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August 25, 2020

The Board of Directors  
GMR Infrastructure Limited  
7<sup>th</sup> Floor, Naman Centre,  
Plot No. C-31, Bandra Kurla Complex,  
Bandra East, Mumbai, Maharashtra - 400051

Dear Sir(s),

Re: Fairness Opinion on the Share Entitlement Ratio Report issued by Drushti R. Desai, Registered Valuer and Bansi S. Mehta & Co, Chartered Accountants, in connection with the Composite Scheme of Amalgamation and Arrangement ('Scheme') for amalgamation of GMR Power Infra Limited ('GPIL' or 'Amalgamating Company') with GMR Infrastructure Limited ('GIL' or the 'Amalgamated Company' or the 'Demerged Company') and subsequent demerger of Demerged Undertaking (as defined in the Scheme) of GIL into GMR Power and Urban Infra Limited ('GPUIL' or 'Resulting Company').

1. BACKGROUND

1.1. Pantomath Capital Advisors Private Limited ("Pantomath" or "we" or "us") is a Category I Merchant Banker registered with the Securities Exchange Board of India ("SEBI"). Pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (earlier SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015) we have been requested to issue a fairness opinion on Share Entitlement Ratio Report issued by Drushti R. Desai, Registered Valuer and Bansi S. Mehta & Co, Chartered Accountants, for the recommendation of Share Entitlement Ratio.

GMR Infrastructure Limited ('GIL' or the 'Amalgamated Company' or the 'Demerged Company'):

1.2. GIL is engaged in infrastructure business and primarily undertakes the business of handling engineering, procurement and construction ('EPC') solutions in infrastructure sectors as a division and operates in airports, energy, transportation and urban infrastructure business sectors through various subsidiaries, associates and jointly controlled entities, for the purposes of various regulatory stipulations. GIL's EPC Business caters to the requirements of implementing the projects undertaken through its subsidiaries and group entities. GIL is also engaged in providing support activities, as well as supervisory and management functions to its group entities. Incidental to its infrastructure

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business, it raises funds by way of equity and/or debt for further infusion into various special purpose vehicles (including for refinancing) and provides corporate guarantees, bank guarantees and letters of comfort on behalf of subsidiaries and group entities.

- 1.3. The equity shares of GIL are listed and traded on the BSE Limited and the National Stock Exchange of India Limited. GIL has also issued 10,000 (ten thousand) secured non-convertible debentures of Rs.10,00,000 (Rupees Ten Lakh only) each aggregating to Rs. 1000,00,00,000 (Rupees One Thousand Crore only) listed on the National Stock Exchange of India Limited.
- 1.4. The registered office of GIL is at Naman Centre, 7th Floor, Opp. Dena Bank, Plot No.C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Mumbai City, Maharashtra – 400051.

#### **GMR Power Infra Limited ('GPIL' or 'Amalgamating Company')**

- 1.5. GPIL is authorized by its memorandum of association to engage in the business of setting up, maintaining, operating all types of power plants, co-generation power plants, energy conservation projects, power houses, distribution systems for generation, distribution and supply of electrical energy, power generation by use of liquid, gaseous or solid fuels or through renewable energy sources, establishment and installation of all types of infrastructure required for generation, transmission and distribution of power and providing all types of consultancy services in the above areas, carrying on the business of traders, procurers, suppliers, distributors, converters, storers, processor, extractor, exporter and importer of all kind of fuels required for power generation, transmitting, distributing, supplying and selling such power, constructing, executing, developing, maintaining all plants, buildings, power houses, transmission lines to carry on the business of general electric power and supply company and gas work company, constructing, carrying out all necessary power stations, cables, wires, lines, lamps, and generating, accumulating, distributing, supplying electricity and gas to light cities, towns, streets, docks, markets, buildings, and places of both public and private.
- 1.6. GPIL is currently an unlisted public company and its shareholding pattern is as follows :

Sr No	Name of Shareholder	% Holding
1	GMR Infrastructure Limited ('GIL')	49.98%
2	GMR Energy Projects (Mauritius) Limited ('GEPML')	49.99%
3	GMR Generation Assets Limited ('GGAL')	0.03%
	Total	100%

Both GEPML and GGAL are, directly or indirectly, subsidiaries of GIL.

- 1.7. The registered office of GPIL is at Naman Centre, 7th Floor, Opp. Dena Bank, Plot No.C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Mumbai City, Maharashtra – 400051

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**GMR Power and Urban Infra Limited ('GPUIL' or 'Resulting Company').**

- 1.8. GPUIL is authorized by its memorandum of association to carry on business activities of, *inter alia*, acquiring of interest, right, title, permission, license for building, operating and for any other purposes in any of the above infrastructural facilities and services and to promote, develop, acquire rights, concessions, titles, interest in and operate in any manner whatsoever as free trade zone, free economic zones, processing zones or any other such zones, towns and cities in accordance with guidelines/authority for the time being in force and to sell, lease on hire grant rights, title interest, licenses, franchises, easement and otherwise dispose off in any manner whatsoever with infrastructural facilities and services or any rights, titles, concessions acquired therein to any person whether in India or abroad.
- 1.9. GPUIL is currently an unlisted public company and the entire share capital of GPUIL is held by GIL and its nominees. The registered office is at Naman Centre, 7th Floor, Opp. Dena Bank, Plot No.C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Mumbai City, Maharashtra – 400051.
- 1.10. It is proposed to segregate the EPC Business (as defined in the Scheme) and the Urban Infrastructure Business (as defined in the Scheme) carried on by GIL and through its subsidiary into GPUIL, and GIL to move forward independently with the Airport Business. This is proposed in order to streamline business, both from operating and management perspective, enable management to pursue a focused growth strategy, build further on their respective capabilities, attract long term sectoral / thematic and marquee investors, simplify the organisation structure, reduce duplicity of costs and resources, and realise business efficiencies.
- 1.11. The Composite Scheme of Amalgamation and Arrangement is proposed under section 230-232 and Section 66 (to the extent applicable) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

**2. SOURCE OF INFORMATION**

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- 2.1. Share Entitlement Ratio Report issued by Drushti R. Desai, Registered Valuer and Bansi S. Mehta & Co, Chartered Accountants dated August 25, 2020;
- 2.2. Draft Composite Scheme of Amalgamation and Arrangement under section 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013;
- 2.3. Audited financial statements of GIL, GPIL and GPUIL for the year ended March 31, 2020;
- 2.4. Serviceable level of equity share capital of GPUIL
- 2.5. Latest shareholding patterns of GIL, GPIL and GPUIL;

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2.6. Other relevant information and documents for the purpose of this engagement.

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our analysis.

**3. VALUER'S RECOMMENDATION**

- 3.1. Based on the assumptions and limitations stated in the Share Entitlement Ratio Report, the fair basis of the Share Entitlement Ratio is determined after taking into consideration the Mirror Image of the GIL Shareholding pattern and the consideration would be discharged by:

'For every 10 (Ten) Equity shares of face and paid up value of Rs 1/- (Rupee One) held in GIL, 1 (One) Equity shares of face and paid up value of Rs. 5/- (Rupees Five) in GPUIL to be issued to the equity shareholders of GIL.

The entire share capital of GPIL is held by GIL (directly and/or indirectly through subsidiaries), no shares of GIL shall be issued to shareholders of GPIL on amalgamation.'

**4. RATIONALE AND CONCLUSION**

In the circumstances, having regard to the relevant factors and on the basis of information and explanations given to us, in our view, the proposed Share Entitlement Ratio as recommended by Drushti R. Desai, Registered Valuer and Bansi S. Mehta & Co, Chartered Accountants, which forms the basis for the proposed amalgamation and arrangement, appears to be fair and reasonable.

Pantomath has issued the Fairness Opinion with the understanding that Draft Scheme shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme alters the transaction.

**5. EXCLUSIONS AND LIMITATIONS**

- 5.1. We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by GIL, GPIL and GPUIL for the purpose of this opinion without carrying out any audit or certification or due diligence of the working results, financial statements, or estimates of value to be realized for the assets of GIL, GPIL and GPUIL.
- 5.2. We have solely relied upon the information provided to us by GIL, GPIL and GPUIL. We have not reviewed any books or records of GIL, GPIL and GPUIL.
- 5.3. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title

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verification of the properties or facilities of GIL, GPIL and GPUIL and neither express any opinion with respect thereto nor accept any responsibility therefor.

- 5.4. We have not made any independent valuation or appraisal of the assets or liabilities of GIL, GPIL and GPUIL. In particular we do not express any opinion as to the value of assets of GIL, GPIL and GPUIL, whether at current market prices or in future.
- 5.5. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by GIL, GPIL and GPUIL for the purpose of this opinion.
- 5.6. We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims. We are not legal, tax, regulatory or actuarial advisors. We have relied upon, without independent verification, the assessment of GIL, GPIL and GPUIL with respect to these matters. In addition, we have assumed that the Draft Composite Scheme of Amalgamation and Arrangement will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Composite Scheme of Amalgamation and Arrangement.
- 5.7. We understand that the managements of GIL, GPIL and GPUIL, during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion.
- 5.8. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extraordinary transaction involving GIL, GPIL and GPUIL or any of its assets, nor did we negotiate with any other party in this regard.
- 5.9. It is understood that this opinion is solely for the benefit of confidential use by the Board of Directors of GIL, GPIL and GPUIL for the purpose of facilitating companies to comply with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (earlier Circular CIR/CID/CMD/16/2015 dated November 30, 2015) issued by SEBI; disclosures to be made to relevant regulatory authorities including stock exchanges, SEBI, National Company Law Tribunal or as required under applicable law and it shall not be valid for any other purpose. This opinion is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

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- 5.10. The fee for our service is not contingent upon the results of the proposed arrangement and/ or amalgamation. This opinion is subject to the laws of India.
- 5.11. We express no opinion whatever and make no recommendation at all as to GIL's, GPUIL's and GPIL' underlying decision to effect to the proposed Amalgamation and Demerger or as to how the holders of equity shares or secured or unsecured creditors of GIL, GPIL and GPUIL should vote at their respective meetings held in connection with the proposed Composite Scheme of Amalgamation and Arrangement. We do not express and should not be deemed to have expressed any views on any other terms of the proposed Composite Scheme of Amalgamation and Arrangement. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of GIL will trade following the announcement of the proposed Composite Scheme of Amalgamation and Arrangement or as to the financial performance of GIL, GPIL and GPUIL following the completion of the proposed Composite Scheme of Amalgamation and Arrangement.
- 5.12. In no circumstances however, will Pantomath or its associates, directors or employees accept any responsibility or liability to any third party.

Truly Yours,

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Senior Manager & Company Secretary  
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