Walker Chandiok & Co LLP

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Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of GMR Infrastructure Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of GMR Infrastructure Limited ('the Company') for the quarter ended 31 December 2019 and the year to date results for the period 1 April 2019 to 31 December 2019, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.

2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and as per the presentation requirements of SEBI Circulars CIR/CFD/FAC/62/2016 dated 5 July 2016, and CIR/IMD/DF1/69/2016 dated 10 August 2016 (hereinafter referred to as 'the SEBI Circulars'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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4. As stated in Note 4(a) to the accompanying Statement for the quarter and period ended 31 December 2019, the Company has an investment amounting to Rs. 3,011.50 crore in, and has outstanding loan amounting to Rs. 137.95 crore in GMR Energy Limited ('GEL'), a joint venture company. Further, the Company has an investment in GMR Generation Assets Limited ('GGAL'), a subsidiary of the Company, which has been entirely provided for by the Company. GEL has further invested in GMR Vemagiri Power Generation Limited ('GVPGL'), a subsidiary of GEL and in GMR Kamalanga Energy Limited ('GKEL'), a joint venture of GEL and GGAL has further invested in GMR Rajahmundry Energy Limited ('GREL'), an associate company of GGAL.

   As mentioned in aforesaid note, GVPGL and GREL have ceased operations due to continued unavailability of adequate supply of natural gas and other factors mentioned in the said note and have been incurring significant losses, including cash losses with consequential erosion of their respective net worth. Further, GREL has entered into a resolution plan with its lenders to restructure its debt obligations during the year ended 31 March 2019. The Company has given certain corporate guarantees for the loans outstanding in GREL amounting to Rs. 2,063.66 crore.

   The carrying value of the investment of the Company in GEL, to the extent of amount invested in GVPGL, and the Company's obligations towards the corporate guarantees given for GREL are significantly dependent on the achievement of key assumptions around availability of natural gas, future tariff of power generated. The Company has provided for its investment in full in GREL and the management is confident that no further obligation would arise for the guarantees provided to the lenders against the servicing of sustainable and unsustainable debts.

   Further the Management of GEL is in active discussions with a prospective buyer for sale of its equity stake in GKEL, which has been incurring losses with a consequent erosion of net worth for which the sales consideration has not been finalized. Pending conclusion of the aforementioned discussions and execution of any definitive agreements, the diminution, if any in the carrying value of the investments of the Company in GEL to the extent of the amount invested in GKEL is currently unascertainable.

   Accordingly, owing to the aforementioned uncertainties, we are unable to comment upon adjustments, if any, that may be required to the carrying value of the non-current investment, and any further provisions, if any, required to be made for the said obligations, and the consequential impact on the accompanying Statement.

   The opinion expressed by the predecessor auditor in their auditor report dated 29 May 2019 for the year ended 31 March 2019, and the conclusion expressed by the predecessor auditor in their review report dated 14 February 2019 for the quarter and year- to-date ended 31 December 2018, respectively, were also qualified with respect to the matters pertaining to GVPGL and GREL.

5. Based on our review conducted as above, except for the possible effects of the matters described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and as per the presentation requirements of the SEBI Circulars, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. In addition to the matters described in paragraph 4 above, we draw attention to Note 4(a) in relation to the investment made by the Company in GEL amounting to Rs.3,011.50 crore as at 31 December 2019. The recoverability of such investment is further dependent upon various claims, counter claims and other receivables recoverable from customers by GMR Warora Energy Limited ('GWEL') a subsidiary of GEL, which is pending settlement / realization as on 31 December 2019,considered in the valuation assessments.

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The above claims also include recovery of transmission charges from Maharashtra State Electricity Distribution Company Limited ('MSEDCL') by GWEL, based on the order from the Appellate Tribunal for Electricity ('APTEL') ('the Order') dated 8 May 2015 as described in aforesaid Note.

Further, there is the cessation of construction of the 300 MW hydro based power plant on Alaknanda river, Uttarakhand which was being constructed by GMR Badrinath Hydro Power Generation Limited ('GBHPL'), another subsidiary of GEL. The Hon'ble Supreme Court of India, while hearing a civil appeal for another hydro power company, directed that no further construction work shall be undertaken until further orders.

The management of the Company, based on its internal assessment, legal expert advice, certain interim favourable regulatory orders and valuation assessment, is of the view that the carrying value of the aforesaid investment of the Company in GEL, taking into account the matters described above in relation to the investments made by GEL in its aforementioned subsidiaries, is appropriate and accordingly, no adjustments to the aforesaid balance have been made in the accompanying Statement for the quarter and period ended 31 December 2019.

Our conclusion is not modified in respect of the above matters.

7. The review of standalone unaudited quarterly and year-to-date financial results for the period ended 31 December 2018, and audit of standalone financial results for the quarter and year ended 31 March 2019, included in the Statement, was carried out and reported by the predecessor auditor S. R. Batliboi & Associates LLP, who have expressed modified conclusion vide their review report dated 14 February 2019, and modified opinion vide their audit report dated 29 May 2019, respectively, whose reports have been furnished to us and which have been relied upon by us for the purpose of our review of the Statement. Our conclusion is not modified in respect of this matter.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

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Neeraj Sharma
Partner
Membership No. 502103

UDIN: 20502103AAAAAG4153

Place: New Delhi
Date: 13 February 2020

GMR Infrastructure Limited
Corporate Identity Number (CIN): L45203MH1996PLC281138
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Statement of unaudited standalone financial results for Quarter and Nine months ended December 31, 2019

(in Rs. crore)

S.No.	Particulars	Quarter ended			Period ended		Year ended
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited (refer note 13)	Unaudited	Unaudited (refer note 13)	Audited
1	**Revenue**						
	(a) Revenue from operations						
	i) Sales/income from operations	170.76	149.38	186.72	557.04	550.97	763.04
	ii) Other operating income (refer note 12)	90.94	78.55	79.83	244.93	257.60	338.00
	(b) Other income	1.19	0.40	0.52	4.42	36.79	47.86
	Total Revenue	**262.89**	**228.33**	**267.07**	**806.39**	**845.36**	**1,148.90**
2	**Expenses**						
	(a) Cost of materials consumed	87.69	58.36	190.05	264.64	360.62	448.17
	(b) Subcontracting expenses	30.84	37.91	54.43	130.86	161.17	224.55
	(c) Employee benefit expenses	9.18	10.48	13.30	30.67	36.40	47.29
	(d) Finance costs	290.12	273.74	221.41	787.46	630.11	845.65
	(e) Depreciation and amortisation expenses	5.89	6.01	6.46	17.90	18.24	24.49
	(f) Other expenses	26.49	27.62	38.69	77.58	94.71	125.18
	Total expenses	**450.21**	**414.12**	**524.34**	**1,309.11**	**1,301.25**	**1,715.33**
3	**Loss before exceptional items and tax**	**(187.32)**	**(185.79)**	**(257.27)**	**(502.72)**	**(455.89)**	**(566.43)**
4	**Exceptional items**						
	(i) Provision for impairment in value of investments at amortised cost, loans/advances (refer note 11)	(35.33)	(44.49)	-	(168.95)	-	(475.96)
5	**Loss before tax (3 ± 4)**	**(222.65)**	**(230.28)**	**(257.27)**	**(671.67)**	**(455.89)**	**(1,042.39)**
6	**Tax benefit**	**(2.92)**	**(3.32)**	**(4.00)**	**(9.93)**	**(3.96)**	**(8.08)**
7	**Loss for the period/ year (5 ± 6)**	**(219.73)**	**(226.96)**	**(253.27)**	**(661.74)**	**(451.93)**	**(1,034.31)**
8	**Other comprehensive expenses (net of tax)**						
	(A) (i) Items that will not be reclassified to profit or loss						
	-Re-measurement gains on defined benefit plans	-	-	-	-	-	0.21
	-Net loss on fair valuation through other comprehensive Income ('FVOCI') of equity securities	(117.29)	(125.34)	-	(405.62)	-	(4,315.81)
	-Net (loss)/gain on fair valuation through other comprehensive Income ('FVOCI') of equity securities (Restated- refer note 13)	-	-	254.15	-	(2,597.50)	-
	Total other comprehensive income/(loss) for the period/year	**(117.29)**	**(125.34)**	**254.15**	**(405.62)**	**(2,597.50)**	**(4,315.60)**
9	**Total comprehensive income for the period/year (Comprising Profit/(Loss) and Other comprehensive income/(expenses) (net of tax) for the period/year) (7 ± 8)**	**(337.02)**	**(352.30)**	**0.88**	**(1,067.36)**	**(3,049.43)**	**(5,349.91)**
10	**Paid-up equity share capital (Face value - Rs. 1 per share)**	603.59	603.59	603.59	603.59	603.59	603.59
11	**Other equity**						11,097.56
	Earnings per share (EPS) (of Rs. 1 each) (not annualised)						
	(a) Basic and Diluted EPS before exceptional items	(0.31)	(0.30)	(0.42)	(0.82)	(0.75)	(0.93)
	(b) Basic and Diluted EPS after exceptional items	(0.36)	(0.38)	(0.42)	(1.10)	(0.75)	(1.72)

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Notes to the unaudited standalone Ind AS financial results for the quarter and nine months ended December 31, 2019

1. Investors can view the unaudited standalone Ind AS financial results of GMR Infrastructure Limited ("the Company" or "GIL") on the Company's website www.gmrgroup.in or on the websites of BSE (www.bseindia.com) or NSE (www.nse-india.com). The Company carries on its business through various subsidiaries, joint ventures and associates (hereinafter referred to as 'the Group'), being special purpose vehicles exclusively formed to build and operate various infrastructure projects.

2. The Company carries on its business in two business verticals viz., Engineering, Procurement and Construction ('EPC') and Others.

   The segment reporting of the Company has been prepared in accordance with Ind AS 108 'Operating Segments' prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder. The Company has presented the operating segments information on the basis of its consolidated Ind AS financial results.

3. Pursuant to the investor agreements (including amendments thereof) entered into during the years ended March 31, 2011 and 2012 (hereinafter collectively referred to as "investor agreements"), GMR Airports Limited, ('GAL'), a subsidiary of the Company, had issued 3,731,468 Class A Compulsorily Convertible Preference Shares ("CCPS A") of Rs. 1,000 each at a premium of Rs. 2,885.27 each and Rs. 3,080.90 each aggregating to Rs. 663.31 crore and Rs. 441.35 crore respectively, to certain Private Equity Investors ('Investors').

   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 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 a settlement agreement dated August 13, 2018 with Investors to amicably settle all outstanding disputes pertaining to the matters which were the subject of the aforesaid arbitration. As per the settlement agreement, the Company through its wholly owned subsidiary has purchased 2,714,795 CCPS A of GAL for an additional consideration of Rs. 3,560.00 crore from the Investors and balance 932,275 CCPS A have been converted into equity shares of GAL in the hands of the Investors, which represents 5.86% shareholding of GAL. As per the definitive agreement entered by the Company as referred in note 9 below, the Company, through its subsidiary, shall provide an exit to these Investor's 5.86% shareholding in GAL.

4. (a) The Company has invested in GMR Generation Assets Limited ("GGAL") which has further invested in step down subsidiaries and Joint ventures. Further, the Company together with GGAL and GMR Energy Projects Mauritius Limited has investments in GMR Energy Limited ("GEL") amounting Rs. 3,011.50 crores and has outstanding loan amounting to Rs. 137.95 crore in GEL. GEL and GGAL have certain underlying subsidiaries/ associates/ joint ventures which are engaged in energy sector including mining operations. GEL, GGAL and some of the underlying subsidiaries/ associates/ joint ventures as further detailed in note 4(b), 4(c), 4(d), 4(e) and 4(f) below have been incurring losses resulting in substantial erosion in their net worth. Based on its internal assessment with regard to future operations and valuation assessment by an external expert during the year ended March 31, 2019, the management of the Company has fair valued its investments and for reasons as detailed in 4(b), 4(c), 4(d), 4(e) and 4(f) below, the management is of the view that the fair value of the Company's investment in GGAL and GEL is appropriate.

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Notes to the unaudited standalone Ind AS financial results for the quarter and nine months ended December 31, 2019

(b) GMR Warora Energy Limited ('GWEL'), a subsidiary of GEL is engaged in the business of generation and sale of electrical energy from its coal based power plant of 600 MW situated at Warora. GWEL has accumulated losses of Rs. 659.02 crore as at December 31, 2019 which has resulted in substantial erosion of GWEL's net worth. GWEL had claimed compensation for coal cost pass through and 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, other receivables and unbilled revenue (including claims) of Rs 502.66 crore and the payment from the customers against the claims including interest on such claims is substantially pending receipt. Based on certain favourable interim regulatory orders, the management is confident of realization of the outstanding receivables. Though the net worth of GWEL is substantially eroded, GWEL has made pretax profits during the year ended March 31, 2019 and the nine months ended December 31, 2019 and 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, 2019, the management is of the view that the carrying value of the investments in GWEL by GEL as at December 31, 2019 is appropriate.

(c) GMR Warora Energy Limited ('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, 2019, GWEL has raised claim of Rs. 503.51 crore towards reimbursement of transmission charges from March 17, 2014 till December 31, 2019. 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. 503.51crore relating to the period from March 17, 2014 to December 31, 2019 (including Rs. 89.42 crore for the nine months ended December 31, 2019) in the standalone financial results of the GWEL.

(d) GMR Kamalanga Energy Limited ('GKEL'), joint venture of GEL is engaged in development and operation of 3*350 MW under Phase I and 1*350 MW under Phase II, coal based power project in Kamalanga village, Orissa and has commenced commercial operation of Phase I of the project. GKEL has accumulated losses of Rs. 1,830.37 crore as at December 31, 2019, which has resulted in substantial erosion of GKEL's net worth due to operational difficulties faced during the early stage

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of its operations. Further, GKEL has trade receivables, other receivables and unbilled revenue (including claims) of Rs. 1,258.29 crore as at December 31, 2019, for coal cost pass through and 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, 2019, the management is of the view that the carrying value of the investments in GKEL by GEL as at December 31, 2019 is appropriate.

GKEL in view of the Supreme Court Order and CERC order in its own case for Haryana Discoms had sought legal opinion from the legal counsel on certainty of the claims with Bihar Discom considering the CERC judgment by Haryana Discoms. Considering opinion received from legal counsels that GKEL has good tenable case with virtual certainly with respect to Coal Cost Pass Through and favourable Order from APTEL dated 21 December 2018 and CERC judgment in GKEL's own case for Haryana Discoms where the computation methodology of Coal Cost Pass Through was decided, the management was virtually certain on receipt of the GKEL's claim of revenue on Coal Cost Pass Through and was of the opinion that no contingency was involved in this regard. GKEL has now received a favorable order on 16 September 2019 whereby the CERC has allowed the coal cost pass through to be charged to the Bihar Discom, based on a certain methodology. However, GKEL in is the process to file a review petition against this methodology on the grounds that the methodology stated in this order, even though favorable, is contradictory to the methodology stated in the earlier order of CERC in GKEL's case with Haryana Discom. Accordingly, GKEL continued to recognize the income on Coal Cost Pass Through claims of Rs. 36.16 crores for the nine months period ended December 31, 2019.

Further, GKEL has accounted for transportation cost of fly ash as change in law event as the same was agreed in principle by CERC vide Order 131/MP/2016 dated 21 February 2018 and recognized revenue amounting to Rs. 26.70 crores for Haryana, Bihar and GRIDCO PPAs for the quarter ended 31 December 2019 post complying with the conditions mandated in this regard. GKEL has filed petition with CERC for determination of compensation of transportation charges of fly ash as per Order 131/MP/2016 and is awaiting final order.

However, as part of the strategic initiatives being undertaken by the management to ensure liquidity and timely payment of its obligations, the management is in active discussion with a prospective buyer for sale its equity stake in GKEL. The divestment process is in advance stage and is expected to be completed by March 31, 2020. Based on the aforementioned ongoing discussions with the prospective buyers, the management of GEL is of the view that there could be diminution in the carrying value of its investment in GKEL. Pending finalization of the sales consideration, the diminution in the carrying value of investments of the Company in GEL to the extent represented by GEL's investment in GKEL is currently unascertainable. The statutory auditors of the Company have modified their review report in this regard.

(e) In view of lower supplies / availability of natural gas to the power generating companies in India, GMR Rajahmundry Energy Limited ('GREL'), GMR Vemagiri Power Generation Limited ('GVPGL') and GEL 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. GREL and GVPGL 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

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2016 by using Re-gasified Liquefied Natural Gas ('RLNG') as natural gas. These entities have ceased operations and have been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply.

(i) GREL had not commenced commercial operations pending linkages of natural gas supply from the Ministry of Petroleum and Natural Gas till the period ended September 30, 2015. As a result, the consortium of lenders of GREL decided to implement Strategic Debt Restructuring Scheme ('SDR'). 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 for 55% stake in equity share capital of GREL and the Company and GGAL have given a guarantee of Rs 2,571.71 crore to the lenders against the remaining debt. Under the SDR Scheme, the bankers had to find new promoters for GREL within the period as prescribed under the scheme, which expired during the year ended March 31, 2018. Consequent to the SDR as stated above, GREL ceased to be a subsidiary of the Company and has been considered as associate as per the requirement of Ind AS -28.

During the year ended March 31, 2019, considering that GREL continued to incur losses in absence of commercial operations, the consortium of lenders have decided to implement a revised resolution plan which has been approved by all the lenders and accordingly the lenders have restructured the debt. The Company along with its subsidiaries has provided guarantees to the lenders against the servicing of sustainable debts comprising of principal amounting to Rs. 1,123.07 crore and all interests there on, including any other obligation arising out of it and discharge of the put option in regard to cumulative redeemable preference shares ("CRPS") (unsustainable debt) amounting to Rs. 940.59 crore, if any exercised by the CRPS lenders, as per the terms of the revised resolution plan.

(ii) During the year ended March 31, 2018, pursuant to the appeal filed by Andhra Pradesh Discoms (APDISCOMs), the Hon'ble Supreme Court held that RLNG is not natural gas and accordingly GVPGL cannot be entitled for capacity charges based on availability declaration for generation of power on the basis of RLNG. GVPGL had also filed petition claiming losses of Rs. 447.00 crore pertaining to capacity charges pertaining to period 2006 to 2008 before Andhra Pradesh Electricity Regulatory Commission ('APERC'). Over the years, the case was heard for deciding the jurisdiction to adjudicate the proceedings. During the year ended March 31, 2019, the Hon'ble High Court of Andhra Pradesh passed its Judgment and held that the Central Electricity Regulatory Commission CERC has the jurisdiction to adjudicate the present dispute. The matter is pending to be heard before the CERC.

(iii) During the quarter, GEL entered into a Sale and Purchase Agreement with a prospective buyer for a consideration of USD 1.55 crore for sale of the Barge Mounted Power Plant ('Barge Plant') on as is where is basis, out of which USD 0.30 crore has been received till 31 December 2019. Since the estimate of realizable value of the management as at 30 September 2019 is consistent with the consideration for the Barge Plant as per the agreement, no further impairment charge is required during the current quarter.

(iv) Further, the management is evaluating various approaches / alternatives to deal with the situation and is confident that Government of India ('GoI') would take further necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. The management had also carried out a valuation assessment of GREL and GVPGL during the year ended March 31, 2019 which included certain assumptions relating to availability and pricing of domestic and imported gas, future tariff, tying

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up of Power Purchase Agreements ("PPA"), realization of claims for losses incurred in earlier periods from the customer and other operating parameters, which it believes reasonably reflect the future expectations from these projects. The business plan of GREL considered for valuation assessment has been approved by the consortium of lenders at the time of execution of the resolution plan. The management will monitor these aspects closely and take actions as are considered appropriate and is confident that these gas based entities will be able to generate sufficient profits in future years and meet their financial obligations as they arise. Based on the aforementioned reasons and business plans, the management is of the view that the carrying value of the investment of Rs. 582.40 crore of GVPGL held by GEL as at December 31, 2019 is appropriate. Further, the Company has provided for its investment in full in GREL and the management is confident that no further obligation would arise for the guarantees provided to the lenders against the servicing of sustainable and unsustainable debt.

(f) GMR Badrinath Hydro Power Generation Private Limited ('GBHPL') a subsidiary of GEL is in the process of setting up 300 MW hydro based power plant in Alaknanda River, Chamoli District of Uttarakhand. 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 ('MoEF1') has represented to the Supreme Court of India that of the six hydro projects in Uttarakhand, two projects including GBHPL requires certain design modifications as per the policy stipulations. During the year ended March 31, 2018, the validity of Environmental Clearance ('EC') granted to GBHPL by the MoEF ceased to exist. Pursuant to an application made by GBHPL, the MoEF vide its letter dated April 17, 2018, proposed to extend the EC granted to GBHPL for a period of 3 years, subject to the final outcome of the matter pending before the Court. Based on its internal assessment and a legal opinion, the management of GBHPL is confident of obtaining the requisite clearances and based on business plan and a valuation assessment carried out by an external expert during the year ended March 31, 2019, the management of the Company is of the view that the carrying value of the investments in GBHPL by GEL as at December 31, 2019 is appropriate.

5. The Company through its subsidiary GMR Coal Resources Pte. Limited ('GCRPL') has investments of Rs. 3,618.66 crore in PTGEMS, a joint venture as at December 31, 2019. PTGEMS along with its subsidiaries is engaged in the business of coal mining and trading activities. The cost of investments is significantly higher than the book value of assets of PTGEMS and includes certain future benefits including Coal Supply Agreement ('CSA') of GCRPL with PTGEMS whereby the Company along with its subsidiaries is entitled to offtake stated quantity of coal as per the terms of the CSA at an agreed discount other than profit from mining operations. The Company along with its subsidiaries has not significantly commenced the offtake of the coal under the CSA. 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 profitable mining operations, ramp up of production volumes and other assumptions around off take at a discounted price and trading thereof considered in valuation assessment carried out by an external expert during the year ended March 31, 2019, the management believes that the carrying value of aforesaid investments in PTGEMS as at December 31, 2019 is appropriate.

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Notes to the unaudited standalone Ind AS financial results for the quarter and nine months ended December 31, 2019

6. 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 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. Consequent to the SDR as stated above, GCEL ceased to be a subsidiary of the company and had been considered as an associate as per the requirement of Ind AS -28.

   The Consortium of lenders were in the process of identifying investors for GCEL so as to revive the operational and financial position of GCEL as at March, 2019. During the quarter ended June 30, 2019, the consortium of lenders of GCEL had accepted Adani Power Limited ("APL") as the final bidder.

   As part of the above restructuring, GMR Generation Asset Limited ("GGAL"), has sold to APL its entire 47.72% stake in GCEL for Re 1. As per the said agreement, the corporate / bank guarantees to the extent of Rs. 1,155.64 crore furnished by GMR group companies i.e. GEL and GPCL shall be released in due course as per the terms and conditions as stated in the agreement and if any liabilities arises on account of invocation of guarantees from the closing date as defined in the said agreement will be reimbursed by APL. Further, APL has also agreed to pay the dues payable by GCEL to GMR group companies to the extent of Rs. 93.32 crore and payable to Doosan Power Systems India Private Limited ('DPS')/ EPC contractor to the extent of Rs. 138.11 crore.

   The management of the Group is of the view that the no consequential liability would arise on account of aforesaid matters as a binding agreement has been entered into with APL and the shares has been transferred to APL on July 26, 2019.

7. (a) As detailed in note 7(b) and 7(c), the diminution in value in GMR Highways Limited has primarily arisen on account of the diminution in the value of investments / advances in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') and GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') as detailed below.

   (b) GACEPL has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 450.60 crore as at December 31, 2019. The management believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant till further orders. Based on an internal assessment and a legal opinion, the management of the Company is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and considering expected future traffic flow, the management of GACEPL believes that the carrying value of investments in GACEPL as at December 31, 2019, is appropriate.

   (c) GHVEPL has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 1,099.19 crore as at December 31, 2019. The management believes that these losses are primarily due to loss of revenue arising as a result of drop in commercial traffic on account of bifurcation of State of Andhra Pradesh and ban imposed on sand mining in the region. The management of GHVEPL based on its internal assessment and a legal opinion, believes that these events constitute a Change in Law as per the Concession Agreement and GHVEPL is entitled to a claim for losses suffered on account of the aforementioned reasons and accordingly filed its claim for the loss of revenue till the year ended March 31, 2017 with National Highways Authority of India ('NHAI'). The claim of GHVEPL was rejected by NHAI and accordingly during the year

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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 which can significantly impact the recoverable value of carriage ways.

GHVEPL has recognised a provision of additional concession fees (premium) of Rs. 576.59 crore including interest till December 31, 2019 based on NHAI's directions, 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 on arbitration proceedings. However, Tribunal has restrained NHAI from taking action.

Furthermore, NHAI vide notice dated November 18, 2019, pursuant to Article 36 of the concession agreement has suspended the rights of GHVEPL to collect toll. Aggrieved by the notice, GHVEPL approached the tribunal for stay of the said notice from NHAI and stay was granted by Ad-interim order on the same date. Tribunal directed GHVEPL to deposit Rs. 75.00 crore (Rs. 25.00 Crore each month) till February 29, 2020 as deposit, on without prejudice basis, in a no lien escrow account, considering the consequences of said notice. GHVEPL has complied with the orders of the Tribunal and the amount so deposited every month has been subsequently transferred to NHAI account on the directions of the Tribunal. However, aggrieved by the interim order, GHVEPL preferred an appeal before Delhi High Court and same has been dismissed.

The management of GHVEPL is confident that it will be able to claim compensation from the relevant authorities for the loss it suffered due to aforementioned reasons. Accordingly, based on the aforesaid legal opinion, expected future traffic flow over a concession period of 25 years based on valuation assessment by an external expert and expected compensation claim inflows, the management of the Company believes that the carrying value of investments in GHVEPL as at December 31, 2019, is appropriate.

8. The Company along with its subsidiaries, associates and joint ventures have incurred losses primarily on account of losses in the energy and highway sector as detailed in note 4 and 7 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, sale of stake in certain assets, raising finances from financial institutions and strategic investors, refinancing of existing debt and other strategic initiatives for reduction of debt. Pursuant to such initiatives the Group had successfully divested its stake in certain assets in the highway sector, airport sector and energy sector in last few years. Pursuant to such initiatives, as detailed in note 9, the management has signed a definitive agreement with certain investors to divest 49% equity stake (for consideration in excess of Rs. 8,000 crore) in GMR Airport Limited ('GAL') on a fully diluted basis. The divestment is subject to obtaining the requisite approvals as stated in the aforesaid note and once successfully completed will enable the Group to meet its financial obligations and its cash flow requirements. 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.

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Notes to the unaudited standalone Ind AS financial results for the quarter and nine months ended December 31, 2019

9. GMR Airports Limited ("GAL") has executed a definitive agreement on July 04, 2019 with TRIL Urban Transport Private Limited ("Tata"), a subsidiary of Tata Sons, Solis Capital (Singapore) Pte. Limited ("Solis") and Valkyrie Investment Pte. Limited ("Valkyrie") (together referred as the "Investors") whereby the investors will acquire equity stake in GMR Airport Limited's assets on a fully diluted basis for a consideration of Rs 8,000 crore through issuance of equity shares of GAL of Rs 1,000 crore and purchase of GAL's equity shares held by the GMR Infrastructure Limited ("GIL") of Rs 7,000 crore.

   Subsequently on January 15, 2020, the Company and its holding Company have entered into amended and restated agreement with Investors, whereby the Investors have agreed to enhance the acquisition from 44.44% to 49% of the equity share capital of GAL on fully diluted basis (a combination of primary and secondary) whereby the consideration is receivable through issuance of equity shares of GAL of Rs 1,000 crore and the residual through sale of GAL's equity shares held by the Group. The said transaction is subject to regulatory approvals, lender consents and other approvals which are currently in progress and the management is confident of obtaining the requisite approvals.

10. Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to lease arrangements existing on the date of initial application using the modified retrospective approach with right-of-use asset recognized at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet immediately before the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted.

11. During the quarter ended December 31, 2019, the Company has accounted for provision for diminution in value of investments at amortised cost, loans/ advances amounting to Rs. 35.33 crore (September 30, 2019: Rs. 44.49 crore) given to group companies which has been disclosed as an exceptional item in the standalone Ind AS financial results.

12. Other operating income includes interest income, dividend income, income from management and other services and profit on sale of current investments considering that the Company undertakes investment activities.

13. During the year ended March 31, 2019, the Company voluntarily changed its accounting policy, as per Ind AS 8, with respect to measurement of investments in subsidiaries, associates and joint ventures at cost as per Ind AS 27 "Separate Financial Statements" to fair value through OCI (FVOCI) as per Ind AS 109 "Financial instruments". Accordingly reported number of quarter and nine months ended December 31, 2018 has been restated and fair valuation gain of Rs. 254.15 crore net of taxes and fair valuation loss of Rs. 2,597.50 crore net of taxes in quarter and nine months ended December 31, 2018 respectively has been recognised through OCI.

14. The unaudited standalone Ind AS financial results of the Company for the quarter and nine months ended December 31, 2019 have been reviewed by the Audit Committee in their meeting on February 12, 2020 and approved by the Board of Directors in their meeting on February 13, 2020.

15. The statutory auditors of the Company have carried out a Limited review of the unaudited Ind AS standalone financial results for the quarter and nine months ended December 31, 2019.

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Notes to the unaudited standalone Ind AS financial results for the quarter and nine months ended December 31, 2019

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

For GMR Infrastructure Limited

Grandhi Kiran Kumar
Managing Director & CEO

New Delhi
February 13, 2020

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