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Date: 19 March 2023

To,

**The Board of Directors,
 GMR Airports Infrastructure Limited**
 Naman Centre, 7th Floor, Plot No. C-31, G Block,
 Bandra Kurla Complex, Bandra (East), Mumbai,
 Maharashtra – 400 051, India

Sub: Recommendation of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for the proposed amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited (formerly known as GMR Infrastructure Limited)

Dear Sir / Madam,

We refer to our engagement letter dated 07 February 2023 entered by GMR Airports Infrastructure Limited (“GIL” or the “Client” or the “Company”) and Ernst & Young Merchant Banking Services LLP (“EY”), for recommendation of:

- A Fair Share Exchange Ratio and Fair Optionally Convertible Redeemable Preference Shares (“OCRPS”) Exchange Ratio for the proposed amalgamation of GMR Airports Limited (“GAL”) with GMR Infra Developers Limited (“GIDL”) and
 - Subsequent to the above amalgamation, a Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for the proposed amalgamation of GIDL with GIL
- under a comprehensive Composite Scheme of Amalgamation (“Proposed Scheme”).

GIL, GAL and GIDL are hereinafter jointly referred to as “Companies” or “Valuation Subjects”. The Management of aforesaid companies is together hereinafter referred to as the “Management”.

EY is hereinafter referred to as “Registered Valuer” or “we” or “us” in this Report (“Report”).

The Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for this Report refers to number of equity shares and OCRPS of GIDL respectively, which would be issued to the equity shareholders of GAL pursuant to the proposed amalgamation of GAL into GIDL and subsequently the number of equity shares and OCRPS of GIL which would be issued to the equity shareholders and OCRPS holders of GIDL respectively pursuant to the proposed amalgamation of GIDL into GIL.

For the purpose of this Report, we have considered the Valuation Date as 19 March 2023 (“Valuation Date” or “Report Date”).



Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

SCOPE AND PURPOSE OF THIS REPORT

GMR Airports Infrastructure Limited ("GIL" or the "Company" or "Client") (erstwhile GMR Infrastructure Limited) is a listed company (BSE:532754, NSEI: GMRINFRA) and is engaged in infrastructure activities, executing projects either by itself or through special purpose vehicles, providing support activities, as well as, supervisory and management functions, to its group entities. Currently, the Company operates airports in India and internationally through its subsidiary GMR Airports Limited ("GAL"). The registered office of GIL is located at Naman Centre, 7th Floor, Plot No. C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra- 400 051, India. For the year ended 31 March 2022, GIL reported revenue of INR 49,592 mn and loss after tax of INR (11,314) mn.

GMR Infra Developers Limited ("GIDL") is a wholly owned subsidiary of GIL and has been incorporated with the object of, *inter alia*, undertaking infrastructure business, providing financial assistance for development, construction, operation, maintenance, etc., of infrastructure projects in India. Currently, GIDL operates as an investment holding arm for GIL. The registered office of GIDL is located at Naman Center, 701, 7th Floor, Opp. Dena Bank, Plot No. C-31, G-Block, BKC, Bandra East, Mumbai, Maharashtra-400 051, India. For the year ended 31 March 2022, GIDL reported revenue of INR 11 mn and loss after tax of INR (2,228) mn.

GAL is a private company incorporated in India in 1992 and is engaged in the business of holding the shares and securities of, and lending funds to, group companies, which, in turn own and/or operate airports and related infrastructure in India and internationally. GAL is also engaged in certain airport related businesses, including the provision of engineering, procurement and construction (EPC) services. GAL currently holds licenses for 9 airports, 5 are operational (including Cebu, Philippines) and 4 are under development. The registered office of GAL is located at BCCL, Times Internet Building, Second Floor, Plot No. 391, Udyog Vihar Phase - III, Gurugram – 122 016, India. For the year ended 31 March 2022, GAL reported revenue of INR 4,886 mn and loss after tax of INR (806) mn.

Aeroports De Paris SA ("ADP") is a listed company (ENXTPA:ADP), incorporated in 1945 and is engaged in the business of operating airports worldwide. The registered office of ADP is located at 1 Rue de France, Tremblay-en-France, Ile-de-France – 93290, France. For the year ended 31 December 2022, ADP reported revenue of EUR 4,688 mn and profit after tax of EUR 516 mn.

GMR Infra Services Private Limited ("GISL") is a private company incorporated in India in 2016, wherein ADP holds 99.99% stake. GISL operates as an investment holding arm for Groupe ADP. The registered office of GISL is located at Naman Centre, 7th Floor, Plot No. C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra- 400 051, India. For the year ended 31 March 2022, GISL reported revenue of INR 15 mn and loss after tax of INR (3) mn.

As on Report Date, there are certain ratchets and earnouts ("Ratchet") under the existing shareholding agreement (SHA). We have been represented that GIL and ADP have formally agreed for ratchet settlement, whereby GIL's shareholding in GAL shall increase by 4% i.e., from 51% to 55% resulting in a decreased shareholding of ADP in GAL from 49% to 45%, and an amount of INR 5,500 mn will be paid by ADP to GIL ("Ratchet Settlement").

As on Report Date, considering the impact of CCPS conversion (part of Ratchet Settlement), GIL holds 55.0% stake in GAL (36.1% through direct investment and 18.9% indirectly through GIDL) while the remaining 45.0% is held by ADP (23.6% directly and 21.4% through GISL).

We understand that GMR group is contemplating an amalgamation of GAL into GIL through a two-step process:



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Step 1- Amalgamation of GAL into GIDL and in consideration issuance of equity shares and OCRPS of GIDL to shareholders of GAL ("Proposed Amalgamation I")

Step 2- Amalgamation of resultant GIDL into GIL and in consideration issuance of equity shares and OCRPS of GIL to equity shareholders and OCRPS holders of GIDL respectively ("Proposed Amalgamation II") (hereinafter collectively referred to as "Proposed Amalgamation").

The aforesaid is proposed under a Composite Scheme of Amalgamation ("Proposed Scheme") under the provisions of Sections 230-232 and the other applicable provisions of the Companies Act, 2013. Subject to necessary approvals, GAL would be amalgamated with GIDL and subsequently GIDL would be amalgamated with GIL with effect from the appointed date mentioned in the Proposed Scheme ("Appointed Date"). In consideration for the proposed amalgamation of GAL into GIDL, equity shares and OCRPS of GIDL would be issued to the equity shareholders of GAL and in consideration for the subsequent proposed amalgamation of GIDL into GIL, equity shares and OCRPS of GIL would be issued to the equity shareholders and OCRPS holders of GIDL respectively.

In this connection, GIL has appointed EY to recommend a Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio, for issue of GIDL's equity shares and OCRPS to the equity shareholders of GAL for the Proposed Amalgamation I and subsequent issuance of equity shares and OCRPS of GIL to GIDL's equity shareholders and OCRPS holders respectively for the Proposed Amalgamation II.

The scope of our services is to conduct a relative (and not absolute) valuation of shares of the Valuation Subjects and Report a Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for the Proposed Amalgamation in accordance with internationally accepted valuation standards / International Valuation Standards.

The Report is for the consideration of The Board of Directors and the Audit Committee of GIL in accordance with the applicable Securities and Exchange Board of India's ("SEBI"), the relevant stock exchanges', and other relevant laws, rules and regulations. To the extent mandatorily required under applicable laws of India, this Report maybe produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Amalgamation.

We have been provided with the Audited financials of Valuation Subjects and their underlying subsidiaries for the nine months period ended 31 December 2022 (except international entities wherein financials for the period ended 30 September 2022 have been provided). We have taken into consideration the current market parameters in our analysis.

We have been informed by GIL that GAL and GIDL have also appointed independent valuer ("Other Valuer") for the Proposed Amalgamation. EY and the Other Valuer (jointly referred as "Valuers") have been appointed severally and not jointly and have worked independently in their analysis. Further, upon conclusion of our work and prior to issue of the report, we have discussed our methodology, approach and findings with the Other Valuer and have arrived at a consensus on the Share Exchange Ratio, after making appropriate minor adjustments/ rounding off.

We have been informed that till the Proposed Amalgamation becomes effective, neither Companies would declare any dividends.

We have been informed that, in the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.



Ernst & Young Merchant Banking Services LLP

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This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations, and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts.



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SOURCES OF INFORMATION

In connection with this exercise, we have received/obtained the following information about the Valuation Subjects from the Management:

- Audited financial results for the period ended 31 March 2022 and earlier years for GIL, GIDL, GAL and their underlying subsidiaries.
- Audited (limited review) financials of subsidiaries of GIL, GIDL, GAL and their underlying subsidiaries for the period ended 31 December 2022.
- Audited (limited review) financials of international subsidiaries of GAL for the period ended 30 September 2022.
- Financial forecasts of GAL and its underlying operating airport subsidiaries (comprising of profit and loss statement and balance sheet) starting from 01 January 2023 till the life of respective projects/licenses.
- Draft Composite Scheme of Amalgamation.
- Head of terms including terms of Foreign Currency Convertible Bonds ("FCCBs") issued to Kuwait Investment Authority ("KIA"); FCCB issued to ADP; key terms of Ratchet settlement; terms of OCRPS to be issued to equity shareholders of GAL
- Terms of GAL CCPS Settlement/ Ratchet Settlement
- Terms of Cebu airport transaction
- Other relevant information and documents for the purpose of this engagement.

In addition, we have obtained information from public sources/proprietary databases.

During the discussions with the Management, we have also obtained explanations, information, and representations, which we believed were reasonably necessary and relevant for our exercise. The Client has been provided with the opportunity to review the draft report (without valuation conclusions) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information
- Used data available in public domain related to the Valuation Subjects
- Held discussions (physical/over call) with the Management to:
 - Understand the business and fundamental factors that affect its earning-generating capability and historical financial performance.
 - Understand the assumptions and the basis of key assumptions used by the Management in developing projections.
- Selected well accepted valuation methodology/(ies) as considered appropriate by us.
- Arrived at valuation of Valuation Subjects in order to determine the Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for the Proposed Amalgamation



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SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report is subject to the limitations detailed in our engagement letter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

This Report, its contents and the results herein are specific to the purpose of valuation agreed as per the terms of our engagement and the Report Date. We have been informed that the business activities of the Valuation Subjects have been carried out in the normal and ordinary course between 31 December 2022 and the Report Date, and that no material changes have occurred in their respective operations between 31 December 2022 and the Report Date.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the engagement letter. It may not be valid for any other purpose or as of any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic, and other conditions in general and industry trends in particular as in effect on and the information made available to us as of the date hereof. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by / on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies, or misstatements may materially affect our valuation analysis / results. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation rendered in this Report shall be non-binding and should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

During the valuation, we were provided with both written and verbal information, financial and operating data. In accordance with the terms of our engagement, we have carried out relevant analyses and evaluations through discussions, calculations, and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy, or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. In accordance with the terms of our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financials / financial information or individual assets or liabilities, provided to us regarding the Companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in such historical financials / financial statements.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. This Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed



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in the audited financials of the Companies. Our conclusion of value assumes that the assets and liabilities of the Valuation Subjects, reflected in their respective latest balance sheets remain intact as of the Report Date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Client is the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the Client or Companies, their directors, employees, or agents. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

This Report does not look into the business/commercial reasons behind the Proposed Amalgamation nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the Proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The valuation analysis and result are governed by concept of materiality.

The fee for the engagement is not contingent upon the results reported.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Scheme, without our prior written consent.

EY will owe responsibility only to GIL.

Disclosure of Registered Valuer's Interest or Conflict, if any and other affirmative statements

We do not have any financial interest in the Client, nor do we have any conflict of interest in carrying out this valuation.

Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information were provided to us to carry out the valuation.



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CAPITAL STRUCTURE

GIL

The diluted equity share capital of GIL as of Report Date is INR 7,148 million consisting of 7,148,361,942 equity shares of face value of INR 1 each. The shareholding pattern is as follows:

Shareholding Pattern	No. of Shares	% Shareholding
Promoter group	3,555,169,176	49.73%
KIA	1,112,416,667	15.56%
Public shareholders	2,480,776,099	34.70%
Grand Total	7,148,361,942	100.0%

Source: Management

GIL has issued FCCB worth USD 25 mn to KIA, which as per the terms of agreement are currently in-the-money and upon conversion shall account for 1,112,416,667 equity shares of GIL. Thus, for the purpose of our analysis, we have considered diluted equity shareholding of GIL, as shown in above table.

Further, we understand that as on 17 March 2023 GIL has issued FCCBs amounting to EUR 330.8 mn of face value of EUR 1,000 each to ADP. Based on the terms of conversion, as on Report Date, these FCCBs are out-of-money and accordingly, we have not considered any dilution for these FCCBs.

GIDL

The diluted equity share capital of GIDL as of Report Date is INR 4,139 million consisting of 4,138,550,000 equity shares of face value of INR 10 each.

Shareholding Pattern	No. of Shares	% Shareholding
GIL (including shares held by nominees of GIL, and conversion of CCDs held by GIL)	4,138,550,000	100.0%
Grand Total	4,138,550,000	100.0%

Source: Management

As on Report Date, GIDL has issued 41,385 compulsorily convertible debentures of INR 1,000,000 each ("CCDs") to GIL. As per terms of the Proposed Scheme, we understand that prior to the Proposed Scheme coming into effect, CCDs issued by GIDL shall stand converted into 4,138,500,000 equity shares of GIDL. Accordingly, for the purpose of our analysis, we have computed equity shareholding considering the conversion of CCDs, as shown in above table.

GAL

The diluted equity share capital of GAL as of Report Date is INR 15,668 million consisting of 1,566,848,289 equity shares of face value of INR 10 each.

Shareholding Pattern	No. of Shares	% Shareholding
GIL	565,517,023	36.1%
GISL (including shares held by nominees of GISL)	335,484,901	21.4%
GIDL	296,249,536	18.9%
ADP	369,596,829	23.6%
Grand Total	1,566,848,289	100.0%

Source: Management

As per terms of the Proposed Scheme, we understand that prior to the Proposed Scheme coming into effect, CCPS issued by GAL shall stand converted into equity shares as part of Ratchet Settlement. Accordingly, the above shareholding pattern takes into account the conversion of CCPS.



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APPROACH FOR RECOMMENDATION OF FAIR SHARE EXCHANGE RATIO AND FAIR OCRPS EXCHANGE RATIO

Arriving at the Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for the Proposed Amalgamation of GAL into GIDL and GIDL into GIL would require determining the relative value per equity share of GAL, GIDL and GIL. These values are to be determined independently, but on a relative basis for the Valuation Subjects, without considering the effect of the Proposed Amalgamation.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for amalgamations and our reasonable judgment, in an independent and bona fide manner.

Approach to Valuation

There are primarily three approaches in valuation (viz., Cost/Asset Approach, Market Approach, and Income Approach). For any valuation, all the approaches may not be relevant and therefore will not give a fair estimate of value. Hence, the approach most suitable for that specific business / company must be applied in the valuation exercise, based on the experience and common practices adopted by valuers.

“Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have adopted internationally accepted valuation standards and approaches in delivering our valuation conclusion. There are several principal valuation approaches under International Valuation Standard of which we have considered only those approaches to the extent, it is applicable and relevant.

The various approaches generally adopted in valuation are as under:

1. Cost/Asset Approach: Net Asset Value (NAV) Method
2. Income Approach: Discounted Cash Flows (DCF) Method
3. Market Approach: Market Price Method, Comparable Companies Market Multiple Method, Comparable Transactions Multiple Method and Price of Recent Investment Method

For the purpose of valuation, we have used the following approaches:

1. GIL- Market price approach based on SEBI Preferential Allotment Rule
2. GIDL- Sum of Parts approach (NAV method and Fair valuation of its investment in GAL)
3. GAL- Market price approach (Implied market value based on market price of GIL) and Sum of Parts approach (DCF method for standalone operations and fair valuation of its underlying investments)

Cost/ Asset Approach – Net Asset Value (NAV) method:

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e., it does not meet the “going concern” criteria or in case where the assets base dominates earnings capability. A Scheme of Amalgamation would normally be proceeded with, on the assumption that the companies merge as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.



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NAV methodology is not a true indicator of profit generating ability of the company / business. Hence, this method has not been considered except for non-operating companies/subsidiaries or investment holding companies, wherein underlying investments have been fair valued.

Income Approach - Discounted Cash Flow (DCF) method: Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Such DCF analysis involves determining the following:

- *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital – both debt and equity.

- *Appropriate discount rate to be applied to cash flows i.e., the cost of capital:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

We have used this method for valuation of standalone business and operating subsidiaries of GAL. The financial forecasts have been provided to us by the Management.

Market Approach- Market Price ("MP") Method

Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly traded in an active market, subject to the element of speculative support that may be inbuilt in the market price.

Further, as per SEBI circular no. CFD/DIL3/CIR/2017/21 dated 10 March 2017, in case of scheme of arrangement between listed and unlisted entities whereby shares of listed entity are being issued to shareholders of unlisted entity, then pricing provisions as SEBI (Issue of Capital and Disclosure Requirements Regulations) Regulations, 2009 ('SEBI ICDR regulations') are to be followed.

The pricing provisions as per SEBI ICDR regulations, (notification no. SEBI/LAD-NRO/GN/2022/63 dated 14 January 2022), provides that if the equity shares of the issuer have been listed on a recognized stock exchange for a period of 90 trading days or more as on the date of the board meeting, the equity shares shall be allotted at the volume weighted average price (VWAP) during the preceding 90 trading days from the date of board meeting or preceding 10 trading days, whichever is higher. Further, in case where the relevant date/date of board meeting in which the scheme of arrangement is approved falls on a weekend/holiday, the day preceding the weekend/holiday should be considered as the relevant date.

Since the shares of GIL are listed on the stock exchanges and are frequently traded, we have considered market price method for the present exercise. Further in compliance with the SEBI circulars, we have arrived at a per share value of INR 40.77 for GIL, considering relevant date to be 17 March 2023. Please refer Annexure 1 for computation.

Further, considering that the value of GIL is being driven by the businesses being held through GAL, we have also computed the implied value of GAL and GIDL using market price of GIL for the present exercise.



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Market Approach- Multiples Method

Under this method, value of the equity shares of a company/ business undertaking is arrived at by using multiples derived from valuations of comparable companies traded on active market. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

In the present valuation analysis, we have not used the method since the Valuation Subjects have long term contracts and project specific cashflows and we could not find any listed company which is comparable to the Valuation Subjects in terms of business profile, growth, risk, etc.

Price of Recent Investment Method

Under this method, recent investment/transaction in the business between two unrelated parties is considered as the base value if there are no substantial changes since the transaction.

We understand that in Q3FY23, GIL signed a share purchase agreement with Aboitiz InfraCapital, to divest its entire stake in Cebu airport in Philippines for a consideration of USD 168 mn along with earnouts of USD 67 mn over 4 years.

We have considered the above-mentioned transaction for the valuation of SPV which holds the license for operating Cebu airport in Philippines considering that the transaction took place between two unrelated, knowledgeable and willing parties and can be considered to be an arm's length transaction.

Non-Convertible Debentures ("NCDs")

We understand that the Non-Convertible Debentures ("NCDs") of GAL are listed on the debt segment of the BSE Limited (formerly Bombay Stock Exchange Limited). As per terms of the Proposed Scheme, pursuant to the Proposed Amalgamation I, GIDL shall issue and allot NCDs to the holders of GAL's NCDs and upon subsequent Proposed Amalgamation II, GIL shall issue and allot NCDs to the holders of GIDL's NCDs. We understand that the NCDs shall be issued on the same terms and conditions, and without any change in structure and all rights, powers, duties, and obligations shall stand transferred. Accordingly, we have considered the same value of NCDs as appearing in the audited financials of GAL to arrive at the Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for the Proposed Amalgamation (Refer Annexure V for a detailed note on NCDs).



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Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio:

Step 1: Amalgamation of GAL into GIDL and in consideration issuance of equity shares and OCRPS of GIDL to shareholders of GAL

The computation of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for amalgamation of GAL into GIDL is tabulated below:

Valuation Approach	GAL		GIDL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Market approach	354.11	50%	22.30	50%
Income approach	341.48	50%	21.40	50%
Asset approach	110.97	0%	8.03	0%
Relative value per share	347.80		21.85	
Exchange ratio for Proposed Amalgamation I	15,918 shares of GIDL for 1,000 shares of GAL			

Pursuant to Proposed Amalgamation I, the equity shares of GAL held by GIDL shall stand cancelled.

As per the terms of Proposed Scheme, the Indian shareholders of GAL shall be issued equity shares and OCRPS of GIDL in lieu of their existing shareholding in GAL, such that 91% of the value of the securities being issued is in the form of OCRPS and 9% of the value of the securities being issued is in the form of equity shares. Further, 100% of the value of the securities issued to foreign shareholders shall be in the form of equity shares.

Each OCRPS of GIDL shall be convertible into 40 equity shares of GIDL as per the Proposed Scheme. Hence, on the basis of above Fair Share Exchange Ratio, if OCRPS of GIDL are issued to shareholders of GAL, then 15,918 OCRPS will be issued for every 40,000 equity shares of GAL. It is hereby clarified that either equity shares or OCRPS of GIDL can be issued against equity shares of GAL and not both.

Step 2: Subsequent amalgamation of GIDL into GIL and in consideration issuance of equity shares and OCRPS of GIL to equity shareholders and OCRPS holders of GIDL

The computation of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for subsequent amalgamation of GIDL into GIL is tabulated below:

Valuation Approach	GIDL		GIL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Market approach	22.30	50%	40.77	100%
Income approach	21.40	50%	39.08	0%
Asset approach	8.03	0%	13.89	0%
Relative value per share	21.85		40.77	
Exchange ratio for Proposed Amalgamation II	10,000 shares of GIL for 18,659 shares of GIDL			



Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

Pursuant to Proposed Amalgamation II, the equity shares, OCRPS and CCDs of GIDL held by GIL shall stand cancelled. Further, based on the information shared, we understand that the OCRPS of GIL being issued to OCRPS holders of GIDL shall be issued with the same terms as those prescribed for OCRPS of GIDL. Thus, 10,000 OCRPS of GIL will be issued for every 18,659 OCRPS of GIDL.

BASIS OF FAIR SHARE EXCHANGE RATIO AND FAIR OCRPS EXCHANGE RATIO

The basis of the amalgamation of GAL into GIDL and subsequent amalgamation of GIDL into GIL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. For the purposes of recommending the Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio of equity shares it is necessary to arrive at a final value for each Valuation Subject. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Valuation Subjects, but at their relative values to facilitate the determination of the Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio.

While we have provided our recommendation of the Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio. The final responsibility for the determination of the exchange ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the respective Companies who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.

We have independently applied approaches / methods discussed in Approach to Valuation, as considered appropriate, and arrived at the relative value per equity share of the Companies. To arrive at the Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for the Proposed Amalgamation, suitable minor adjustments / rounding off have been done.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for the proposed amalgamation of GAL into GIDL and subsequent amalgamation of GIDL into GIL:

15,918 (Fifteen Thousand Nine Hundred Eighteen) equity shares of GIDL of INR 10/- each fully paid up for every 1,000 (One Thousand) equity shares of GAL of INR 10/- each fully paid up.

15,918 (Fifteen Thousand Nine Hundred Eighteen) OCRPS of GIDL of INR 400/- each fully paid up for every 40,000 (Forty Thousand) equity shares of GAL of INR 10/- each fully paid up.

10,000 (Ten Thousand) equity shares of GIL of INR 1/- each fully paid up for every 18,659 (Eighteen Thousand Six Hundred Fifty Nine) equity shares of GIDL of INR 10/- each fully paid up.

10,000 (Ten Thousand) OCRPS of GIL of INR 40/- each fully paid up for every 18,659 (Eighteen Thousand Six Hundred Fifty Nine) OCRPS of GIDL of INR 400/- each fully paid up.

Fractional shares if any, shall be treated keeping in mind the provisions given in the Proposed Scheme.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Amalgamation per se or accounting, legal or tax matters involved in the Proposed Amalgamation.



Ernst & Young Merchant Banking Services LLP

Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

Respectfully submitted,
Ernst & Young Merchant Banking Services LLP
Registered Valuer
Registration No. IBBI/RV-E05/2021/155



Navin Vohra
Partner
EYMBS/RV/2023/048
Place: Mumbai
Date: 19 March 2023

Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

Annexure I: Computation of Equity value per share of GIL using Market Price Method basis SEBI Formula (ICDR Regulations as amended from time to time)

Computation of Equity Value per share		GIL
		(Rs. In INR)
90 trading days' volume weighted average price (VWAP)	A	40.15
10 trading days' volume weighted average price (VWAP)	B	40.77
Higher of (A & B)		40.77
The Cut-off date considered for computing market price		17 March 2023

Table I: Share Trading Data from NSE for the relevant period is as under:

Date	GIL	
	Volume	Value
17-Mar-23	21,468,791	911,093,659
16-Mar-23	17,398,465	722,588,801
15-Mar-23	34,395,621	1,417,399,872
14-Mar-23	10,989,097	434,627,992
13-Mar-23	5,941,315	232,050,597
10-Mar-23	8,699,641	342,329,790
09-Mar-23	4,063,388	159,248,257
08-Mar-23	4,762,739	186,945,318
06-Mar-23	3,709,095	144,638,954
03-Mar-23	3,865,994	149,749,046
02-Mar-23	3,854,002	148,512,254
01-Mar-23	2,331,797	89,185,661
28-Feb-23	5,779,017	218,253,937
27-Feb-23	4,564,380	169,468,392
24-Feb-23	4,336,804	162,024,633
23-Feb-23	8,954,009	339,267,332
22-Feb-23	10,373,931	399,371,090
21-Feb-23	9,035,581	353,417,877
20-Feb-23	6,419,565	252,442,083
17-Feb-23	9,720,405	383,990,226
16-Feb-23	10,513,744	412,386,713
15-Feb-23	10,137,218	390,441,402
14-Feb-23	3,824,544	146,433,515
13-Feb-23	3,282,490	126,600,564
10-Feb-23	4,137,026	160,501,297
09-Feb-23	4,650,203	179,513,008
08-Feb-23	10,364,584	398,969,232
07-Feb-23	11,446,799	433,772,082
06-Feb-23	10,648,385	402,429,729
03-Feb-23	17,133,484	634,043,945
02-Feb-23	9,416,237	352,137,155



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Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

01-Feb-23	12,266,304	469,477,030
31-Jan-23	6,037,935	229,610,390
30-Jan-23	7,717,632	284,670,863
27-Jan-23	21,890,672	812,621,597
25-Jan-23	8,963,391	349,837,177
24-Jan-23	4,482,402	179,533,297
23-Jan-23	5,300,712	212,163,850
20-Jan-23	5,824,125	233,378,501
19-Jan-23	3,580,608	144,323,893
18-Jan-23	4,451,416	180,017,087
17-Jan-23	5,134,556	206,431,978
16-Jan-23	4,563,216	185,371,226
13-Jan-23	20,821,760	850,064,985
12-Jan-23	7,557,886	305,543,136
11-Jan-23	14,329,791	579,314,353
10-Jan-23	8,725,686	352,755,212
09-Jan-23	21,414,107	864,385,743
06-Jan-23	12,696,901	510,885,183
05-Jan-23	8,074,807	324,214,210
04-Jan-23	10,825,925	434,084,719
03-Jan-23	6,138,079	250,858,873
02-Jan-23	15,383,996	623,179,193
30-Dec-22	9,135,104	363,524,420
29-Dec-22	22,903,405	904,326,917
28-Dec-22	7,510,693	293,472,804
27-Dec-22	10,690,052	415,831,455
26-Dec-22	8,868,913	341,453,388
23-Dec-22	15,566,348	596,196,049
22-Dec-22	11,818,673	474,815,018
21-Dec-22	10,930,509	455,105,057
20-Dec-22	10,389,812	440,417,763
19-Dec-22	14,673,777	620,351,101
16-Dec-22	13,833,563	578,512,104
15-Dec-22	11,356,770	486,921,229
14-Dec-22	14,894,126	647,880,051
13-Dec-22	7,876,925	341,675,583
12-Dec-22	9,936,989	427,544,008
09-Dec-22	13,292,760	574,253,527
08-Dec-22	14,371,642	628,551,282
07-Dec-22	15,698,962	674,581,450
06-Dec-22	16,304,243	710,262,196
05-Dec-22	16,381,267	706,933,046
02-Dec-22	14,471,407	622,723,343



Ernst & Young Merchant Banking Services LLP

Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

01-Dec-22	17,635,621	755,776,957
30-Nov-22	45,231,360	1,916,481,575
29-Nov-22	13,669,530	555,717,528
28-Nov-22	11,501,562	467,926,826
25-Nov-22	28,774,593	1,163,486,099
24-Nov-22	9,727,309	379,865,100
23-Nov-22	17,946,338	697,060,366
22-Nov-22	5,484,529	206,246,481
21-Nov-22	5,539,471	207,384,442
18-Nov-22	6,573,934	244,413,252
17-Nov-22	18,778,913	697,957,115
16-Nov-22	7,229,949	265,266,265
15-Nov-22	16,657,698	615,602,287
14-Nov-22	11,493,494	442,274,806
11-Nov-22	8,573,033	327,893,188
10-Nov-22	6,122,726	231,705,981
VWAP from 10 Nov 2022 to 17 Mar 2023		40.15
VWAP from 03 Mar 2023 to 17 Mar 2023		40.77

Note: VWAP is calculated as sum of values for relevant period divided by volume for the relevant period.



Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

Annexure II: Computation of value per share of GIL

Valuation Approach	Notes	Value (INR mn)	Value per share (INR)	Weightage (%)
Market approach	Table II-1	291,447	40.77	100.0%
Income approach	Table II-2	279,352	39.08	0.0%
Asset approach	Table II-3	99,306	13.89	0.0%
Relative value per share		291,447	40.77	

As per SEBI circular no. CFD/DIL3/CIR/2017/21 dated 10 March 2017, in case of scheme of arrangement between listed and unlisted entities whereby shares of listed entity are being issued to shareholders of unlisted entity, then pricing provisions as SEBI ICDR regulations are to be followed.

SEBI ICDR regulations provides that equity shares of listed entity shall be allotted at the volume weighted average price (VWAP) during the preceding 90 trading days or preceding 10 trading days, whichever is higher.

Since the shares of GIL are listed on the stock exchanges and are frequently traded, we have considered market price method for the present exercise. Further in compliance with the SEBI circulars, we have arrived at a per share value of INR 40.77 for GIL considering relevant date to be 17 March 2023. Please refer Annexure -- I for computation.

Table II-1: Computation of value per share of GIL as per Market approach

Particulars	Notes	Value (INR mn)
Equity value per share as per ICDR Rule	1	40.77
Number of equity shares on fully diluted basis (in mn)	2	7,148.4
Equity value of GIL		291,447

Notes:

1. Refer Annexure I for computation of Equity value per share of GIL as per ICDR Rule.
2. Includes impact of dilution for FCCB issued to KIA.

Table II-2: Computation of value per share of GIL as per Income approach

Particulars	Notes	Value (INR mn)
Fair value of investments of GIL	1	329,986
Add/(Less): Adjustments	2	(50,633)
Equity value of GIL		279,352
Number of equity shares on fully diluted basis (in mn)	3	7,148.4
GIL per share value (INR)		39.08

Notes:

1. Includes fair value of stake held in GAL along with other investments like mutual funds, raxa securities, etc.
2. Adjustments include impact for net debt of GIL (including probable outflow for contingent liability), net debt of GIDL, and amount to be received for ratchet settlement.
3. Includes impact of dilution for FCCB issued to KIA.



Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

Table II-3: Computation of value per share of GIL as per Asset approach

Particulars	Notes	Value (INR mn)
Net worth of GIL	1	99,306
Number of equity shares on fully diluted basis (in mn)	2	7,148.4
GIL per share value (INR)		13.89

Notes:

1. Net worth of GIL based on standalone balance sheet position of GIL as at 31 December 2022.
2. Includes impact of dilution for FCCB issued to KIA.



Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

Annexure III: Computation of value per share of GIDL

Valuation Approach	Notes	Value (INR mn)	Value per share (INR)	Weightage (%)
Market approach	Table III-1	92,286	22.30	50.0%
Income approach	Table III-2	88,544	21.40	50.0%
Asset approach	Table III-3	33,237	8.03	0.0%
Relative value per share		90,415	21.85	

Table III-1: Computation of value per share of GIDL as per Market approach

Particulars	Notes	Value (INR mn)
Equity value of GAL as per market approach	1	554,839
GIDL's stake in GAL	2	18.9%
Value of GIDL's stake in GAL		104,905
Less: Net debt in GIDL	3	(12,619)
Equity value of GIDL		92,286
Number of equity shares on fully diluted basis (in mn)	4	4,138.6
GIDL per share value (INR)		22.30

Notes:

1. Refer Table IV-1 for computation of GAL's implied market value.
2. Includes impact of dilution for GAL CCPS.
3. Net debt in GIDL based on balance sheet position of GIDL as at 31 December 2022.
4. Includes impact of conversion of CCDs.

Table III-2: Computation of value per share of GIDL as per Income approach

Particulars	Notes	Value (INR mn)
Equity value of GAL as per Income approach	1	535,049
GIDL's stake in GAL	2	18.9%
Value of GIDL's stake in GAL		101,164
Less: Net debt in GIDL	3	(12,619)
Equity value of GIDL		88,544
Number of equity shares on fully diluted basis (in mn)	4	4,138.6
GIDL per share value (INR)		21.40

Notes:

1. Refer Table IV-2 for computation of GAL's equity value as per Income approach.
2. Includes impact of dilution for GAL CCPS.
3. Net debt in GIDL based on balance sheet position of GIDL as at 31 December 2022.
4. Includes impact of conversion of CCDs.

Table III-3: Computation of value per share of GIDL as per Asset approach

Particulars	Notes	Value (INR mn)
Net worth of GIDL	1	33,237
Number of equity shares on fully diluted basis (in mn)	2	4,138.6
GIDL per share value (INR)		8.03

Notes:

1. Net worth of GIDL based on standalone balance sheet position of GIDL as at 31 December 2022.
2. Includes impact of conversion of CCDs.



Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

Annexure IV: Computation of value per share of GAL

Valuation Approach	Notes	Value (INR mn)	Value per share (INR)	Weightage (%)
Market approach	Table IV-1	554,839	354.11	50.0%
Income approach	Table IV-2	535,049	341.48	50.0%
Asset approach	Table IV-3	173,873	110.97	0.0%
Relative value per share		544,944	347.80	

Table IV-1: Computation of value per share of GAL as per Market approach

Particulars	Notes	Value (INR mn)
GIL market value	1	291,447
Add/(less): Adjustments	2	13,715
Implied value of GIL's stake in GAL		305,162
Stake held by GIL in GAL		55.0%
GAL implied value for 100.0% stake		554,839
Number of equity shares on fully diluted basis (in mn)	3	1,566.8
GAL per share value (INR)		354.11

Notes:

1. GIL's market value as computed in Annexure II.
2. Adjustments include impact for net debt of GIL (including probable outflow for contingent liability), net debt of GIDL, amount to be received for ratchet settlement and illiquidity discount.
3. Includes impact of dilution for CCPS.

Table IV-2: Computation of value per share of GAL as per Income approach

Particulars	Notes	Value (INR mn)
Value of GAL and its investments	1	577,235
Less: Net debt	2	(42,186)
Equity value of GAL		535,049
Number of equity shares on fully diluted basis (in mn)	3	1,566.8
GAL per share value (INR)		341.48

Notes:

1. Valuation of GAL Standalone business and its operating subsidiaries/joint ventures using DCF method and non-operating subsidiaries considering investment value/NAV method.
2. Net debt based on balance sheet position of GAL as at 31 December 2022.
3. Includes impact of dilution for CCPS.

Table IV-3: Computation of value per share of GAL as per Asset approach

Particulars	Notes	Value (INR mn)
Net worth of GAL	1	173,873
Number of equity shares on fully diluted basis (in mn)	2	1,566.8
GAL per share value (INR)		110.97

Notes:

1. Net worth of GAL based on standalone balance sheet position of GAL as at 31 December 2022.
2. Includes impact of dilution for CCPS.



Determination of Fair Share Exchange Ratio and Fair OCRPS Exchange Ratio for Amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent Amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

Annexure V: Non-Convertible Debentures (NCDs)

As consideration for Proposed Amalgamation I, holders of Listed Non-Convertible Debentures (NCDs) of GAL holding NCDs as on record date will receive one NCD in GIDL for every one NCD held in GAL and having the same attributes as that of the corresponding NCD of GAL i.e. on same terms and conditions as NCD of GAL and upon subsequent Amalgamation of GIDL into GIL, holder of NCD of GIDL will receive one NCD in GIL for one NCD held in GIDL and having the same attributes as that of the corresponding NCD of the GIDL.

Since NCD holders of GAL will receive one NCD in GIL for each NCD held in GAL and on the same terms and conditions, there is no economic impact on the ultimate value of the NCD holders of GAL and the Proposed Amalgamation will be value neutral to NCD holders of GAL. Hence, in our view, arriving at the fair value/relative value of NCDs of GAL is not relevant for the present exercise. Accordingly, fair value/relative valuation of NCD has not been carried out and we have not applied any of the valuation methods to compute value per NCD.

Based on the above, we recommend the following NCD Exchange Ratio for the proposed amalgamation of GAL into GIDL and subsequent amalgamation of GIDL into GIL:

1 (One) NCD of GIDL for every 1 (One) NCD of GAL as consideration for Proposed Amalgamation I, with the same terms and conditions as that of current terms of the NCDs of GAL

1 (One) NCD of GIL for every 1 (One) NCD of GIDL as consideration for Proposed Amalgamation II, with the same terms and conditions as that of the terms of NCDs of GIDL



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Dated: 19 March 2023

To,
The Board of Directors,
GMR Airports Limited
BCCL, Times Internet Building,
Second Floor, Plot No. 391,
Udyog Vihar Phase – III,
Gurugram, Haryana-122016

Re: Recommendation of Security Exchange ratio for the proposed amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

Dear Sir/ Madam,

We refer to the engagement letter dated 15 November 2022, addendum dated 10 January 2023 and addendum dated 18 March 2023 whereby GMR Airports Limited and GMR Infra Developers Limited (hereinafter referred as "GAL" and "GIDL" respectively, or "Client", or "You") have requested KPMG Valuation Services LLP (hereinafter referred to as "KPMG" or "Valuer" or "us" or "we") to recommend a share exchange ratio and non-convertible debenture exchange ratio (together referred to as Security Exchange ratio) in connection with the proposed transaction defined hereinafter.

BACKGROUND OF THE COMPANIES

GMR Airports Limited ("GAL" or "Transferor Company 1"), is a public limited company incorporated on February 6, 1992, under the Companies Act, 1956 with the corporate identification number U65999HR1992PLC101718 and the permanent account number AAACM7791H. GAL is an unlisted company but has certain debt securities issued by it being listed on the BSE and is subject to SEBI Debt Circulars. GAL is in the business of holding the shares and securities of, and lending funds to, group companies, which in turn own, develop, manage and / or operate airports and related infrastructure in India and abroad. GAL is also engaged in certain airport-related businesses, including the provision of engineering, procurement, and construction (EPC) services. GAL is a subsidiary of GMR Airports Infrastructure Limited.

GAL had standalone revenue from operations and loss after tax of INR 3,140.9 million and INR 10,764.4 million respectively for the nine months period ended 31 December 2022 as per its provisional financial statements. GAL had a net worth of INR 167,890.8 million as on 31 December 2022 as per its provisional financial statements.

GMR Infra Developers Limited ("GIDL" or the "Transferor Company 2") is a public limited company incorporated on February 27, 2017, under the provisions of Companies Act, 2013 with the corporate identification number U74999MH2017PLC291718 and the permanent account number AAGCG7159M. GIDL is an unlisted company under the Companies Act, 2013. GIDL has been incorporated with the object of, inter alia, undertaking infrastructure business, providing financial assistance for development, construction, operation and maintenance of infrastructure projects in India, and is engaged in the business of infrastructure construction services. GIDL is a wholly owned subsidiary of the GMR Airports Infrastructure Limited.

KPMG Valuation Services LLP, an Indian Limited liability partnership and a member firm of KPMG, a global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

KPMG Valuation and Services (a partnership firm with Registration No. 414) converted into Limited Liability Partnership with LLP Registration No. AAB-2835, with effect from May 13, 2019

Registered Office:
2nd Floor, Block T2 (B) West
Lodha Excelus, Apollo Mills
Complex, N.M. Joshi Marg
Mahalaxmi, Mumbai - 400 011





GIDL had standalone income and loss after tax of INR 27.8 million and INR 3,938.2 million, respectively for the nine months period ended 31 December 2022 as per its provisional financial statements. GIDL had a net worth of INR 33,237.4 million as on 31 December 2022 as per its provisional financial statements.

GMR Airports Infrastructure Limited (formerly known as GMR Infrastructure Limited) ("GIL" or the "Transferee Company") is a public limited company incorporated on May 10, 1996, under the provisions of the Companies Act, 1956, with the corporate identification number L45203MH1996PLC281138 and the permanent account number AABCG8889P. The equity shares of GIL are listed on the national stock exchange ("NSE") and the Bombay stock exchange ("BSE"). GIL is engaged in the business of infrastructure activities, executing projects either by itself or through special purpose vehicles, providing support activities, as well as, supervisory and management functions, to its group entities.

GIL had standalone revenue from operations and loss after tax of INR 737.7 million and INR 6,489.6 million, respectively for the nine months period ended 31 December 2022 as per its provisional financial statements. GIL had a net worth of INR 97,278.4 million as on 31 December 2022 as per its provisional financial statements.

Aéroports De Paris SA ("ADP") is a listed company, incorporated in 1945, and engaged in the business of operating airports. The registered office of ADP is located at 1 Rue de France, Tremblay-en-France, Ile-de-France – 93290, France. ADP had revenue and profit after tax of EUR 4,688 million Euro 516 million respectively for the year ended 31 December 2022.

GMR Infra Services Private Limited ("GISPL") is a private company incorporated in India in 2016, where ADP holds 99.99% stake. The registered office of GISPL is located at Naman Centre, 7th Floor, Plot No. C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra- 400 051, India.

SCOPE AND PURPOSE OF THIS REPORT

We understand that the Board of Directors of GAL ("Management"), GIDL and GIL are contemplating the amalgamation of GMR Airports Limited and GMR Infra Developers Limited into GMR Airports Infrastructure Limited in two steps:

- i) GMR Airports Limited into GMR Infra Developers Limited ("Proposed Transaction 1"); and
- ii) GMR Infra Developers Limited (after the consummation of the amalgamation envisaged in point (a) above) into GMR Airports Infrastructure Limited (collectively with the Transferor Company 1 and Transferor Company 2, the Parties) ("Proposed Transaction 2").
(Proposed Transaction 1 and Proposed Transaction 2 collectively referred to as the "Proposed Transaction") (the resultant surviving entity, the "Resultant Entity")

on a going concern basis pursuant to a Composite Scheme of Amalgamation under the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the act (the "Scheme").

As per the Scheme, the Parties have agreed that, upon the Scheme becoming effective, and in consideration of the transfer of and vesting of GAL into and with GIDL, the Indian shareholders of GAL shall be issued, in lieu of their existing shareholding in GAL, securities in the form of equity shares as well as OCRPS of GIDL, such that 9% of the value of the securities issued to the domestic shareholders, on account of their direct shareholding in GAL, is in the form of equity shares, and 91% of the value of the securities issued to the domestic shareholders on account of their direct shareholding in the GAL is in the form of OCRPS. 100% of the value of the securities issued to foreign shareholders shall be in the form of equity shares.





Further, as per the Scheme, the listed NCD holders of GAL shall be issued, in lieu of their existing holding in GAL, NCDs of GIDL with the same terms (including the coupon rate, tenure, redemption price and quantum, nature of security etc.).

We understand that upon the coming into effect of the Scheme, and in consideration of the Proposed Transaction 1:

- i) GIL, as a shareholder in GAL, shall be entitled to receive:
 - a) Equity shares of GIDL having the face value of INR 10
 - b) Optionally Convertible Redeemable Preference Shares ("OCRPS") of GIDL having the face value of INR 400,
- ii) GMR Infra Services Private Limited ("GISPL") as a shareholder in GAL, shall be entitled to receive:
 - a) Equity shares of GIDL having the face value of INR 10
 - b) OCRPS of GIDL having the face value of INR 400,
- iii) Aeroports De Paris ("ADP"), as a shareholder in GAL, shall be entitled to receive equity shares of GIDL having the face value of INR 10
- iv) NCD holders of GAL shall be entitled to receive NCDs of GIDL with the same terms.

For the purposes of issuance of equity shares and OCRPS under items (i) to (iii) above, such issuance shall be undertaken on the basis of the Share Exchange Ratio 1 for equity shares and OCRPS Exchange Ratio 1 for OCRPS. Further, issuance of NCDs under item (iv) above shall be undertaken on the basis of NCD Exchange Ratio 1.

We understand that upon the coming into effect of the Scheme, and in consideration of the Proposed Transaction 2:

- i) ADP, as a shareholder in GIDL, shall be entitled to receive equity shares having a face value of INR 1 issued by GIL
- ii) GISPL, as a shareholder in GIDL, shall be entitled to receive equity shares having a face value of INR 1 issued by GIL
- iii) GISPL as a holder of OCRPS in GIDL, shall be entitled to receive OCRPS having a face value of INR 40 issued by GIL
- iv) the equity shares and OCRPS held by GIL would stand extinguished
- v) NCD holders of GIDL (which were received in-lieu of NCDs held in GAL) shall be entitled to receive NCDs of GIL with the same terms.

For the purposes of issuance of equity shares and OCRPS under items (i) to (iv) above, such issuance shall be undertaken on the basis of the Share Exchange Ratio 2 for equity shares and OCRPS Exchange Ratio 2 for OCRPS. Further, issuance of NCDs under item (v) above shall be undertaken on the basis of NCD Exchange Ratio 2.

As a result of Proposed Transaction 1 and Proposed Transaction 2, ADP as a shareholder in GAL shall receive equity shares of GIL (referred to as Resultant Share Exchange Ratio which is a combination of Share Exchange Ratio 1 and Share Exchange Ratio 2) and GISPL as equity shareholder in GAL shall receive equity shares of GIL and OCRPS of GIL. Further, NCD holders of GAL shall receive NCDs of GIL with same terms.

Share Exchange Ratio 1, Share Exchange Ratio 2, Resultant Share Exchange Ratio, OCRPS Exchange Ratio 1 and OCRPS Exchange Ratio 2 is collectively referred to as the "Share Exchange Ratio". NCD Exchange Ratio 1 and NCD Exchange Ratio 2 are collectively referred to as the "NCD Exchange Ratio".





It is in this connection that the Client has requested us to render our professional services by way of carrying out a relative valuation of GAL, GIDL and GIL (together referred as the "the Companies" or "Businesses") and submit a report recommending the Security Exchange Ratio for the Proposed Transaction, on a going concern basis with 31 December 2022 being the valuation date, (the "Services") for the consideration of the Board of Directors of the Client in accordance with the applicable Securities and Exchange Board of India ("SEBI"), the relevant stock exchanges, and relevant laws, rules and regulations. To the extent mandatorily required under applicable laws of India, this report maybe produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Transaction.

The scope of our services is to conduct a relative valuation (not an absolute valuation) of the Businesses and recommend a Security Exchange Ratio for the Proposed Transaction.

We have been informed by GAL that GIL have also appointed independent valuers ("Other Valuers") for the Proposed Transaction. All the valuers (jointly referred as "Valuers") have been appointed severally and not jointly and have worked independently in their analysis. Further, upon conclusion of our work and prior to issue of the report, we have discussed our findings, methodology and approach with the Other Valuers. No documents including valuation workings have been shared by us with the Other Valuers. Although the Valuers have independently arrived at different values per share of the Businesses, we have arrived at a consensus on the Security Exchange Ratio, after making appropriate minor adjustments/ rounding off.

We have considered financial information up to 31 December 2022 (the "Valuation Date") in our analysis and have made adjustments for facts made known to us till the date of our report, including taking into consideration current market parameters, which will have a bearing on the valuation analysis. The Management has informed us that they do not expect any events which are unusual or not in normal course of business up to the effective date of the Proposed Transaction, other than the events specifically mentioned in this report. We have relied on the above while arriving at the Security Exchange Ratio for the Proposed Transaction.

This report is our deliverable in respect of our recommendation of the Security Exchange Ratio for the Proposed Transaction.

This report and the information contained herein is absolutely confidential. The report will be used by the Client only for the purpose, as indicated in this report and the engagement letter, for which we have been appointed. The results of our valuation analysis and our report cannot be used or relied by the Client for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this report. Any person/ party intending to provide finance/ invest in the shares/ businesses of the Companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to the Valuer. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

The report including, (for the avoidance of doubt) the information contained in it is absolutely confidential and intended only for the sole use and information of the Client. Without limiting the foregoing, we understand that the Client may be required to submit the report to or share the report with their professional advisors, shareholders, merchant bankers providing fairness opinion on the Security Exchange Ratio and regulatory authorities/ stock exchanges, in connection with the Proposed Transaction (together, "Permitted Recipients"). We hereby give





consent to the disclosure of the report to any of them, subject to the Client ensuring that any such disclosure shall be subject to the condition and understanding that:

- it will be the Client's responsibility to review the report and identify any confidential information that it does not wish to or cannot disclose;
- we owe responsibility only to the Client that have engaged us and nobody else, and to the fullest extent permitted by law;
- we do not owe any duty of care to anyone else other than the Client and accordingly no one other than the Client is entitled to rely on any part of the report;
- we accept no responsibility or liability towards any third party (including, the Permitted Recipients) to whom the report may be shared with or disclosed or who may have access to the report pursuant to the disclosure of the report to the Permitted Recipients. Accordingly, no one other than the Client shall have any recourse to us with respect to the report;
- we shall not, under any circumstances, have any direct or indirect liability or responsibility to any party engaged by the Client or to whom the Client may disclose or directly or indirectly permit the disclosure of any part of the report and that by allowing such disclosure we do not assume any duty of care or liability, whether in contract, tort, breach of statutory duty or otherwise, towards any of the third parties.

It is clarified that reference to this valuation report in any document and/ or filing with aforementioned tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Board of Directors of the Client.

This report is subject to the scope, assumptions, qualifications, exclusions, limitations, and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

DISCLOSURE OF INTEREST/ CONFLICT

- KPMG is not affiliated to the Client in any manner whatsoever.
- KPMG does not have a prospective interest in the business which is the subject of this report.
- KPMG's fee is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this report.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information shared with us during the course of the engagement:

- Draft Composite Scheme of Amalgamation and Arrangement
- Copy of Bond Trust Deed pertaining to listed NCDs
- Historical financials of the Companies/ their subsidiaries/ associates/ joint ventures/ investee companies/ their businesses comprising the following:
 - Audited financial results for the period ended 31 March 2022 and earlier years
 - Audited (limited review) financials of GIL, subsidiaries of GIL and the underlying subsidiaries of GAL for the period ended 31 December 2022
 - Special purpose interim standalone audited financials of GIDL and GAL for the period ended 31 December 2022





- o Audited (limited review) financials of international subsidiaries of GAL for the period ended 30 September 2022
- Projections of the Companies and the subsidiaries (comprising profit and loss and balance sheet), as applicable
- Discussion with the Managements of the Companies in connection with the operations of the respective Companies/ subsidiaries, past and present activities, future plans and prospects, details of the proposed deal in certain subsidiaries of the Companies as recently announced, share capital and shareholding pattern of the Companies including but not limited to the following-
 - Conversion of compulsorily convertible preference shares of GAL into equity shares.
 - Issuance of Foreign Currency Convertible Bond ("FCCB") to ADP by GIL.
 - Cebu Transaction details as mentioned in Cebu Airport Transaction Slides.
 - Contingent liability schedule for GIL as at 31 December 2022
- For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Companies. We have not independently verified the accuracy or timeliness of the same; and
- Such other analysis and enquiries, as we considered necessary.

We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the Managements and representatives of the Companies. The Client has been provided with the opportunity to review the draft report (excluding the recommended Security Exchange Ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

As per the Managements of the Companies, the operations of the Businesses had been impacted due to Covid-19 pandemic and the consequent lockdown in various countries including India. The Management of Companies has represented that the impact of Covid-19 on the business operations of Companies has been considered/ factored in the projections. The Management of Companies has further represented that no material adverse change has occurred in their respective operations and financial position of the Businesses between Valuation Date and the report date.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This report, its content, and the results herein are specific to the purpose of valuation and the Valuation Date mentioned in the report and agreed as per the terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This report is issued on the understanding that the management of the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the Security Exchange Ratio for the Proposed Transaction as on the Valuation Date. We have considered only circumstances existing at the Valuation Date and events occurring up to the Valuation Date. Events and circumstances may have occurred since the Valuation Date concerning the financial position of the Companies or any other matter and such events or circumstances might be considered material by the Companies or any third party. We have considered, in our valuation analysis, such events and circumstances occurring after the Valuation Date as disclosed to us by the Companies, to the extent considered appropriate by us based on our professional





judgement. Further, we have no responsibility to update the report for any events and circumstances occurring after the date of the report. Our valuation analysis was completed on a date subsequent to the Valuation Date and accordingly we have taken into account such valuation parameters and over such period, as we considered appropriate and relevant, up to a date close to such completion date.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information received from the Companies till 18 March 2023 and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). You acknowledge and agree that you have the final responsibility for the determination of the Security Exchange Ratio at which the Proposed Transaction shall take place and factors other than our Valuation report will need to be taken into account in determining the Security Exchange Ratio; these will include your own assessment of the Proposed Transaction and may include the input of other professional advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our engagement, we have carried out relevant analyses and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying, (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this report and (ii) the accuracy of information made available to us by the Companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy, or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute as an audit or review in accordance with the auditing standards applicable in India, accounting/ financial/ commercial/ legal/ tax/ environmental due diligence or forensic/ investigation services and does not include verification or validation work. In accordance with the terms of our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical and projected financial information, if any, provided to us regarding the Companies/ their holding/ subsidiary/ associates/ joint ventures/ investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials/ financial statements and projections. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by/on behalf of the Companies. The respective Managements of the Companies have indicated to us that they have understood that any omissions, inaccuracies, or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report.

The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheets of the Companies/ their holding/ subsidiary/ associates/ joint ventures/ investee companies, if any. Our conclusion of value assumes that the assets and liabilities of the Companies reflected in their respective latest audited or provisional balance sheets remain





intact as of the report date. No investigation of the Companies' / subsidiaries claims to title of assets has been made for the purpose of this report and the Companies' / subsidiaries claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Our report is not, nor should it be construed as our opining or certifying the compliance of the Proposed Transaction with the provisions of any law/ standards including companies, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws/ standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Transaction.

Our report is not, nor should it be construed as our recommending the Proposed Transaction or anything consequential thereto/ resulting therefrom. This report does not address the relative merits of the Proposed Transaction as compared with any other alternatives or whether such alternatives could be achieved or are available. Any decision by the Companies/ their shareholders/ creditors regarding whether to proceed with the Proposed Transaction shall rest solely with them. We express no opinion or recommendation as to how the shareholders/ creditors of the Companies should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Transaction. This report does not in any manner address, opine on or recommend the prices at which the securities of the Companies could or should transact at following the announcement/ consummation of the Proposed Transaction. Our report and the opinion/ valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

We express no opinion on the achievability of the forecasts, if any, relating to the Companies/ their subsidiaries/ associates/ joint ventures/ investee companies/ their businesses given to us by the Management of Companies. The future projections are the responsibility of the respective Management of the Companies. The assumptions used in their preparation, as we have been explained, are based on their present expectation of both – the most likely set of future business events and circumstances and the respective management's course of action related to them. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.

The information used in the Valuation, including the forecast financial information, has been provided to us by Management of Companies, and we have necessarily relied upon this. Such information and underlying assumptions represent Management's best estimates of the company's likely performance as at the date of their preparation. If the information shown in this report or the assumptions on which this report is based are subsequently shown to be incorrect or incomplete, this could have the effect of changing the valuation conclusions set out in this report and these changes could be material. We are under no obligation to amend our report for any subsequent event or new information.

We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on information provided by the Companies in that regard.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Transaction, without our prior written consent.

This valuation report is subject to the laws of India.





Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.

SHARE CAPITAL DETAILS OF THE COMPANIES

GMR Airport Infrastructure Limited

As at 31 December 2022 and the report date, the paid up equity share capital of GIL is INR 6,035.9 million consisting of 6,035,945,275 equity shares of face value of INR 1/- each fully paid up. The shareholding pattern of GIL is as follows:

Category	Number of Shares	% shareholding
Promoter & Promoter Group**	3,555,169,176	58.90
Public	2,480,776,099	41.10
Total	6,035,945,275	100.00

** - Classification based on shareholding on NSE

As at the report date, GIL has issued foreign currency convertible bonds ("FCCBs") of the following kinds:

- of a face value of USD 1,000,000 each (United States Dollars One Million each), aggregating to a sum of USD 25,000,000 (United State Dollars Twenty-Five Million Only); and
- of a face value of EUR 1,000,000 (Euros One Million each), aggregating to a sum of the EUR 330,817,000.

GMR Infra Developers Limited

As at 31 December 2022 and report date, the paid up equity share capital of GIDL is INR 0.5 million consisting of 50,000 equity shares of face value of INR 10/- each fully paid up.

Particular	Number of Shares	% shareholding*
GMR Airports Infrastructure Limited	49,994	100.00
DHRUVI SECURITIES LIMITED*	1	0.00
GMR AEROSTRUCTURE SERVICES LIMITED*	1	0.00
GMR CORPORATE AFFAIRS LIMITED*	1	0.00
GMR BUSINESS PROCESS AND SERVICES PRIVATE LIMITED*	1	0.00
MR. M.V. SRINIVAS*	1	0.00
MR. NARAYANA RAO K.*	1	0.00
Total	50,000	100.00

* *Nominees of GMR Airports Infrastructure Limited

As at report date, GIDL has issued 41,385 compulsorily convertible debentures of INR 10,00,000 each, each of which is held by GIL.

GMR Airports Limited

As at the report date, the paid-up equity share capital of GAL is INR 15,668.4 million consisting of 1,566,848,289 equity shares of face value of INR 10/- each fully paid up.





Particular	Number of Shares	% shareholding*
GMR Airports Infrastructure Limited	565,517,023	36.09
GMR Infra Developers Limited	296,249,536	18.91
Aeroports De Paris	369,596,829	23.59
GMR Infra Services Private Limited	335,484,901	21.41
Total	1,566,848,289	100.00

As per the terms of Scheme, we understand that prior to the Scheme coming into effect, compulsory convertible preference shares (CCPS) issued by GAL shall stand converted into equity shares as part of settlement of ratchets. Accordingly, the above shareholding pattern takes into account the conversion of CCPS.

APPROACH AND METHODOLOGY – BASIS OF TRANSACTION

The Scheme contemplates the Proposed Transaction i.e., amalgamation of GMR Airports Limited and GMR Infra Developers Limited into GMR Airports Infrastructure Limited.

Arriving at the Share Exchange Ratio for the purposes of an arrangement such as the Proposed Transaction, would require determining the relative values of each company involved and of their shares. These values are to be determined independently but on a relative basis, and without considering the effect of the arrangement.

BASIS OF VALUE

The report has been prepared on the basis of "Fair Value" as at Valuation Date. The generally accepted definition of "Fair Value" is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

PREMISE OF VALUE

The report has adopted "Going Concern Value" as the premise of value in the given circumstances. The generally accepted definition of Going Concern Value is the value of a business enterprise that is expected to continue to operate in the future.

We have carried out the valuation in accordance with the principles laid in the ICAI Valuation Standards, as applicable to the purpose and terms of this engagement.

The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach, for determining the relative fair value of equity shares of a company, which can be considered in the present valuation exercise, to the extent relevant and applicable, to arrive at the Share Exchange Ratio for the purpose of the Proposed Transaction, such as:

- Market Approach - Market Price Method; Comparable Companies' Multiples' (CCM) Method
- Income Approach - Discounted Cash Flow (DCF) Method
- Asset Approach - Net Asset Value (NAV) Method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our





analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions, and prospects, financial and otherwise, of the companies/businesses, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Market Approach: Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- **Market Price Method:** Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such company as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger/ demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary/ preferential issues/ open offer in the shares of the company available in the public domain.
- **Comparable Companies' Multiples' (CCM) Method:** Under this method, one attempts to measure the value of the shares/ business of company by applying the derived market multiple based on market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and/ or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Income Approach: Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Under DCF method, the projected free cash flows from business operations available to all providers of capital are discounted at the weighted average cost of capital to such capital providers, on a market participant basis, and the sum of such discounted free cash flows is the value of the business from which value of debt and other capital is deducted, and other relevant adjustments made to arrive at the value of the equity - Free Cash Flows to Firm (FCFF) technique; This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total





capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

Further, the projected free cash flows from business operations available to equity holders are discounted at the cost of equity, on a market participant basis, and the sum of such discounted free cash flows is the Operating value of equity to which other relevant adjustments made to arrive at the value of the equity – Free Cash Flows to Equity (FCFE) technique; This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to Equity Shareholders. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For DCF valuation, the free cash flow forecast is based on projected financials as provided by the Management of the Companies. While carrying out this engagement, we have relied on historical information made available to us by the Management of the Companies and the projected financials for future related information. Although we have read, analyzed and discussed the Management Business Plans for the purpose of undertaking a valuation analysis, we have not commented on the achievability and reasonableness of the assumptions provided to us save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of the assignment. We have assessed and evaluated the reasonableness of the projections based on procedures such as analyzing industry data, historical performance, expectations of comparable companies, analyst reports etc.

Asset Approach - Net Asset Value Method

Under the asset approach, the net asset value (NAV) method is considered, which is based on the underlying net assets and liabilities of the company, taking into account operating assets and liabilities on a book value basis and appropriate adjustments for, inter alia, value of surplus/ non-operating assets.

The valuation approaches/ methods used, and the values arrived at using such approaches/ methods have been tabulated in the next section of this report.

BASIS OF SHARE EXCHANGE RATIO

The basis of the Proposed Transaction would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by the Valuer. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of recommending the Share Exchange Ratio it is necessary to arrive at a single value for the shares of the companies involved in an amalgamation such as the Proposed Transaction. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the Companies but at their relative values to facilitate the determination of a Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/ method.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g., quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Share Exchange Ratio. The final





responsibility for the determination of the exchange ratio at which the Proposed Transaction shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of GIL, GIDL and GAL based on the various applicable approaches/ methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of these companies, having regard to information base, key underlying assumptions and limitations.

We have applied relevant methods discussed above, as considered appropriate, and arrived at the assessment of the relative values per equity share of GIL, GIDL and GAL. To arrive at the Share Exchange Ratio for the Proposed Transaction, suitable minor adjustments/ rounding off have been done in the relative values arrived at by us.

BASIS OF NCD EXCHANGE RATIO

As per the Scheme, holders of the NCDs of GAL will hold NCDs of GIDL, with the same terms (including the coupon rate, tenure, redemption price and quantum, nature of security etc.), and that, thereafter, the holders of the NCDs of GIDL will hold NCDs of GIL, which will again be on the same terms (including the coupon rate, tenure, redemption price and quantum, nature of security etc.).

Therefore, we understand that all NCD holders in GAL would become NCD holders in GIL, and that the Proposed Transaction would not alter the number and/or terms of the NCDs held by such holders, and the rights, security coverage, payment terms, interest rates etc. would be the same as when such NCDs were held in GAL. Further, upon the Scheme becoming effective, the beneficial economic interest of the NCD holders of GAL in the NCDs of GIL would be same and therefore the Proposed Transaction shall be value-neutral to the NCD holders of GAL. Accordingly, the fair value of NCDs of GAL, GIDL and GIL is not relevant for the present exercise.

VALUER NOTES

For the present valuation analysis, we have considered it appropriate to apply the Income Approach and Market Approach for GIL, GAL and GIDL to arrive at the relative fair value of the equity shares for the purpose of Share Exchange Ratio.

In the present case, the shares of GIL are listed on BSE and NSE and there are regular transactions in their equity shares with reasonable volume. In the circumstances, the share price of GIL has been considered as suggested in regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Accordingly, higher of the below two methods has been taken for determining the value of GIL under the market price methodology:

- a) the volume weighted average price for 90 trading days preceding the Valuation report date,
- b) the volume weighted average price for 10 trading days preceding the Valuation report date,

We understand that GIL derives its value materially from GAL on account of having investment in only one operating company (which is materially smaller when compared to operations of GAL) other than GAL. Therefore, the market price method is used to determine equity share values of GIDL and GAL also even though they do not trade on stock exchanges. GIDL and GAL equity share values under this method have been determined by using the equity share value of GIL arrived at by using the market price method and adjusting the value of





assets and liabilities of GIL not attributable to GIDL and GAL to arrive at the remaining value of GIDL and GAL thereafter.

In the present case, we have not used the CCM method due to no listed comparable company in India, and differences in size, scale, government regulations and geography between GAL and overseas publicly listed airport companies.

Given the nature of the businesses of the Companies and the fact that GIL, GAL and GIDL have provided their projected financials, we have considered it appropriate to apply the DCF Method under the Income Approach to arrive at the relative fair value of the shares of the Companies for the purpose of arriving at the Share Exchange Ratio. However, we have not given any weightage to this method as the equity value of GIL from this method is lower than the equity value of GIL in accordance with regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

In the current analysis, Proposed Transaction is proceeded with on the assumption that the Companies would merge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book value and non-operating/ surplus assets, if any at their fair values under the Asset Approach. In such a going concern scenario, the relative earning power, as reflected under the Income/ Market approach, is of greater importance to the basis of amalgamation/ demerger, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the values of the shares of the Businesses under the Asset Approach, we have considered it appropriate not to give any weightage to the same in case of GIL, GIDL and GAL.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Security Exchange Ratio for the Proposed Transaction whose computation is as under:

The computation of Share Exchange Ratio 1 as derived by KPMG, is given below:

Valuation Approach	GAL		GIDL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Market Approach	347.80	100%	21.85	100%
Income Approach	330.60	0%	20.62	0%
Asset Approach	(11.90)	0%	(3.90)	0%
Relative Value per Share	347.80	100%	21.85	100%
Exchange Ratio (Rounded off)	15.9180			

As per the Scheme, OCRPS of GIDL shall be issued in a manner such that 9% of the value of the securities issued to the domestic shareholders is in the form of equity shares, and 91% of the value of the securities issued to the domestic shareholders is in the form of OCRPS.

The computation of OCRPS Exchange Ratio 1 is based on Share Exchange Ratio 1, each OCRPS shall reflect 40 equity shares of GIDL, on a fully diluted basis.

The computation of Share Exchange Ratio 2 as derived by KPMG, is given below:





Valuation Approach	GIDL		GIL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Market Approach	21.85	100%	40.77	100%
Income Approach	20.62	0%	38.43	0%
Asset Approach	(3.90)	0%	(7.55)	0%
Relative Value per Share	21.85	100%	40.77	100%
Exchange Ratio (Rounded off)	1.8659			

The computation of OCRPS Exchange Ratio 2 is based on Share Exchange Ratio 2, each OCRPS shall reflect 40 equity shares of GIDL, on a fully diluted basis.

The computation of Resultant Share Exchange Ratio as derived by Share Exchange Ratio 1 and Share Exchange Ratio 2, is given below:

Valuation Approach	GAL		GIL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Market Approach	347.80	100%	40.77	100%
Income Approach	330.60	0%	38.43	0%
Asset Approach	(11.90)	0%	(7.55)	0%
Relative Value per Share	347.80	100%	40.77	100%
Exchange Ratio (Rounded off)	8.5310			

The computation of NCD Exchange Ratio 1 and NCD Exchange Ratio 2 as derived by KPMG, is given below:

Valuation Approach	GAL		GIDL		GIL	
	Value per NCD (INR)	Weight	Value per NCD (INR)	Weight	Value per NCD (INR)	Weight
Market Approach	NA	-	NA	-	NA	-
Income Approach	NA	-	NA	-	NA	-
Asset Approach	NA	-	NA	-	NA	-
Relative Value per Share	NA	-	NA	-	NA	-
Exchange Ratio (Rounded off)	NA					

RATIO

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Security Exchange Ratio for proposed amalgamation of GMR Airports Limited and GMR Infra Developers Limited ("Proposed Transaction 1") and for the proposed amalgamation of resulting entity after Proposed Transaction 1 and GMR Infrastructure Limited ("Proposed Transaction 2"):





Share Exchange Ratio 1:

15,918 (Fifteen Thousand Nine Hundred Eighteen Only) equity share of GIDL of INR 10/- each fully paid up for every 1,000 (One Thousand Only) equity shares of GAL of INR 10/- each fully paid up.

OCRPS Exchange Ratio 1:

15,918 (Fifteen Thousand Nine Hundred Eighteen Only) OCRPS of GIDL of INR 400/- each fully paid up for every 40,000 (Forty Thousand Only) equity shares of GAL of INR 10/- each fully paid up.

NCD Exchange Ratio 1:

1 (One) NCD of GIDL for every 1 (one) NCD of GAL.

Share Exchange Ratio 2:

10,000 (Ten Thousand Only) equity share of GIL of INR 1/- each fully paid up for every 18,659 (Eighteen Thousand Six Hundred Fifty-Nine Only) equity shares of GIDL of INR 10/- each fully paid up.

OCRPS Exchange Ratio 2:

10,000 (Ten Thousand Only) OCRPS of GIL of INR 40/- each fully paid up for every 18,659 (Eighteen Thousand Six Hundred Fifty-Nine Only) OCRPS of GIDL of INR 400/- each fully paid up.

NCD Exchange Ratio 2:

1 (One) NCD of GIL for every 1 (one) NCD of GIDL.

Resultant Share Exchange Ratio:

8,531 (Eight Thousand Five Hundred Thirty-One Only) equity share of GIL of INR 1/- each fully paid up for every 1,000 (One Thousand Only) equity shares of GAL of INR 10/- each fully paid up.

Our Valuation report and Security Exchange Ratio is based on the equity share capital structure of the GAL, GIDL and GIL as mentioned earlier in this report. Any variation in the equity capital of the Companies may have material impact on the Share Exchange Ratio.

Respectfully submitted,

For KPMG Valuation Services LLP

Registered Valuer Entity under Companies (Registered Valuers and Valuation) Rules, 2017

IBBI Registration No. IBBI/RV-E//06/2020/115

Asset class: Securities or Financial Assets

Apurva Shah, Partner

IBBI Registration No. IBBI/RV/05/2019/10673

Date: 19 March 2023





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Dated: 19 March 2023

To,
The Board of Directors,
GMR Infra Developers Limited
Naman Center, 7th Floor,
G Block, BKC, Bandra,
Mumbai-400051
India

Re: Recommendation of Security Exchange ratio for the proposed amalgamation of GMR Airports Limited into GMR Infra Developers Limited and subsequent amalgamation of GMR Infra Developers Limited into GMR Airports Infrastructure Limited

Dear Sir/ Madam,

We refer to the engagement letter dated 15 November 2022, addendum dated 10 January 2023 and addendum dated 18 March 2023 whereby GMR Airports Limited and GMR Infra Developers Limited (hereinafter referred as "GAL" and "GIDL" respectively, or "Client", or "You") have requested KPMG Valuation Services LLP (hereinafter referred to as "KPMG" or "Valuer" or "us" or "we") to recommend a share exchange ratio and non-convertible debenture exchange ratio (together referred to as Security Exchange ratio) in connection with the proposed transaction defined hereinafter.

BACKGROUND OF THE COMPANIES

GMR Airports Limited ("GAL" or "Transferor Company 1"), is a public limited company incorporated on February 6, 1992, under the Companies Act, 1956 with the corporate identification number U65999HR1992PLC101718 and the permanent account number AAACM7791H. GAL is an unlisted company but has certain debt securities issued by it being listed on the BSE and is subject to SEBI Debt Circulars. GAL is in the business of holding the shares and securities of, and lending funds to, group companies, which in turn own, develop, manage and / or operate airports and related infrastructure in India and abroad. GAL is also engaged in certain airport-related businesses, including the provision of engineering, procurement, and construction (EPC) services. GAL is a subsidiary of GMR Airports Infrastructure Limited.

GAL had standalone revenue from operations and loss after tax of INR 3,140.9 million and INR 10,764.4 million respectively for the nine months period ended 31 December 2022 as per its provisional financial statements. GAL had a net worth of INR 167,890.8 million as on 31 December 2022 as per its provisional financial statements.

GMR Infra Developers Limited ("GIDL" or the "Transferor Company 2") is a public limited company incorporated on February 27, 2017, under the provisions of Companies Act, 2013 with the corporate identification number U74999MH2017PLC291718 and the permanent account number AAGCG7159M. GIDL is an unlisted company under the Companies Act, 2013. GIDL has been incorporated with the object of, inter alia, undertaking infrastructure business, providing financial assistance for development, construction, operation and maintenance of infrastructure projects in India, and is engaged in the business of infrastructure construction services. GIDL is a wholly owned subsidiary of the GMR Airports Infrastructure Limited.

KPMG Valuation Services LLP, an Indian Limited liability partnership and a member firm of KPMG, a global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

KPMG Valuation and Services (a partnership firm with Registration No. 414) converted into Limited Liability Partnership with LLP Registration No. AAP-2835, With effect from May 13 2019

Registered Office:
2nd Floor, Block 12, Naman
Ludha Excelus, Apollo
Compound, N.M. Joshi
Mahalaxmi, Mumbai - 400 011





GIDL had standalone income and loss after tax of INR 27.8 million and INR 3,938.2 million, respectively for the nine months period ended 31 December 2022 as per its provisional financial statements. GIDL had a net worth of INR 33,237.4 million as on 31 December 2022 as per its provisional financial statements.

GMR Airports Infrastructure Limited (formerly known as GMR Infrastructure Limited) ("GIL" or the "Transferee Company") is a public limited company incorporated on May 10, 1996, under the provisions of the Companies Act, 1956, with the corporate identification number L45203MH1996PLC281138 and the permanent account number AABCG8889P. The equity shares of GIL are listed on the national stock exchange ("NSE") and the Bombay stock exchange ("BSE"). GIL is engaged in the business of infrastructure activities, executing projects either by itself or through special purpose vehicles, providing support activities, as well as, supervisory and management functions, to its group entities.

GIL had standalone revenue from operations and loss after tax of INR 737.7 million and INR 6,489.6 million, respectively for the nine months period ended 31 December 2022 as per its provisional financial statements. GIL had a net worth of INR 97,278.4 million as on 31 December 2022 as per its provisional financial statements.

Aéroports De Paris SA ("ADP") is a listed company, incorporated in 1945, and engaged in the business of operating airports. The registered office of ADP is located at 1 Rue de France, Tremblay-en-France, Ile-de-France – 93290, France. ADP had revenue and profit after tax of EUR 4,688 million Euro 516 million respectively for the year ended 31 December 2022.

GMR Infra Services Private Limited ("GISPL") is a private company incorporated in India in 2016, where ADP holds 99.99% stake. The registered office of GISPL is located at Naman Centre, 7th Floor, Plot No. C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra- 400 051, India.

SCOPE AND PURPOSE OF THIS REPORT

We understand that the Board of Directors of GAL ("Management"), GIDL and GIL are contemplating the amalgamation of GMR Airports Limited and GMR Infra Developers Limited into GMR Airports Infrastructure Limited in two steps:

- i) GMR Airports Limited into GMR Infra Developers Limited ("Proposed Transaction 1"); and
- ii) GMR Infra Developers Limited (after the consummation of the amalgamation envisaged in point (a) above) into GMR Airports Infrastructure Limited (collectively with the Transferor Company 1 and Transferor Company 2, the Parties) ("Proposed Transaction 2").
(Proposed Transaction 1 and Proposed Transaction 2 collectively referred to as the "Proposed Transaction") (the resultant surviving entity, the "Resultant Entity")

on a going concern basis pursuant to a Composite Scheme of Amalgamation under the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the act (the "Scheme").

As per the Scheme, the Parties have agreed that, upon the Scheme becoming effective, and in consideration of the transfer of and vesting of GAL into and with GIDL, the Indian shareholders of GAL shall be issued, in lieu of their existing shareholding in GAL, securities in the form of equity shares as well as OCRPS of GIDL, such that 9% of the value of the securities issued to the domestic shareholders, on account of their direct shareholding in GAL, is in the form of equity shares, and 91% of the value of the securities issued to the domestic shareholders on account of their direct shareholding in the GAL is in the form of OCRPS. 100% of the value of the securities issued to foreign shareholders shall be in the form of equity shares.





Further, as per the Scheme, the listed NCD holders of GAL shall be issued, in lieu of their existing holding in GAL NCDs, NCDs of GIDL with the same terms (including the coupon rate, tenure, redemption price and quantum, nature of security etc.).

We understand that upon the coming into effect of the Scheme, and in consideration of the Proposed Transaction 1:

- i) GIL, as a shareholder in GAL, shall be entitled to receive:
 - a) Equity shares of GIDL having the face value of INR 10
 - b) Optionally Convertible Redeemable Preference Shares ("OCRPS") of GIDL having the face value of INR 400,
- ii) GMR Infra Services Private Limited ("GISPL") as a shareholder in GAL, shall be entitled to receive:
 - a) Equity shares of GIDL having the face value of INR 10
 - b) OCRPS of GIDL having the face value of INR 400,
- iii) Aeroports De Paris ("ADP"), as a shareholder in GAL, shall be entitled to receive equity shares of GIDL having the face value of INR 10
- iv) NCD holders of GAL shall be entitled to receive NCDs of GIDL with the same terms.

For the purposes of issuance of equity shares and OCRPS under items (i) to (iii) above, such issuance shall be undertaken on the basis of the Share Exchange Ratio 1 for equity shares and OCRPS Exchange Ratio 1 for OCRPS. Further, issuance of NCDs under item (iv) above shall be undertaken on the basis of NCD Exchange Ratio 1.

We understand that upon the coming into effect of the Scheme, and in consideration of the Proposed Transaction 2:

- i) ADP, as a shareholder in GIDL, shall be entitled to receive equity shares having a face value of INR 1 issued by GIL
- ii) GISPL, as a shareholder in GIDL, shall be entitled to receive equity shares having a face value of INR 1 issued by GIL
- iii) GISPL as a holder of OCRPS in GIDL, shall be entitled to receive OCRPS having a face value of INR 40 issued by GIL
- iv) the equity shares and OCRPS held by GIL would stand extinguished
- v) NCD holders of GIDL (which were received in-lieu of NCDs held in GAL) shall be entitled to receive NCDs of GIL with the same terms.

For the purposes of issuance of equity shares and OCRPS under items (i) to (iv) above, such issuance shall be undertaken on the basis of the Share Exchange Ratio 2 for equity shares and OCRPS Exchange Ratio 2 for OCRPS. Further, issuance of NCDs under item (v) above shall be undertaken on the basis of NCD Exchange Ratio 2.

As a result of Proposed Transaction 1 and Proposed Transaction 2, ADP as a shareholder in GAL shall receive equity shares of GIL (referred to as Resultant Share Exchange Ratio which is a combination of Share Exchange Ratio 1 and Share Exchange Ratio 2) and GISPL as equity shareholder in GAL shall receive equity shares of GIL and OCRPS of GIL. Further, NCD holders of GAL shall receive NCDs of GIL with same terms.

Share Exchange Ratio 1, Share Exchange Ratio 2, Resultant Share Exchange Ratio, OCRPS Exchange Ratio 1 and OCRPS Exchange Ratio 2 is collectively referred to as the "Share Exchange Ratio". NCD Exchange Ratio 1 and NCD Exchange Ratio 2 are collectively referred to as the "NCD Exchange Ratio".





It is in this connection that the Client has requested us to render our professional services by way of carrying out a relative valuation of GAL, GIDL and GIL (together referred as the "the Companies" or "Businesses") and submit a report recommending the Security Exchange Ratio for the Proposed Transaction, on a going concern basis with 31 December 2022 being the valuation date, (the "Services") for the consideration of the Board of Directors of the Client in accordance with the applicable Securities and Exchange Board of India ("SEBI"), the relevant stock exchanges', and relevant laws, rules and regulations. To the extent mandatorily required under applicable laws of India, this report maybe produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Transaction.

The scope of our services is to conduct a relative valuation (not an absolute valuation) of the Businesses and recommend a Security Exchange Ratio for the Proposed Transaction.

We have been informed by GAL that GIL have also appointed independent valuers ("Other Valuers") for the Proposed Transaction. All the valuers (jointly referred as "Valuers") have been appointed severally and not jointly and have worked independently in their analysis. Further, upon conclusion of our work and prior to issue of the report, we have discussed our findings, methodology and approach with the Other Valuers. No documents including valuation workings have been shared by us with the Other Valuers. Although the Valuers have independently arrived at different values per share of the Businesses, we have arrived at a consensus on the Security Exchange Ratio, after making appropriate minor adjustments/ rounding off.

We have considered financial information up to 31 December 2022 (the "Valuation Date") in our analysis and have made adjustments for facts made known to us till the date of our report, including taking into consideration current market parameters, which will have a bearing on the valuation analysis. The Management has informed us that they do not expect any events which are unusual or not in normal course of business up to the effective date of the Proposed Transaction, other than the events specifically mentioned in this report. We have relied on the above while arriving at the Security Exchange Ratio for the Proposed Transaction.

This report is our deliverable in respect of our recommendation of the Security Exchange Ratio for the Proposed Transaction.

This report and the information contained herein is absolutely confidential. The report will be used by the Client only for the purpose, as indicated in this report and the engagement letter, for which we have been appointed. The results of our valuation analysis and our report cannot be used or relied by the Client for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this report. Any person/ party intending to provide finance/ invest in the shares/ businesses of the Companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to the Valuer. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

The report including, (for the avoidance of doubt) the information contained in it is absolutely confidential and intended only for the sole use and information of the Client. Without limiting the foregoing, we understand that the Client may be required to submit the report to or share the report with their professional advisors, shareholders, merchant bankers providing fairness opinion on the Security Exchange Ratio and regulatory authorities/ stock exchanges, in connection with the Proposed Transaction (together, "Permitted Recipients"). We hereby give





consent to the disclosure of the report to any of them, subject to the Client ensuring that any such disclosure shall be subject to the condition and understanding that:

- it will be the Client's responsibility to review the report and identify any confidential information that it does not wish to or cannot disclose;
- we owe responsibility only to the Client that have engaged us and nobody else, and to the fullest extent permitted by law;
- we do not owe any duty of care to anyone else other than the Client and accordingly no one other than the Client is entitled to rely on any part of the report;
- we accept no responsibility or liability towards any third party (including, the Permitted Recipients) to whom the report may be shared with or disclosed or who may have access to the report pursuant to the disclosure of the report to the Permitted Recipients. Accordingly, no one other than the Client shall have any recourse to us with respect to the report;
- we shall not, under any circumstances, have any direct or indirect liability or responsibility to any party engaged by the Client or to whom the Client may disclose or directly or indirectly permit the disclosure of any part of the report and that by allowing such disclosure we do not assume any duty of care or liability, whether in contract, tort, breach of statutory duty or otherwise, towards any of the third parties.

It is clarified that reference to this valuation report in any document and/ or filing with aforementioned tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Board of Directors of the Client.

This report is subject to the scope, assumptions, qualifications, exclusions, limitations, and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

DISCLOSURE OF INTEREST/ CONFLICT

- KPMG is not affiliated to the Client in any manner whatsoever.
- KPMG does not have a prospective interest in the business which is the subject of this report.
- KPMG's fee is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this report.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information shared with us during the course of the engagement:

- Draft Composite Scheme of Amalgamation and Arrangement
- Copy of Bond Trust Deed pertaining to listed NCDs
- Historical financials of the Companies/ their subsidiaries/ associates/ joint ventures/ investee companies/ their businesses comprising the following:
 - Audited financial results for the period ended 31 March 2022 and earlier years
 - Audited (limited review) financials of GIL, subsidiaries of GIL and the underlying subsidiaries of GAL for the period ended 31 December 2022
 - Special purpose interim standalone audited financials of GIDL and GAL for the period ended 31 December 2022





- Audited (limited review) financials of international subsidiaries of GAL for the period ended 30 September 2022
- Projections of the Companies and the subsidiaries (comprising profit and loss and balance sheet), as applicable
- Discussion with the Managements of the Companies in connection with the operations of the respective Companies/ subsidiaries, past and present activities, future plans and prospects, details of the proposed deal in certain subsidiaries of the Companies as recently announced, share capital and shareholding pattern of the Companies including but not limited to the following-
 - Conversion of compulsorily convertible preference shares of GAL into equity shares.
 - Issuance of Foreign Currency Convertible Bond (“FCCB”) to ADP by GIL.
 - Cebu Transaction details as mentioned in Cebu Airport Transaction Slides.
 - Contingent liability schedule for GIL as at 31 December 2022
- For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Companies. We have not independently verified the accuracy or timeliness of the same; and
- Such other analysis and enquiries, as we considered necessary.

We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the Managements and representatives of the Companies. The Client has been provided with the opportunity to review the draft report (excluding the recommended Security Exchange Ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

As per the Managements of the Companies, the operations of the Businesses had been impacted due to Covid-19 pandemic and the consequent lockdown in various countries including India. The Management of Companies has represented that the impact of Covid-19 on the business operations of Companies has been considered/ factored in the projections. The Management of Companies has further represented that no material adverse change has occurred in their respective operations and financial position of the Businesses between Valuation Date and the report date.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This report, its content, and the results herein are specific to the purpose of valuation and the Valuation Date mentioned in the report and agreed as per the terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This report is issued on the understanding that the management of the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the Security Exchange Ratio for the Proposed Transaction as on the Valuation Date. We have considered only circumstances existing at the Valuation Date and events occurring up to the Valuation Date. Events and circumstances may have occurred since the Valuation Date concerning the financial position of the Companies or any other matter and such events or circumstances might be considered material by the Companies or any third party. We have considered, in our valuation analysis, such events and circumstances occurring after the Valuation Date as disclosed to us by the Companies, to the extent considered appropriate by us based on our professional





judgement. Further, we have no responsibility to update the report for any events and circumstances occurring after the date of the report. Our valuation analysis was completed on a date subsequent to the Valuation Date and accordingly we have taken into account such valuation parameters and over such period, as we considered appropriate and relevant, up to a date close to such completion date.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information received from the Companies till 18 March 2023 and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). You acknowledge and agree that you have the final responsibility for the determination of the Security Exchange Ratio at which the Proposed Transaction shall take place and factors other than our Valuation report will need to be taken into account in determining the Security Exchange Ratio; these will include your own assessment of the Proposed Transaction and may include the input of other professional advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our engagement, we have carried out relevant analyses and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying, (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this report and (ii) the accuracy of information made available to us by the Companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy, or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute as an audit or review in accordance with the auditing standards applicable in India, accounting/ financial/ commercial/ legal/ tax/ environmental due diligence or forensic/ investigation services and does not include verification or validation work. In accordance with the terms of our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical and projected financial information, if any, provided to us regarding the Companies/ their holding/ subsidiary/ associates/ joint ventures/ investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials/ financial statements and projections. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by/on behalf of the Companies. The respective Managements of the Companies have indicated to us that they have understood that any omissions, inaccuracies, or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report.

The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheets of the Companies/ their holding/ subsidiary/ associates/ joint ventures/ investee companies, if any. Our conclusion of value assumes that the assets and liabilities of the Companies reflected in their respective latest audited or provisional balance sheets remain





intact as of the report date. No investigation of the Companies' / subsidiaries claims to title of assets has been made for the purpose of this report and the Companies' / subsidiaries claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Our report is not, nor should it be construed as our opining or certifying the compliance of the Proposed Transaction with the provisions of any law/ standards including companies, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws/ standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Transaction.

Our report is not, nor should it be construed as our recommending the Proposed Transaction or anything consequential thereto/ resulting therefrom. This report does not address the relative merits of the Proposed Transaction as compared with any other alternatives or whether such alternatives could be achieved or are available. Any decision by the Companies/ their shareholders/ creditors regarding whether to proceed with the Proposed Transaction shall rest solely with them. We express no opinion or recommendation as to how the shareholders/ creditors of the Companies should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Transaction. This report does not in any manner address, opine on or recommend the prices at which the securities of the Companies could or should transact at following the announcement/ consummation of the Proposed Transaction. Our report and the opinion/ valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

We express no opinion on the achievability of the forecasts, if any, relating to the Companies/ their subsidiaries/ associates/ joint ventures/ investee companies/ their businesses given to us by the Management of Companies. The future projections are the responsibility of the respective Management of the Companies. The assumptions used in their preparation, as we have been explained, are based on their present expectation of both – the most likely set of future business events and circumstances and the respective management's course of action related to them. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.

The information used in the Valuation, including the forecast financial information, has been provided to us by Management of Companies, and we have necessarily relied upon this. Such information and underlying assumptions represent Management's best estimates of the company's likely performance as at the date of their preparation. If the information shown in this report or the assumptions on which this report is based are subsequently shown to be incorrect or incomplete, this could have the effect of changing the valuation conclusions set out in this report and these changes could be material. We are under no obligation to amend our report for any subsequent event or new information.

We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on information provided by the Companies in that regard.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Transaction, without our prior written consent.

This valuation report is subject to the laws of India.





Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.

SHARE CAPITAL DETAILS OF THE COMPANIES

GMR Airport Infrastructure Limited

As at 31 December 2022 and the report date, the paid up equity share capital of GIL is INR 6,035.9 million consisting of 6,035,945,275 equity shares of face value of INR 1/- each fully paid up. The shareholding pattern of GIL is as follows:

Category	Number of Shares	% shareholding
Promoter & Promoter Group**	3,555,169,176	58.90
Public	2,480,776,099	41.10
Total	6,035,945,275	100.00

** - Classification based on shareholding on NSE.

As at the report date, GIL has issued foreign currency convertible bonds ("FCCBs") of the following kinds:

- of a face value of USD 1,000,000 each (United States Dollars One Million each), aggregating to a sum of USD 25,000,000 (United State Dollars Twenty-Five Million Only); and
- of a face value of EUR 1,000,000 (Euros One Million each), aggregating to a sum of the EUR 330,817,000.

GMR Infra Developers Limited

As at 31 December 2022 and report date, the paid up equity share capital of GIDL is INR 0.5 million consisting of 50,000 equity shares of face value of INR 10/- each fully paid up.

Particular	Number of Shares	% shareholding*
GMR Airports Infrastructure Limited	49,994	100.00
DHRUVI SECURITIES LIMITED*	1	0.00
GMR AEROSTRUCTURE SERVICES LIMITED*	1	0.00
GMR CORPORATE AFFAIRS LIMITED*	1	0.00
GMR BUSINESS PROCESS AND SERVICES PRIVATE LIMITED*	1	0.00
MR. M.V. SRINIVAS*	1	0.00
MR. NARAYANA RAO K.*	1	0.00
Total	50,000	100.00

* *Nominees of GMR Airports Infrastructure Limited

As at report date, GIDL has issued 41,385 compulsorily convertible debentures of INR 10,00,000 each, each of which is held by GIL.

GMR Airports Limited

As at the report date, the paid-up equity share capital of GAL is INR 15,668.4 million consisting of 1,566,848,289 equity shares of face value of INR 10/- each fully paid up.





Particular	Number of Shares	% shareholding*
GMR Airports Infrastructure Limited	565,517,023	36.09
GMR Infra Developers Limited	296,249,536	18.91
Aeroports De Paris	369,596,829	23.59
GMR Infra Services Private Limited	335,484,901	21.41
Total	1,566,848,289	100.00

As per the terms of Scheme, we understand that prior to the Scheme coming into effect, compulsory convertible preference shares (CCPS) issued by GAL shall stand converted into equity shares as part of settlement of ratchets. Accordingly, the above shareholding pattern takes into account the conversion of CCPS.

APPROACH AND METHODOLOGY – BASIS OF TRANSACTION

The Scheme contemplates the Proposed Transaction i.e., amalgamation of GMR Airports Limited and GMR Infra Developers Limited into GMR Airports Infrastructure Limited.

Arriving at the Share Exchange Ratio for the purposes of an arrangement such as the Proposed Transaction, would require determining the relative values of each company involved and of their shares. These values are to be determined independently but on a relative basis, and without considering the effect of the arrangement.

BASIS OF VALUE

The report has been prepared on the basis of “Fair Value” as at Valuation Date. The generally accepted definition of “Fair Value” is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

PREMISE OF VALUE

The report has adopted “Going Concern Value” as the premise of value in the given circumstances. The generally accepted definition of Going Concern Value is the value of a business enterprise that is expected to continue to operate in the future.

We have carried out the valuation in accordance with the principles laid in the ICAI Valuation Standards, as applicable to the purpose and terms of this engagement.

The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach, for determining the relative fair value of equity shares of a company, which can be considered in the present valuation exercise, to the extent relevant and applicable. to arrive at the Share Exchange Ratio for the purpose of the Proposed Transaction, such as:

- Market Approach - Market Price Method: Comparable Companies’ Multiples’ (CCM) Method
- Income Approach - Discounted Cash Flow (DCF) Method
- Asset Approach - Net Asset Value (NAV) Method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our





analysis. we made assumptions with respect to industry performance and general business and economic conditions. many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions, and prospects, financial and otherwise, of the companies/ businesses, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Market Approach: Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- **Market Price Method:** Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such company as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger/ demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary/ preferential issues/ open offer in the shares of the company available in the public domain.
- **Comparable Companies' Multiples' (CCM) Method:** Under this method, one attempts to measure the value of the shares/ business of company by applying the derived market multiple based on market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and/ or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Income Approach: Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Under DCF method, the projected free cash flows from business operations available to all providers of capital are discounted at the weighted average cost of capital to such capital providers, on a market participant basis, and the sum of such discounted free cash flows is the value of the business from which value of debt and other capital is deducted, and other relevant adjustments made to arrive at the value of the equity – Free Cash Flows to Firm (FCFF) technique: This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total





capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

Further, the projected free cash flows from business operations available to equity holders are discounted at the cost of equity, on a market participant basis, and the sum of such discounted free cash flows is the Operating value of equity to which other relevant adjustments made to arrive at the value of the equity – Free Cash Flows to Equity (FCFE) technique; This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to Equity Shareholders. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For DCF valuation, the free cash flow forecast is based on projected financials as provided by the Management of the Companies. While carrying out this engagement, we have relied on historical information made available to us by the Management of the Companies and the projected financials for future related information. Although we have read, analyzed and discussed the Management Business Plans for the purpose of undertaking a valuation analysis, we have not commented on the achievability and reasonableness of the assumptions provided to us save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of the assignment. We have assessed and evaluated the reasonableness of the projections based on procedures such as analyzing industry data, historical performance, expectations of comparable companies, analyst reports etc.

Asset Approach - Net Asset Value Method

Under the asset approach, the net asset value (NAV) method is considered, which is based on the underlying net assets and liabilities of the company, taking into account operating assets and liabilities on a book value basis and appropriate adjustments for, inter alia, value of surplus/ non-operating assets.

The valuation approaches/ methods used, and the values arrived at using such approaches/ methods have been tabled in the next section of this report.

BASIS OF SHARE EXCHANGE RATIO

The basis of the Proposed Transaction would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by the Valuer. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of recommending the Share Exchange Ratio it is necessary to arrive at a single value for the shares of the companies involved in an amalgamation such as the Proposed Transaction. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the Companies but at their relative values to facilitate the determination of a Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/ method.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g., quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Share Exchange Ratio. The final





responsibility for the determination of the exchange ratio at which the Proposed Transaction shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of GIL, GIDL and GAL based on the various applicable approaches/ methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of these companies, having regard to information base, key underlying assumptions and limitations.

We have applied relevant methods discussed above, as considered appropriate, and arrived at the assessment of the relative values per equity share of GIL, GIDL and GAL. To arrive at the Share Exchange Ratio for the Proposed Transaction, suitable minor adjustments/ rounding off have been done in the relative values arrived at by us.

BASIS OF NCD EXCHANGE RATIO

As per the Scheme, holders of the NCDs of GAL will hold NCDs of GIDL, with the same terms (including the coupon rate, tenure, redemption price and quantum, nature of security etc.) and that, thereafter, the holders of the NCDs of GIDL will hold NCDs of GIL, which will again be on the same terms (including the coupon rate, tenure, redemption price and quantum, nature of security etc.).

Therefore, we understand that all NCD holders in GAL would become NCD holders in GIL, and that the Proposed Transaction would not alter the number and/or terms of the NCDs held by such holders, and the rights, security coverage, payment terms, interest rates etc. would be the same as when such NCDs were held in GAL. Further, upon the Scheme becoming effective, the beneficial economic interest of the NCD holders of GAL in the NCDs of GIL would be same and therefore the Proposed Transaction shall be value-neutral to the NCD holders of GAL. Accordingly, the fair value of NCDs of GAL, GIDL and GIL is not relevant for the present exercise.

VALUER NOTES

For the present valuation analysis, we have considered it appropriate to apply the Income Approach and Market Approach for GIL, GAL and GIDL to arrive at the relative fair value of the equity shares for the purpose of Share Exchange Ratio.

In the present case, the shares of GIL are listed on BSE and NSE and there are regular transactions in their equity shares with reasonable volume. In the circumstances, the share price of GIL has been considered as suggested in regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Accordingly, higher of the below two methods has been taken for determining the value of GIL under the market price methodology:

- a) the volume weighted average price for 90 trading days preceding the Valuation report date,
- b) the volume weighted average price for 10 trading days preceding the Valuation report date,

We understand that GIL derives its value materially from GAL on account of having investment in only one operating company (which is materially smaller when compared to operations of GAL) other than GAL. Therefore, the market price method is used to determine equity share values of GIDL and GAL also even though they do not trade on stock exchanges. GIDL and GAL equity share values under this method have been determined by using the equity share value of GIL arrived at by using the market price method and adjusting the value of





assets and liabilities of GIL not attributable to GIDL and GAL to arrive at the remaining value of GIDL and GAL thereafter.

In the present case, we have not used the CCM method due to no listed comparable company in India, and differences in size, scale, government regulations and geography between GAL and overseas publicly listed airport companies.

Given the nature of the businesses of the Companies and the fact that GIL, GAL and GIDL have provided their projected financials, we have considered it appropriate to apply the DCF Method under the Income Approach to arrive at the relative fair value of the shares of the Companies for the purpose of arriving at the Share Exchange Ratio. However, we have not given any weightage to this method as the equity value of GIL from this method is lower than the equity value of GIL in accordance with regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

In the current analysis, Proposed Transaction is proceeded with on the assumption that the Companies would merge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book value and non-operating/ surplus assets, if any at their fair values under the Asset Approach. In such a going concern scenario, the relative earning power, as reflected under the Income/ Market approach, is of greater importance to the basis of amalgamation/ demerger, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the values of the shares of the Businesses under the Asset Approach, we have considered it appropriate not to give any weightage to the same in case of GIL, GIDL and GAL.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Security Exchange Ratio for the Proposed Transaction whose computation is as under:

The computation of Share Exchange Ratio 1 as derived by KPMG, is given below:

Valuation Approach	GAL		GIDL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Market Approach	347.80	100%	21.85	100%
Income Approach	330.60	0%	20.62	0%
Asset Approach	(11.90)	0%	(3.90)	0%
Relative Value per Share	347.80	100%	21.85	100%
Exchange Ratio (Rounded off)	15.9180			

As per the Scheme, OCRPS of GIDL shall be issued in a manner such that 9% of the value of the securities issued to the domestic shareholders is in the form of equity shares, and 91% of the value of the securities issued to the domestic shareholders is in the form of OCRPS.

The computation of OCRPS Exchange Ratio 1 is based on Share Exchange Ratio 1, each OCRPS shall reflect 40 equity shares of GIDL, on a fully diluted basis.

The computation of Share Exchange Ratio 2 as derived by KPMG, is given below:





Valuation Approach	GIDL		GIL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Market Approach	21.85	100%	40.77	100%
Income Approach	20.62	0%	38.43	0%
Asset Approach	(3.90)	0%	(7.55)	0%
Relative Value per Share	21.85	100%	40.77	100%
Exchange Ratio (Rounded off)	1.8659			

The computation of OCRPS Exchange Ratio 2 is based on Share Exchange Ratio 2, each OCRPS shall reflect 40 equity shares of GIDL, on a fully diluted basis.

The computation of Resultant Share Exchange Ratio as derived by Share Exchange Ratio 1 and Share Exchange Ratio 2, is given below:

Valuation Approach	GAL		GIL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Market Approach	347.80	100%	40.77	100%
Income Approach	330.60	0%	38.43	0%
Asset Approach	(11.90)	0%	(7.55)	0%
Relative Value per Share	347.80	100%	40.77	100%
Exchange Ratio (Rounded off)	8.5310			

The computation of NCD Exchange Ratio 1 and NCD Exchange Ratio 2 as derived by KPMG, is given below:

Valuation Approach	GAL		GIDL		GIL	
	Value per NCD (INR)	Weight	Value per NCD (INR)	Weight	Value per NCD (INR)	Weight
Market Approach	NA	-	NA	-	NA	-
Income Approach	NA	-	NA	-	NA	-
Asset Approach	NA	-	NA	-	NA	-
Relative Value per Share	NA	-	NA	-	NA	-
Exchange Ratio (Rounded off)	NA					

RATIO

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Security Exchange Ratio for proposed amalgamation of GMR Airports Limited and GMR Infra Developers Limited ("Proposed Transaction 1") and for the proposed amalgamation of resulting entity after Proposed Transaction 1 and GMR Infrastructure Limited ("Proposed Transaction 2"):





Share Exchange Ratio 1:

15,918 (Fifteen Thousand Nine Hundred Eighteen Only) equity share of GIDL of INR 10/- each fully paid up for every 1,000 (One Thousand Only) equity shares of GAL of INR 10/- each fully paid up.

OCRPS Exchange Ratio 1:

15,918 (Fifteen Thousand Nine Hundred Eighteen Only) OCRPS of GIDL of INR 400/- each fully paid up for every 40,000 (Forty Thousand Only) equity shares of GAL of INR 10/- each fully paid up.

NCD Exchange Ratio 1:

1 (One) NCD of GIDL for every 1 (one) NCD of GAL.

Share Exchange Ratio 2:

10,000 (Ten Thousand Only) equity share of GIL of INR 1/- each fully paid up for every 18,659 (Eighteen Thousand Six Hundred Fifty-Nine Only) equity shares of GIDL of INR 10/- each fully paid up.

OCRPS Exchange Ratio 2:

10,000 (Ten Thousand Only) OCRPS of GIL of INR 40/- each fully paid up for every 18,659 (Eighteen Thousand Six Hundred Fifty-Nine Only) OCRPS of GIDL of INR 400/- each fully paid up.

NCD Exchange Ratio 2:

1 (One) NCD of GIL for every 1 (one) NCD of GIDL.

Resultant Share Exchange Ratio:

8,531 (Eight Thousand Five Hundred Thirty-One Only) equity share of GIL of INR 1/- each fully paid up for every 1,000 (One Thousand Only) equity shares of GAL of INR 10/- each fully paid up.

Our Valuation report and Security Exchange Ratio is based on the equity share capital structure of the GAL, GIDL and GIL as mentioned earlier in this report. Any variation in the equity capital of the Companies may have material impact on the Share Exchange Ratio.

Respectfully submitted,

For KPMG Valuation Services LLP

Registered Valuer Entity under Companies (Registered Valuers and Valuation) Rules, 2017

IBBI Registration No. IBBI/RV-E//06/2020/115

Asset class: Securities or Financial Assets



Apurva Shah, Partner

IBBI Registration No. IBBI/RV/05/2019/10673

Date: 19 March 2023





GMR AIRPORTS INFRASTRUCTURE LIMITED
(Formerly known as GMR Infrastructure Limited)

April 10, 2023

To,

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot C/1
G Block, Bandra Kurla Complex, Bandra East
Mumbai – 400 051, India
Symbol: GMRINFRA

Dear Sirs/Madam,

Sub: Application under Regulation 37 of the SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015, as amended for the proposed Composite Scheme of Amalgamation and Arrangement among GMR Airports Limited ('GAL'), GMR Infra Developers Limited ('GIDL'), GMR Airports Infrastructure Limited ('GIL') and their respective shareholders and creditors ('Scheme')

In connection with the above, we hereby confirm that no material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.

**For GMR Airports Infrastructure Limited
(formerly GMR Infrastructure Limited)**


T. Venkat Ramana
Company Secretary

