being disclosed as advance from the customer in the books of account. Further, GPCL has been legally advised that pending adjudication of petition, the entire matter is now sub-judice and has not attained the finality.

Hence, pending acceptance of claims by TAGENDCO and pending adjudication of petition before the Hon'ble Supreme Court, the Group has not recognised the aforesaid claim in the books of account. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

9. The Group has investments (including loans and advances and other receivables) of Rs. 1,149.96 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 Government of India 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

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GMR Infrastructure Limited

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.

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 accompanying unaudited consolidated financial results of the Group 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 ('SDR') 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 Group 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 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 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

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GMR Infrastructure Limited

dated February 12, 2018 and dependent on finality of the decision of the Hon'ble Supreme Court on the said circular.

The management of the Group carried out a valuation assessment of GCEL during the year ended March 31, 2018 and six months ended 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 in GCEL of Rs. 1,149.96 crore 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 of any further information from the lenders on conclusion of the bidding process and the approved bid values.and accordingly, the management of the Group is of the view that the carrying value of the investments in GCEL of Rs. 1,149.96 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 Group. The statutory auditors of the Company have qualified their Limited Review Report in this regard.

10. GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company 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 of the Group believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant, till further orders. Based on an internal assessment and a legal opinion, the management of the Group is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and considering expected future traffic flow, the management of the Group believes that the carrying value of carriage ways in GACEPL of Rs. 409.55 crore 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.

11. GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') a subsidiary of the Company 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 the Group based on its internal assessment and a legal opinion, believes that these events constitute a Change in Law as per the Concession Agreement and GHVEPL is entitled to a claim for losses suffered on account of the aforementioned reasons and accordingly filed its claim for the loss of revenue till the year ended March 31, 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.

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GMR Infrastructure Limited

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

The management of the Group is confident that it will be able to claim compensation from the relevant authorities for the loss it suffered due to aforementioned reasons. Accordingly, based on the aforesaid legal opinion, expected future traffic flow over a concession period of 25 years based on valuation assessment by an external expert and expected compensation claim inflows, the management of the Group believes that the carrying value of carriage ways of Rs. 2,053.01 crore of 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.

12. The Group through GIML has an investment in GMR Infrastructure (Cyprus) Limited ('GICL'), a subsidiary of GIML. GICL has fixed deposits of Rs. 139.55 crore (USD 2.00 crore) with Eurobank, Cyprus. The Republic of Cyprus is presently facing economic difficulties. During the period ended December 31, 2018, the bank has released USD 0.83 crore and the management of the Group is of the view that despite such economic difficulties, the amount held as fixed deposit with Eurobank is good for recovery, though withdrawal of the amount from the Republic of Cyprus would be subject to restriction as may be imposed by the Central Bank of Cyprus.

13. (a) In case of GMR Hyderabad International Airport Limited ('GHIAL'), a subsidiary of the Company, the Airport Economic Regulatory Authority ('AERA') passed Aeronautical tariff order in respect of control period from April 1, 2011 to March 31, 2016. GHIAL filed an appeal, challenging the disallowance of pre-control period losses and other issues for determination of its tariff with the AERA Appellate Tribunal ('AERAAT') against the aforesaid order. Due to non-constitution of AERAAT Bench, GHIAL had filed a writ petition with the Hon'ble High court at Hyderabad which is yet to be heard. GHIAL filed an application with AERA for determination of Aeronautical tariff in respect of second control period from April 1, 2016 to March 31, 2021 including true up for shortfall of receipt vis a vis entitlement for the first control period.

On December 19, 2017, AERA also issued a Consultation paper inviting comments from all stakeholders in connection with determination of tariff of the Hyderabad airport for the second control period. However, as the aforesaid consultation paper does not address the existing issues arising out of the tariff order for the first control period, GHIAL filed a writ petition against the aforesaid consultation paper before the Hon'ble High court at Hyderabad on February 6, 2018. Pending disposal of the existing matters of the Tariff Order for the first control period, the Hon'ble High court issued a stay order dated February 7, 2018 in respect of further proceedings in determination of Tariff order for the second control period.

Pending determination of Aeronautical tariff, AERA vide its order dated September 28, 2018 has allowed to continue to the Aeronautical tariff as prevailed on March 31, 2016 till March 31, 2019 or till determination of tariff for the aforesaid period whichever is earlier.

(b) In case of Delhi International Airport Limited ('DIAL'), a subsidiary of the Company, the AERA passed an Aeronautical tariff order Viz. 03/2012-13 issued on April 24, 2012 which determined the Aeronautical tariff to be levied at Delhi Airport for the fourth and fifth year of tariff period of first

S. R. Batliboi & Associates LLP Bengaluru

GMR Infrastructure Limited

five year control period (i.e. 2009 - 2014). DIAL had filed an appeal before AERAAT on certain disputed issues in the aforesaid Tariff order.

Subsequently, AERA also released the tariff order No. 40/2015-16 dated December 08, 2015 for second control period i.e. 2014 -2019. DIAL filed an appeal with AERAAT against some of the matters in the tariff order for the second control period. Subsequently, the Hon'ble Delhi High Court vide its Final Order dated January 22, 2016 ordered that the tariff determined by AERA for the First Control Period shall continue till the disposal of the appeals pending against the said tariff order by AERAAT.

Further, Ministry of Finance vide the notification dated May 26, 2017, directed the merger of Appellate Tribunal under the Airports Economic Regulatory Authority Act, 2008 ("AERA Act") i.e. AERAAT into Telecom Disputes Settlement and Appellate of Tribunal ('TDSAT').

The Hon'ble Supreme Court of India, on SLP filed by Air India, vide its judgement dated July 03, 2017, vacated the order of Hon'ble High Court of Delhi and directed TDSAT to dispose of the appeals of DIAL in the next two months.

As per the directions of Director General of Civil Aviation dated July, 2017, DIAL implemented the Tariff order No. 40/2015-16 dated December 08, 2015 with immediate effect i.e., from July 07, 2017

DIAL's appeal no. 10/2012 with respect to first control period has been concluded along with the appeal by certain airlines. TDSAT vide its order dated April 23, 2018 has passed the order, which provides clarity on the issues which were pending for last six years and has laid down the principles to be followed by AERA in determination of tariff of the third control period starting from April 1, 2019. DIAL expects the uplift impact of the TDSAT order to be factored in the tariff determination by AERA for the next period i.e., 2019-2024. DIAL's appeal against the second control period shall be heard in due course. Further, DIAL has filed an appeal in the Hon'ble Supreme Court of India on July 21, 2018 for few matters in respect of TDSAT order dated April 23, 2018 and same was listed on September 4, 2018 wherein Hon'ble Supreme Court of India Has issued notices in the matter. The appeal before Hon'ble Supreme Court shall be further taken up in due course of time.

During the period ended December 31, 2018, AERA has issued tariff order with respect to Base Airport Charges for the second control period, which the airport operator is entitled to receive as minimum charges in accordance with Schedule 6 of State Support Agreement (SSA) read with Schedule 8 of the SSA. The order on the Base Airport Charges was issued on November 19, 2018 (except the order for X-ray baggage charges), and made applicable from December 1, 2018. The order for X- ray baggage charges has been issued on January 10, 2019 and is effective from February 1, 2019.

Basis the cash projections prepared by the management of DIAL for next one year, the management expects to have cash profit. Further, considering DIAL's business plans and the availability of sufficient cash reserve as at December 31, 2018, the management do not foresee any uncertainty in continuing its business/ operations and meeting its liabilities for the foreseeable future and accordingly, the financial results of DIAL are continued to be prepared and consolidated on a going concern basis.

14. (a) The Ministry of Civil Aviation (MoCA) issued orders to DIAL and GHIAL, subsidiaries of the Company (collectively 'Airport Operations') requiring the Airport Operators to reverse the expenditure incurred, since inception towards procurement and maintenance of security systems/ equipment and on creation of fixed assets out of Passenger Service Fee (Security Component) ['PSF (SC)'] escrow account opened and maintained by the Airport Operators in a fiduciary capacity. Managements of the Airport Operators are of the view that such orders are contrary to and

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GMR Infrastructure Limited

inconsistent with Standard Operating Procedure (SOPs), guidelines and clarification issued by the MoCA from time to time and challenged the said orders before Hon'ble High court of their respective jurisdictions by way of a writ petition. The Hon'ble Courts had stayed the MoCA order with an undertaking that, in the event the decision of the writ petitions goes against the Airport Operators, it shall reverse all the expenditure incurred from PSF (SC).

The Airport Operators had incurred Rs. 416.24 crore towards capital expenditure (including the construction cost and cost of land mentioned below and excluding related maintenance expense and interest thereon) till December 31, 2018 out of PSF (SC) escrow account as per SOPs, guidelines and clarification issued by the MoCA from time to time.

Further, in case of DIAL, MoCA had issued an order dated September 18, 2017 stating the approximate amount of reversal to be made by the Company towards capital expenditure and interest thereon amounting to Rs. 295.58 crore and Rs. 368.19 crore respectively, subject to the order of the Hon'ble High court of Delhi.

During the quarter ended December 31, 2018, pursuant to AERA order No. 30/ 2018-19 dated November 19, 2018 with respect to DIAL's entitlement to collect X-ray baggage charges from airlines, DIAL has remitted Rs. 119.66 crore to PSF (SC) account against the transfer of screening assets to DIAL from PSF (SC) to DIAL with an undertaking to MoCA by DIAL that in case the matter pending before the Hon'ble High Court is decided in its DIAL's favour, DIAL will not claim the this amount back from MoCA.

Based on the internal assessments and pending final outcome of the aforesaid writ petitions, no adjustments have been made to the accompanying unaudited consolidated financial results of the Group for the quarter and nine months ended December 31, 2018.

(b) Further, as per the advice from the Ministry of Home Affairs and the Standard Operating Procedures ('SOP') issued by MoCA on March 6, 2002, GHIAL, through its wholly owned subsidiary, Hyderabad Airport Security Services Limited ('HASSL') constructed residential quarters for Central Industrial Security Forces ('CISF') deployed at the Hyderabad airport. After completion of such construction, the total construction cost including the cost of land amounting to Rs. 69.92 crore was debited to the PSF (SC) Fund with intimation to MoCA. The Comptroller and Auditor General of India ('CAG'), during their audits of PSF (SC) Fund, observed that, GHIAL had not obtained prior approval from MoCA for incurring such cost from the PSF (SC) Fund as required by the guidelines dated January 8, 2010 and April 16, 2010 issued by MoCA. However, management of the Group is of the opinion that these guidelines were issued subsequent to the construction of the said residential quarters and approached MoCA for approval to debit such costs to the PSF (SC) Fund account and also, made an application for increase in PSF (SC) tariff to recover these dues and to meet the shortfall in discharging other liabilities from PSF (SC) Fund.

In earlier years, MoCA responded that, it was not in a position to consider the request for enhancement in the PSF (SC) tariff. As a result, GHIAL requested MoCA to advice the AERA for considering the cost of land/ construction and other related costs with regard to the aforesaid residential quarters in determination of Aeronautical Tariff for the Hyderabad airport. Pending final instruction from MoCA, cost of residential quarters continued to be accounted in the PSF (SC) Fund and no adjustments have been made to the accompanying unaudited consolidated financial results of the Group for the quarter and nine months ended December 31, 2018.

The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

c) In case of DIAL and GHIAL, as per the Operations, Management and Development Agreement ('OMDA') / concession agreement, DIAL and GHIAL are liable to pay a certain percentage of the revenue as Monthly Annual Fee ("MAF") / Concession Fee ("CF") to Airport Authority of India /

S. R. Batliboi & Associates LLP Bengaluru

GMR Infrastructure Limited

Ministry of Civil Aviation respectively. The management is of the view that certain income / credits arising on adoption of Ind AS, mark to market gain on valuation of Interest Rate Swap, gain on reinstatement of 4.25% Senior Secured Notes and Scrips received under Services Export from India Scheme ('SEIS') in the nature of government grant were not contemplated by the parties to the agreements at the time of entering the agreements and these income / credit do not represent receipts from business operations from any external sources and therefore should not be included as revenue for the purpose of calculating MAF / CF. Accordingly, DIAL and GHIAL based on a legal opinion, has provided for MAF / CF on the basis of revenue adjusted for such income / credits.

15. The Group has incurred losses primarily on account of losses in the energy and highway sector as detailed in notes 5, 9, 10 and 11 above with a consequent erosion of its net-worth 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 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.

16. Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 01, 2018, replaces existing revenue recognition requirements. The application of Ind AS 115 has primarily impacted the Group's accounting in regard to its transactions for energy trading based on the indicators specified under Ind AS 115. The Group has applied the modified retrospective approach and debited the retained earnings at April 1, 2018 by Rs. 18.53 crores, net of tax effect. Due to the application of Ind AS 115, revenue for the period is lower by Rs. 1,246.88 crore, other expenses are lower by Rs. 1,248.79 crore and loss after tax is lower by Rs. 0.60 crore, vis-à-vis the amounts if replaced standards were applicable. The application of Ind AS 115 did not have any significant impact on the basic and diluted EPS for the period.

17. During the period ended December 31, 2018, the Airport Economic Regulatory Authority ('the Authority') has issued order no. 35/2017-18 on January 12, 2018 which is further amended on April 09, 2018, in the matter of Determination of Useful life of Airport Assets, which is effective from April 01, 2018.
The management of the Group is of the view that useful lives considered by the Group for most of the assets except passenger related Furniture and Fixtures, Trolleys and cost of resurfacing the Runway are in line with the useful life proposed by the Authority.
In order to align the useful life Furniture and Fixtures, Trolleys and cost of resurfacing the Runway, the Group has revised the useful life for these assets and charged depreciation of Rs. 44.23 crore related to the assets whose life was expired on March 31, 2018 to opening reserves as at April 01, 2018 and further provided a depreciation of Rs 0.42 crore and Rs. 5.39 crore during the quarter and nine months ended December 31, 2018 respectively in these unaudited consolidated financial results of the Group.

18. The accompanying unaudited consolidated financial results of the Group for the quarter and nine months ended December 31, 2018 have been reviewed by the Audit Committee in their meeting held on February 13, 2019 and approved by the Board of Directors in their meeting held on February 14, 2019.

19. Other operating income includes interest income on financial assets of annuity companies in roads sector, dividend income, income from management and other services, commercial property development, profit on sale of current investments and interest income for companies which undertake investment activities and other operating income for other companies.

S. R. Batliboi & Associates LLP Bengaluru

GMR Infrastructure Limited

20. Figures pertaining to previous quarter / period/ year have been re-grouped / reclassified, wherever necessary, to confirm to the classification adopted in the current quarter.

For GMR Infrastructure Limited

Srinivas Bommidala
Director

New Delhi
February 14, 2019