

August 12, 2017

National Stock Exchange of India Ltd
Exchange Plaza
Plot no. C/1, G Block
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

Dear Sirs,

Sub: Submission of Un-audited Financial Results (Standalone & Consolidated) for the quarter ended June 30, 2017

Ref : Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find attached Un-audited Financial Results (Standalone & Consolidated) for the quarter ended June 30, 2017 approved by Board of Directors of the Company in their meeting held on August 11, 2017 and adjourned to August 12, 2017

Please take the same on the record.

Thanking you,

Yours faithfully,

for **GMR Infrastructure Limited**



A.S. Cherukupalli
Company Secretary & Compliance Officer

Encl: As above

Limited Review Report

To
Board of Directors of GMR Infrastructure Limited

1. We have reviewed the accompanying statement of consolidated financial results of GMR Infrastructure Limited ('the Company'), comprising its subsidiaries, its associates and joint ventures (together, 'the Group'), for the quarter ended June 30, 2017 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and is approved by the Board of Directors of the Company. Our responsibility is to issue a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements ('SRE') 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. (a) The unaudited financial results and other financial information of 2 subsidiaries, with total assets of Rs. 15,891.39 crore as at June 30, 2017 and total revenue (including other income) of Rs. 1,867.53 crore for the quarter ended June 30, 2017 have been reviewed by us jointly with other auditors.

(b) We did not review the unaudited financial results and other financial information of (i) 87 subsidiaries (including 1 subsidiary consolidated for the period ended March 31, 2017) with total assets of Rs. 30,232.39 crore as at June 30, 2017 and total revenue (including other income) of Rs. 1,215.82 crore for the quarter ended then ended; (ii) 30 joint ventures / associates (including 14 joint ventures / associates consolidated for the period ended March 31, 2017) with Group's share of total loss of Rs. 118.60 crore for the quarter ended June 30, 2017. The unaudited financial results and other financial information for these subsidiaries, joint ventures and associates have been reviewed by other auditors whose reports have been furnished to us, and our conclusion on the unaudited consolidated financial results is based solely on the reports of the other auditors.

(c) We did not review the unaudited financial results and other financial information of (i) 12 subsidiaries (including 1 subsidiary consolidated for the period ended March 31, 2017) with total assets of Rs. 4,398.27 crore as at June 30, 2017 and total revenue (including other income) of Rs. 13.90 crore for the quarter then ended (ii) 6 joint ventures / associates with Group's share of total loss of Rs. Nil for the quarter ended June 30, 2017. The unaudited financial results and other financial information for these subsidiaries, joint ventures and associates have been incorporated in



the unaudited consolidated financial results of the Group based on the financial information as certified by the management of the Group as reviewed financial results of such component entities as at and for the quarter ended June 30, 2017 are not available and our review report in so far as it relates to the affairs of such subsidiaries, joint ventures and associates is based solely on the basis of management certified financial information. Our review conclusion is not qualified in respect of this matter.

5. As detailed in note 1(c) to the accompanying consolidated financial results, the Company has not disclosed the consolidated financial results for the quarter ended March 31, 2017 for the reason explained in the note. In our view, the accompanying consolidated financial results are not in compliance with disclosure requirements of Regulation 33(3)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015
6. Based on our review conducted as above, except for the effects of the matters described in the paragraphs 5 and on consideration of reports of other auditors and certification by the management of the unaudited separate quarterly financial results and the other financial information of the components nothing has come to our attention that causes us to believe that the Statement of unaudited consolidated financial results prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. We draw attention to the following matters in the notes to the accompanying consolidated financial results for the quarter ended June 30, 2017:
 - a) Note 5 regarding losses being incurred by GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') since the commencement of its commercial operations and ongoing arbitration regarding compensation for losses arising as a result of diversion of partial traffic on parallel roads. Based on management's internal assessment and a legal opinion obtained by the management of GACEPL, the management of the Group is of the view that the carrying value of the net assets (after providing for losses till date) in GACEPL as at March 31, 2017 is appropriate.
 - b) Note 6 regarding i) reduction of operations and the losses, including cash losses incurred by GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL'), and the consequent erosion of net worth of these entities resulting from the unavailability of adequate supply of natural gas and (ii) rescheduling of the commercial operation date and the repayment of certain project loans by GMR Rajahmundry Energy Limited ('GREL') and the consequent implementation of the Strategic Debt Restructuring Scheme to convert part of the debt outstanding into equity and to undertake flexible structuring of balance debt for improving viability and revival of the project pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption of these entities is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet short term and long term obligations. In the opinion of the management of the Group, no further adjustments are considered necessary in the accompanying consolidated financial results for the quarter ended June 30, 2017 for the reasons explained in the said note.



c) Note 9 regarding the 300 MW hydro based power plant on Alaknanda river, Uttarakhand being constructed by GMR Badrinath Hydro Power Generation Private Limited ('GBHPL'). The Hon'ble Supreme Court of India ('the Supreme Court'), while hearing a civil appeal in the matters of a hydro power company, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by any of the 24 projects until further orders. The management of the Group is confident of obtaining the requisite clearances and based on a business plan and valuation assessment is of the view that the carrying value of the investments in GBHPL as at June 30, 2017 is appropriate.

d) Note 11 which indicates that the entire matter relating to claims / counter claims arising out of the Power Purchase Agreement ('PPA') and Land Lease Agreement, filed by GMR Power Corporation Limited ('GPCL') and Tamil Nadu Generation and Distribution Corporation Limited ('TAGENDCO'), is sub-judice before the Hon'ble Supreme Court of India and has not attained finality. However, pending the resolution of matter, no adjustments have been made in the accompanying consolidated financial results for the quarter ended June 30, 2017. Considering that substantial amount, though under protest, has been received, GPCL, based on an expert opinion, offered the amount of claims received upto March 31, 2014 as income in its income tax returns and has claimed the deduction under Section 80IA of the Income Tax Act, 1961.

e) Note 14 regarding uncertainties in tying up power and fuel supply agreements, achieving profitability in operations, mega power status, refinancing of existing loans at lower rates of interest and other key assumptions made in the valuation assessment of the investments in GMR Chhattisgarh Energy Limited ('GCEL'). The carrying value of the investments in GCEL is critically dependent upon the achievement of the key assumptions as discussed in the aforesaid note. In the opinion of the management of the Company, no further provision for diminution in the value of investments is considered necessary in the accompanying consolidated financial results for the quarter ended June 30, 2017 for the reasons explained in the said note.

f) Note 17 regarding costs related to residential quarters for Central Industrial Security Force ('CISF') deployed at the Rajiv Gandhi International Airport, Hyderabad, operated by GMR Hyderabad International Airport Limited ('GHIAL'), a subsidiary of the Company and other costs which continue to be adjusted against PSF (SC) fund pending the final decision from the Hon'ble High Court at Hyderabad for the State of Telangana and State of Andhra Pradesh and consequential instructions from the Ministry of Civil Aviation.

g) Note 12 regarding recovery of transmission charges from Maharashtra State Electricity Distribution Company Limited ('MSEDCL') by GMR Warora Energy Limited ('GWEL'). Based on the order from the Appellate Tribunal for Electricity ('APTEL') ('the Order') dated May 8, 2015, GWEL has raised invoices towards reimbursement of transmission charges from the initial date of scheduling the power. Pursuant to the Order and legal opinion stating that GWEL has a good tenable case with respect to the appeal filed by MSEDCL against the said Order before the Hon'ble Supreme Court of India, GWEL has accounted for the reimbursement of transmission charges of Rs. 242.53 crore for the period till June 30, 2017.

h) Note 10 regarding the achievement of certain assumptions made by the management in the valuation assessment of its investments in entities which are engaged in the operation and development of coal mines. In the opinion of the management of the Group, no provision for diminution in the value of investments is considered necessary at this stage in the accompanying consolidated financial results for the quarter ended June 30, 2017 for the reasons explained in the said note.

Note 2 regarding the call option exercised by the Company to acquire Class A Compulsorily Convertible Preference Shares ("CCPS A"), issued by GMR Airports Limited ('GAL') to the



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Private Equity Investors ('the Investors'), subject to obtaining the requisite regulatory approvals. However, the Investors have initiated arbitration proceedings against GAL and the Company, seeking conversion of CCPS A. In view of ongoing arbitration, and considering the uncertainty regarding the conversion / settlement of CCPS A. and no adjustments have been made for the call option exercised by the Company to purchase CCPS A and that Class B Compulsorily Convertible Preference Shares ("CCPS B") issued to the Company continue to be carried at cost of Rs. Nil.

j) Note 7 regarding losses being incurred by GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') since the commencement of its commercial operations. For the reasons explained in the aforementioned note and based on a valuation assessment, a legal opinion and for reasons explained in the said note, the management of the Group believes that the carrying value of the net assets (after providing for losses till date) in GHVEPL as at June 30, 2017 is appropriate.

Our conclusion is not qualified in respect of these aforesaid matters.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004


per Sandeep Karnani

Partner

Membership number: 061207



Place: New Delhi

Date: August 12, 2017

PART I

Statement of unaudited consolidated financial results for the quarter ended June 30, 2017

Particulars	[in Rs. crore]		
	Quarter ended	Quarter ended	Year ended
	June 30, 2017	June 30, 2016	March 31, 2017
	Unaudited	Unaudited	Audited
A. Continuing Operations			
1. Income			
a) Revenue from Operations			
i) Sales/ Income from operations	3,107.98	2,177.61	9,523.90
ii) Other Operating income - (refer note 20)	51.32	61.09	244.73
b) Other Income	115.01	77.16	465.44
Total Income	3,274.31	2,315.86	10,234.07
2. Expenses			
a) Revenue share paid/ payable to concessionaire grantors	726.60	657.29	2,762.93
b) Cost of materials consumed	91.96	13.87	121.00
c) Purchase of traded goods	754.84	242.02	1,340.35
d) Decrease or (Increase) in stock in trade	1.59	(2.09)	(6.86)
e) Sub-contracting expenses	105.35	70.02	285.74
f) Employee benefits expenses	156.03	134.87	544.89
g) Finance costs	504.27	509.05	2,128.52
h) Depreciation and amortisation expenses	258.95	264.90	1,059.92
i) Other expenses	478.55	363.57	1,500.61
Total expenses	3,078.14	2,253.50	9,737.10
3. Profit / (loss) before share of profit / (loss) of associates and joint ventures, exceptional items and tax from continuing operations (1) - (2)	196.17	62.36	496.97
4. Share of (loss) / profit of associates and joint ventures	(118.60)	(40.55)	(68.40)
5. Profit / (loss) before exceptional items and tax from continuing operations (3) ± (4)	77.57	21.81	428.57
6. Exceptional items			
a) Loss on impairment of assets in subsidiaries (refer note 7)	-	-	(385.70)
7. Profit / (loss) from continuing operations before tax expenses and non-controlling interests (5) ± (6)	77.57	21.81	42.87
8. Tax expenses of continuing operations			
a) Current tax	87.74	46.31	286.54
b) Deferred tax	123.14	9.40	450.49
9. (Loss) / profit after tax from continuing operations (7) ± (8)	(133.31)	(33.90)	(694.16)
B. Discontinued Operations			
10. (Loss) / profit from discontinued operations before tax expenses	(3.29)	(196.27)	336.55
11. Tax expense on discontinued operations			
a) Current tax	-	0.99	1.11
b) Deferred tax	-	3.92	5.58
12. (Loss) / profit after tax from discontinued operations (10) ± (11)	(3.29)	(201.18)	329.86
13. (Loss) / profit after tax for the respective periods (9) + (12)	(136.60)	(235.08)	(364.30)
14. Other Comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss	(3.84)	(0.24)	(5.29)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
(B) (i) Items that will be reclassified to profit or loss	33.47	44.97	27.54
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
15. Total other comprehensive income, net of tax for the respective periods	29.63	44.73	22.25
16. Total comprehensive income attributable to	(106.97)	(190.35)	(342.05)
a) Owners of the Company	(158.55)	(210.55)	(552.34)
b) Non controlling interest	51.58	20.20	210.29
17. Paid-up equity share capital (Face value - Re 1 per share)	603.59	603.59	603.59
18. Earnings per share (EPS) - Basic and Diluted - (Rs.) (not annualised)			
a) Basic and Diluted EPS	(0.31)	(0.42)	(0.95)
b) Basic and Diluted EPS from continuing operations	(0.37)	(0.09)	(1.30)
c) Basic and Diluted EPS from discontinuing operations	0.06	(0.33)	0.34



GMR Infrastructure Limited		
Report on Consolidated Segment Revenue, Results, Assets and Liabilities		
[in Rs. crore]		
Particulars	Quarter ended	Quarter ended
	June 30, 2017	June 30, 2016
1. Segment Revenue		
a) Airports	1,900.65	1,716.09
b) Power	860.20	261.04
c) Roads	142.45	155.21
d) EPC	241.74	82.97
e) Others	83.56	253.40
	3,228.60	2,468.71
Less: Inter Segment	(69.30)	(230.01)
Segment revenue from operations	3,159.30	2,238.70
2. Segment Results		
a) Airports	673.95	545.36
b) Power	(179.95)	(94.99)
c) Roads	56.57	67.61
d) EPC	(14.21)	(19.45)
e) Others	7.61	(0.03)
Total segment results	543.97	498.50
Less: Finance costs (net)	(466.40)	(476.69)
(Loss) /Profit before tax from continuing operations	77.57	21.81
3. Segment assets		
a) Airports	16,885.14	15,672.45
b) Power	8,092.38	27,070.32
c) Roads	3,596.13	4,424.12
d) EPC	755.90	559.66
e) Others	6,643.08	5,803.87
f) Unallocated	1,804.45	1,273.95
g) Assets classified as held for disposal	793.77	2,309.98
Total assets	38,570.85	57,114.35
4. Segment liabilities		
a) Airports	3,881.92	4,840.07
b) Power	2,031.19	3,016.09
c) Roads	638.98	442.73
d) EPC	614.71	446.10
e) Others	446.48	545.87
f) Unallocated	23,099.40	40,591.98
g) Liabilities directly associated with the assets classified as held for disposal	615.80	416.25
Total liabilities	31,328.48	50,299.09



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

1. Consolidation and Segment Reporting

- a. GMR Infrastructure Limited ('the Company' or 'GIL') carries on its business through various subsidiaries, joint ventures and associates (hereinafter referred to as 'the Group'), being special purpose vehicles exclusively formed to build and operate various infrastructure projects.
- b. The segment reporting of the Group has been prepared in accordance with Ind AS-108 on 'Operating Segments' prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder.

The business segments of the Group comprise of the following:

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

- c. During the year ended March 31, 2017, as per Regulation 33(3)(b)(i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, the Company had intimated the Stock Exchanges and opted not to submit quarterly / year to date consolidated financial results during the year ended March 31, 2017. Based on an internal assessment, during the current year, the Company has opted to submit the quarterly / year to date consolidated financial results and the Company has not included the consolidated financial results for the quarter ended March 31, 2017 in the accompanying consolidated financial results. The statutory auditors have qualified their Limited Review Report in this regard.
 - d. The consolidated financial results for the quarter ended June 30, 2016, prepared by the management of the Group have not been subjected to limited review or audit. However, the management has exercised necessary diligence to ensure that the consolidated financial results for the quarter ended June 30, 2016 provide a true and fair view of the Group's affairs
 - e. Investors can view the standalone results of the Company on the Company's website www.gmrgroup.in or on the websites of BSE (www.bseindia.com) or NSE (www.nse-india.com).
2. Pursuant to the investor agreements (including amendments thereof) entered into during the years ended March 31, 2011 and 2012 (hereinafter collectively referred to as "investor agreements"), GMR Airports Limited, ('GAL'), a subsidiary of the Company, had issued 3,731,468 Class A Compulsorily Convertible Preference Shares ("CCPS A") of Rs. 1,000 each at a premium of Rs. 2,885.27 each and Rs. 3,080.90 each aggregating to Rs. 663.31 crore and Rs. 441.35 crore respectively, to certain Private Equity Investors ('Investors'). Further, GAL had allotted bonus shares of 11,046,532 class B Compulsorily Convertible Preference Shares ("CCPS B") to the Company utilising the securities premium account.

As per the terms of the investor agreement, the Company had a call option to buy CCPS A from the Investors for a call price to be determined as per the terms of the investor agreement. The call option was to be exercised by the Company on or before April 6, 2015. If the call option was not exercised by the Company before April 6, 2015, as per the investment agreement, each CCPS A



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

will get converted into 82.821 equity shares of GAL with simultaneous conversion of CCPS B held by the Company into equity shares of GAL as per Articles and Memorandum of Association of GAL.

The Company vide its letter dated April 1, 2015, had exercised the call option to buy the CCPS A, subject to obtaining the requisite regulatory approvals. However, Investors have initiated arbitration proceedings against GAL and the Company, seeking conversion of the CCPS A. The investors filed their statement of claim and the Company along with GAL have filed their statement of defence / reply respectively.

In view of ongoing arbitration and considering the uncertainty regarding the conversion / settlement of CCPS A, the Group has recorded CCPS A received from PE investors at the face value as at June 30, 2017. Further, no adjustments have been made for the call option exercised by GIL to acquire CCPS A and the CCPS B issued to the Company continues to be carried at cost of Rs. Nil. Accordingly, the unaudited consolidated financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

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

During the year ended March 31, 2017, the arbitration tribunal delivered its final award in favour of GMIAL, pursuant to which GMIAL received USD 27.10 crore from MACL, in view of which GMIAL has recognised the difference between the claims received and the amount recorded as claims recoverable by GMIAL with regard to the aforesaid takeover.

Further, GMIAL had executed work construction contracts with GADL International Limited ('GADLIL'), a subsidiary of the Company and other service providers for rehabilitation, expansion, modernization of MIA. Pursuant to the aforesaid takeover of airport, GMIAL has terminated the contracts with GADLIL and these service providers. As per the terms of contracts, in the event of discontinuation of construction, GMIAL is required to pay termination payment to the service providers. GMIAL has received claims of around USD 8.00 crore as at March 31, 2017 from GADLIL and other service providers. However, no such claims relating to the termination of contracts have been recognised as at June 30, 2017 since the amounts payable are not certain.

GMIAL is in the process of settling various obligations and the aforesaid claims and believe that no further adjustments to the carrying value of the net assets in GMIAL as at June 30, 2017.

4. The Group entered into a Subscription and Shareholders Agreement with Tenaga Nasional Berhad (Tenaga) and its affiliate, Power and Energy International (Mauritius) Limited ('Investors') whereby the investors have acquired a 30% equity stake in a select portfolio of GEL assets on a fully diluted basis for a consideration of USD 30.00 crore through primary issuance of equity shares of GEL. The transaction was completed on November 4, 2016 and GEL allotted equity shares to the Investors for the said consideration of USD 30.00 crore. As per the conditions precedent to the completion of the transaction, GEL's investment in certain subsidiaries have been transferred from GEL to other subsidiaries of the Company.

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



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

5. GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 312.89 crore as at June 30, 2017. The management of the Group believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the years ended March 31, 2014, March 31, 2015, March 31, 2016 and March 31, 2017 till further orders. Based on an internal assessment and a legal opinion, the management of the Group is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly, the carrying value of net assets in GACEPL as at June 30, 2017 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
6. In view of lower supplies / availability of natural gas to the power generating companies in India, GMR Energy Limited ('GEL'), GMR Vemagiri Power Generation Limited ('GVPGL') and GMR Rajahmundry Energy Limited ('GREL') are facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL has not generated and sold electrical energy since April 2013. GVPGL and GREL emerged as successful bidders in the auction process organised by the Ministry of Power and operated on an intermittent basis from August 2015 and October 2015 respectively till September 2016. The Group has been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply. During the year ended March 31, 2017, GEL has entered into a Memorandum of Undertaking with an external party for sale of its 220 MW gas based power plant for a consideration of USD 6.30 crore and is in the process of entering into a definitive agreement and conclude the sale.

GREL had not commenced commercial operations pending linkages of natural gas supply from the Ministry of Petroleum and Natural Gas till the period ended September 30, 2015. As a result, the consortium of lenders of GREL decided to implement Strategic Debt Restructuring Scheme, under the Framework of Reserve Bank of India for Revitalizing Distressed Assets in the Economy, whereby the lenders have to collectively hold 51% or more of the equity share capital in such assets, to convert part of the debt outstanding into equity and to undertake flexible structuring of balance debt post conversion as a Corrective Action Plan for improving viability and revival of the project. Pursuant to the scheme, borrowings aggregating to Rs. 1,308.57 crore and interest accrued thereon amounting to Rs. 105.42 crore was converted into equity shares of GREL on May 12, 2017 for 55% stake in equity share capital of GREL and the Group has given a guarantee of Rs 2,738.00 crore to the lenders against the remaining debt. Post conversion, balance external borrowings are subject to flexible structuring (5/25 scheme) for repayment of the same over a period of 20.50 years comprising of moratorium period of 1.75 years and structured quarterly repayment period of 18.75 years. Under the SDR Scheme, the bankers have to find a new promoters for GREL within the period as prescribed under the scheme, which expired during the quarter ended June 30, 2017. The lenders have sought the approval from RBI for extension of the timelines for a further period of three months, which has not been accepted by RBI. The lenders and the management are exploring various options for revival/sale of the project.

The Group and the Association of Power Producers continue to monitor the macro situation and are evaluating various approaches / alternatives to deal with the situation and the management of the Group is confident that GoI would take further necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. The management of the Group carried out valuation assessment of these gas based companies during the year ended March 31, 2017 which includes certain assumptions relating to availability and pricing of domestic and imported gas, future tariff and other operating parameters, which it believes reasonably reflect the future expectations from these projects. The management of the Group will monitor these aspects closely and take actions as are considered appropriate and is confident that these gas based entities will be able to generate sufficient profits in future years and meet their financial obligations as they arise. Based on the aforementioned reasons, business plans and a valuation assessment by an external expert during the year ended March 31, 2017, the management is of the view that the carrying value of the investments



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

including advances made by the Group in these aforesaid entities as at June 30, 2017 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report.

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

7. GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') a subsidiary of the Company has been incurring losses since the commencement of its commercial operations. The management believes that these losses are primarily due to loss of revenue arising as a result of drop in commercial traffic on account of bifurcation of State of Andhra Pradesh and ban imposed on sand mining in the region. The management of the Group based on its internal assessment and a legal opinion, believes that these events constitute a Change in Law as per the Concession Agreement and GHVEPL is entitled to a claim for losses suffered on account of the aforementioned reasons and accordingly filed its claim of Rs. 462.49 crore for the loss of revenue till the year ended March 31, 2017 with National Highways Authority of India ('NHAI'). Subsequently, NHAI rejected the aforementioned claims and consequently GHVEPL invoked dispute resolution process as per the provisions of the Concession Agreement. Subsequently, NHAI has intimated GHVEPL that conciliation has failed and the management of GHVEPL initiated the arbitration. During the quarter ended June 30, 2017, GHVEPL has requested both the arbitrators to appoint the presiding arbitrator.

Based on an internal assessment, the management of the Group has made a provision for impairment of Rs.385.70 crore towards the carrying value of carriageways of GHVEPL, which has been disclosed as an 'exceptional item' in the accompanying unaudited consolidated financial results for the year ended March 31, 2017. The management of the Group is confident that it will be able to claim compensation from the relevant authorities for the loss it suffered due to aforementioned reasons and based on valuation assessment carried out by an external expert during the year ended March 31, 2017 which is significantly dependent on the fructification of the aforesaid claims believes that the carrying value of net assets of GHVEPL as at June 30, 2017, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

8. GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL'), a subsidiary of the Company had entered into a Concession Agreement with National Highways Authority of India ('NHAI') for six laning of Kishangarh-Udaipur-Ahmedabad section of National Highways 79A, 79, 76 and 8. Pursuant to non-fulfillment of the mandatory 'Conditions Precedent' specified under the Concession Agreement within the due date, GKUAEL had issued a notice to NHAI of its intention to terminate the Concession Agreement. In response, NHAI termed the notice not maintainable both in law and in facts and the matter was under arbitration. Pursuant to the issue of notice of dispute, GKUAEL provided for the project costs of Rs. 137.47 crore incurred by the Group upto March 31, 2016.

During the year ended March 31, 2017, both the parties have settled their disputes before the arbitral tribunal after payment of penalty of Rs 53.87 crore by GKUAEL to NHAI.

In addition, GKUAEL had awarded the EPC contract to GMR Enterprises Private Limited ('GEPL') and had given an advance of Rs. 590.00 crore. Pursuant to the issue of notice of dispute as stated above, GKUAEL terminated the contract on May 15, 2015. During the year ended March 31, 2016, GKUAEL has received claims from the EPC contractor, however no such claim relating to the termination of contract was recognized by GKUAEL as at March 31, 2016 as the amounts payable were not certain. During the year ended March 31, 2017, GKUAEL has settled the claims of the EPC contractors for Rs. 259.00 crore. . The management of the Group is confident of recovery of the balance Rs. 330.87 crore from GEPL, a fellow subsidiary and accordingly, has not made any further adjustments in the accompanying unaudited consolidated financial results for the quarter ended June 30, 2017.



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

9. GMR Badrinath Hydro Power Generation Private Limited ('GBHPL' is in the process of setting up 300 MW hydro based power plant in Alaknanda River, Chamoli District of Uttarakhand. The Hon'ble Supreme Court of India ('the Court'), while hearing a civil appeal in the matters of Alaknanda Hydro Power Company Limited, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by the 24 projects coming up on the Alaknanda and Bhagirathi basins until further orders. Further, during the year ended March 31, 2016, Ministry of Environment Forest and Climate Change ('MoEF') has represented to the Supreme Court of India that of the six hydro projects in Uttarakhand, two projects including GBHPL requires certain design modifications as per the policy stipulations. However, based on its internal assessment and a legal opinion, the management of the Group is confident of obtaining the requisite clearances and based on business plan and a valuation assessment carried out by an external expert during the year ended March 31, 2017, the management of the Group is of the view that the carrying value of net assets of GBHPL as at June 30, 2017 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
10. a) During the quarter ended June 30, 2017, the Group has entered in to a Memorandum of Understanding with PT Golden Energy Mines ('PTGEMS') for the sale of entire stake in PTDSU for a consideration of USD 6.56 crore towards purchase of share and mandatory convertible bonds issued by PTDSU, subject to fulfillment of various conditions as specified in the said agreement. Based on the aforesaid agreement, the management of the Group is of the view that the carrying value of net assets in PTDSU is appropriate.
- b) The Group has investments of Rs 3,317.80 crore (USD 50.69 crore) in PTGEMS, a joint venture of the Group as at June 30, 2017. PTGEMS along with its subsidiaries is engaged in the business of coal mining and trading activities. The Group has a Coal Supply Agreement ('CSA') with PTGEMS whereby the Group is entitled to offtake stated quantity of coal as per the terms of the CSA at an agreed discount. The Group has not significantly commenced the offtake of the coal under the CSA, however the management of the Group is of the view that the same will not have an impact on their total entitlement of offtake of coal under the CSA. Though, the coal prices had significantly declined during the year ended March 31, 2016, there has been an increase in coal prices thereafter. Further, during the year ended March 31, 2017, Group has restructured its loan facility with the lenders whereby the loan is repayable over a period of 5 years commencing January 2017. Based on these factors and valuation assessment carried out by an external expert during the year ended March 31, 2017, the management of the Group believes that the carrying value of investments in PTGEMS as at June 30, 2017 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
11. GMR Power Corporation Limited ('GPCL'), a subsidiary of the Company, approached Tamil Nadu Electricity Regulatory Commission ('TNERC') to resolve the claims / counterclaims arising out of the Power Purchase Agreement ('PPA') and Land Lease Agreement ('LLA') in respect of the dues recoverable from Tamil Nadu Generation and Distribution Corporation Limited ('TAGENDCO') on account of sale of energy including reimbursement towards interest on working capital, Minimum Alternate Tax ('MAT'), rebate, start / stop charges and payment of land lease rentals to TAGENDCO. GPCL received a favourable order from TNERC and in pursuance of the Order, filed its claim on April 30, 2010 amounting to Rs. 481.68 crore and recognised Rs. 79.55 crore as income in the books of account.

TAGENDCO filed a petition against TNERC Order in Appellate Tribunal for Electricity ('APTEL'). In terms of an interim Order on November 19, 2010 from APTEL, TAGENDCO deposited Rs. 537.00 crore including interest on delayed payment of the claim amount. APTEL vide its Order dated February 28, 2012, upheld the claim of GPCL and further directed GPCL to verify and pay counterclaims of TAGENDCO in respect of the benefits earned if any, by GPCL with regard to the delayed payment towards fuel supply that are not as per the terms of the FSA. GPCL had appealed to the Hon'ble Supreme Court in Civil Appeals seeking certain interim relief



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

with respect to the benefits pointed out by APTEL on credit period of Fuel Supplies in terms of the FSA. The Hon'ble Supreme Court vide its Order dated April 24, 2014, has referred the dispute to TNERC for examining the claim of the contesting parties in so far as the quantum of amount is concerned. GPCL and TAGENDCO have filed their respective petitions before TNERC during August 2014. The matter was heard by TNERC and has been reserved for Order. Further, TAGENDCO has filed the petition in the Hon'ble Supreme Court against APTEL order which is pending before the Hon'ble Supreme Court,

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

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

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

12. GMR Warora Energy Limited ('GWEL') entered into a PPA with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') on March 17, 2010 for sale of power for an aggregate contracted capacity of 200 MW, wherein power was required to be scheduled from power plant's bus bar. MSEDCL disputed place of evacuation of power with Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC has directed GWEL to construct separate lines for evacuation of power through State Transmission Utility ('STU') though GWEL was connected to Central Transmission Utility ('CTU'). Aggrieved by the MERC Order, GWEL preferred an appeal with APTEL. APTEL vide its interim Order dated February 11, 2014 directed GWEL to start scheduling the power from GWEL's bus bar and bear transmission charges of inter-state transmission system towards supply of power. GWEL in terms of the interim order scheduled the power from its bus bar from March 17, 2014 and paid inter-state transmission charges. APTEL vide its final Order dated May 8, 2015 upheld GWEL's contention of scheduling the power from bus bar and directed MSEDCL to reimburse the inter-state transmission charges hitherto borne by GWEL as per its interim order. Accordingly as at June 30, 2017, GWEL has raised claim of Rs. 242.53 crore towards reimbursement of transmission charges from March 17, 2014 till June 30, 2017. MSEDCL preferred an appeal with Hon'ble Supreme Court of India and also applied for stay proceedings for the above order of APTEL, which was rejected by the Hon'ble Supreme Court of India.

In view of the favorable Order from APTEL, rejection of stay petition of MSEDCL by the Hon'ble Supreme Court of India, receipt of substantial amount towards reimbursement of transmission charges and also considering the legal opinion received from legal counsel that GWEL has tenable case with respect to the appeal filed by MSEDCL against the said Order which is pending before Hon'ble Supreme Court of India, GWEL has recognized the reimbursement of transmission charges of Rs. 242.53 crore relating to the period from March 17, 2014 to June 30, 2017 (including Rs. 19.77 crore for the quarter ended June 30, 2017) in the Statement of profit and loss. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

13. As at June 30, 2017, GMR Infrastructure (Cyprus) Limited, a subsidiary of the Company, has fixed deposits of Rs. 230.71 crore (USD 3.52 crore) with Eurobank, Cyprus. The Republic of Cyprus is presently facing economic difficulties. During the year ended March 31, 2017, the bank has



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

released USD 3.36 crore and the management of the Group is of the view that despite such economic difficulties, the amount held as fixed deposit with Eurobank is good for recovery though withdrawal of the amount from the Republic of Cyprus would be subject to restriction as may be imposed by the Central Bank of Cyprus.

14. GMR Chhattisgarh Energy Limited ('GCEL') has declared commercial operations of Unit I and coal mine on November 1, 2015 and Unit II on March 31, 2016 of its 1,370 MW coal based thermal power plant at Raipur district, Chhattisgarh. GCEL does not have any PPAs currently and has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 2,326.28 crore as at June 30, 2017. GCEL is taking steps to tie up the power supply through power supply agreements on a long/medium term basis with various customers including State Electricity Boards and is hopeful of tying up significant part of generation capacity in the ensuing financial year.

GCEL has experienced certain delays and incurred cost overruns in the completion of the project including receipt of additional claims from the EPC contractors. The claims of the key EPC contractor, Doosan Power Systems India Private Limited ('DPS') is under arbitration in the Singapore International Arbitration Centre (SIAC). Based on the legal opinion, the management is confident that it has strong defence for the claims raised by the EPC contractor and believes that the claims are not tenable in law and accordingly no financial implications are expected out of the said arbitration.

GCEL has also obtained provisional Mega Power status certificate from the Ministry of Power, GoI, vide letter dated September 8, 2011 and accordingly has availed an exemption of customs and excise duty against bank guarantees of Rs. 955.68 crore and pledge of deposits of Rs. 50.94 crore. The grant of final mega power status of GCEL was dependent on its achieving tie up for supply of power for 85% of its installed capacity through the long term power purchase agreements within stipulated time which has been extended to 120 months from the date of import, as per the recent amendment to Mega Power Policy 2009 by the Government of India. The management of GCEL is certain of fulfilling the conditions relating to Mega Power status in the foreseeable future, pending which cost of customs and excise duty has not been included in the cost of the project.

During the year ended March 31, 2017, under a Framework for Revitalising Distressed Assets in the Economy by RBI, the lenders of GCEL have implemented the Strategic Debt Restructuring Scheme on February 21, 2017 pursuant to which borrowings of GCEL aggregating to Rs. 2,992.22 crore (including interest accrued thereon of Rs. 652.22 crore) got converted into equity shares. The aforesaid conversion has resulted in loss of control by the Group over GCEL and the Consortium of bankers have taken over 52.38% of the paid up equity share capital of GCEL and the bankers have to find a new promoter for GCEL within the period as prescribed under the scheme. Further, majority of the lenders have reduced interest rates for GCEL and are considering implementing the 5/25 Scheme, which grants GCEL extension of time towards repayment of outstanding debts and will result in better cash flow management for the Group.

Further, the Group has accounted its investments in GCEL under the Equity Method as per the requirements of Ind AS – 28 post the conversion of loans into equity share capital by the consortium of lenders.

GCEL was allotted two coal mines at Ganeshpur and Talabira to meet its fuel requirements. During the quarter ended June 30, 2017, GCEL has filed writ petition with Delhi High Court for surrendering both the coal blocks allotted during the year ended March 31, 2015. The management is of the opinion that in view of the recent decisions by the Delhi High Court in similar cases, no adjustments are needed to the accompanying financial results of GCEL.

GCEL had entered into Bulk Power Purchase Transmission Agreement ('BPTA') with Power Grid Corporation of India Limited ('PGCIL'), per which GCEL was granted Long Term Access (LTA) of 386MW in Western Region and 430MW in Northern Region. GCEL has written letters to



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

PGCIL for surrendering these transmission lines. GCEL based on an internal assessment is of the view that the factors adversely impacting the supply of power by GCEL is "Force Majeure" as per BPTA and accordingly, believes that this will not have financial implications on GCEL.

The Group has obtained a valuation report from an external expert during the year ended March 31, 2017 estimating the future cash flows of GCEL on discounted cash flow basis. The valuation is dependent on the achievement of certain key assumptions considered by the management around GCEL's future revenues, profitability of operations and servicing of its debts which are dependent on tying up of GCEL entire generation capacity for profitable rates through long term and medium term PPAs in a power scarce market, achievement of higher PLF, projected sales mix of PPA and merchant power, fuel linkage tie ups and refinancing of existing loans with lower interest rates with banks, achievement of mega power status and successful gains from the government announced initiatives of tolling linkage and continued financial support by the Company.

The Group is monitoring these assumptions closely on a periodic basis and based on business plans and valuation assessment carried out by an external expert during the year ended March 31, 2017, the management of the Group is of the view that the carrying value of the net assets value in GCEL is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report.

15. In case of DIAL, the Airport Economic Regulatory Authority ('AERA') vide its powers conferred by Section 13(1) (a) of the AERA Act, 2008 passed an Aeronautical tariff order Viz. 03/2012-13 issued on April 24, 2012 which determined the Aeronautical tariff to be levied at Delhi Airport for the fourth and fifth year of tariff period of first five year control period (i.e. 2009 - 2014). The first five year control period referred to above ended on March 31, 2014.

DIAL had filed a writ petition before the Hon'ble High Court of Delhi seeking extension of existing tariff as allowed vide AERA order No. 03/2012-13 till disposal of DIAL's appeal pending before Airports Economic Regulatory Authority Appellate Tribunal ('AERAAT'). Subsequently, Hon'ble High Court of Delhi vide its final order dated January 22, 2015 ordered that the tariff determined by AERA for the First Control Period vide Tariff Order No.03/2012-13 issued on April 24, 2012 shall continue till the disposal of the appeals pending against the said Tariff Order, by AERAAT.

Subsequently, AERA released the tariff order No. 40/2015-16 dated December 08, 2015 for second control period i.e. 2014 -2019, which as per AERA order would be implemented upon the final outcome of the legal proceedings pending before AERAAT. As per AERA order for second control period tariff for aeronautical revenue will be reduced by 89.40% of the existing tariff (i.e. tariff as compared to the first control period).

DIAL has filed an appeal against the AERA order No. 40/2015-16 dated December 08, 2015 with AERAAT on January 11, 2016. In view of above legal proceedings, the implementation of AERA order for second control period could not be implemented till the disposal of all legal issues associated with the order. The revenue so collected by DIAL during this interim period shall be adjusted from the aggregate revenue requirement.

Earlier, AERA has filed a Special Leave Petition ("SLP") dated April 24, 2015 in the Hon'ble Supreme Court of India, seeking interim relief from the final order of Hon'ble High Court of Delhi dated January 22, 2015. AERA has also filed an application before Hon'ble Supreme Court seeking directions for the implementation of its tariff order for second control period. The pleadings of the parties are complete and Hon'ble Supreme Court has disposed off Special Leave Petition on May 12, 2016 with directions to AERAAT to dispose of the Tariff Appeals within three months from receipt of this order.

In February, 2017, Air India filed an SLP for expeditious disposal of Tariff matters and the Supreme Court directed AERAAT to dispose off the Tariff appeals within 2 months i.e. by April



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

2017. In compliance of the aforesaid Supreme Court order AERAAT decided to hear Tariff appeals. The AERAAT had the tariff matter at length, but could not conclude, as one of the member has retired.

Further, Ministry of Finance vide the notification dated May 26, 2017, directed the merger of AERAAT in to Telecom disputes settlement and Appellate Tribunal (TDSAT).

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

Accordingly, AERA implemented the Tariff order No. 40/2015-16 dated December 08, 2015 with immediate effect and in this regard DGCA issued order No. AIC 13/2017 dated July 07, 2017 implementing the said tariff order with immediate effect, i.e., from July 07, 2017.

The financial statements of DIAL continue to be prepared and consolidated on a going concern basis considering that management does not foresee any difficulty in continuing its business operations and meeting its financial obligations as sufficient cash reserves exists as at June 30, 2017, despite the reduction in tariff.

16. GMR Aero Technic Limited ('GATL') has been incurring losses including cash losses and has accumulated losses of Rs. 375.75 crore as at June 30, 2017. Though the networth of GATL is fully eroded, the losses have reduced and are Rs. 11.83 crore and Rs. 39.11 crore for the quarter ended June 30, 2017 and for the year ended March 31, 2017 respectively vis-a-vis losses of Rs. 73.32 crore for the year ended March 31, 2016. Further, the management of the Group expects that there will be a significant increase in the operations of GATL that will lead to improved cash flows and long term sustainability. The Group has undertaken to provide such financial support as necessary, to enable GATL to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, the management of the Group believes that the carrying value of net assets of GATL as at June 30, 2017 is appropriate.
17. As per the advice from the Ministry of Home Affairs and the Standard Operating Procedures ('SOP') issued by Ministry of Civil Aviation ('MoCA') on March 6, 2002, GHIAL, through its wholly owned subsidiary, Hyderabad Airport Security Services Limited ('HASSL') constructed residential quarters for Central Industrial Security Forces ('CISF') deployed at the Hyderabad airport. After completion of such construction, the total construction cost including the cost of land amounting to Rs. 69.91 crore was debited to the Passenger Service Fee (Security Component) Fund [PSF(SC) Fund] with intimation to MoCA. The Comptroller and Auditor General of India ('CAG'), during their audits of PSF (SC) Fund, observed that, GHIAL had not obtained prior approval from MoCA for incurring such cost from the PSF(SC) Fund as required by the guidelines dated January 8, 2010 and April 16, 2010 issued by MoCA. However, management of the Group is of the opinion that these guidelines were issued subsequent to the construction of the said residential quarters and approached MoCA for approval to debit such costs to the PSF (SC) Fund account and also, made an application for increase in PSF (SC) tariff to recover these dues and to meet the shortfall in discharging other liabilities from PSF (SC) Fund.

In earlier years, MoCA responded that, it is not in a position to consider the request for enhancement in the PSF (SC) tariff. As a result, GHIAL requested MoCA to advice the AERA for considering the cost of land/ construction and other related costs with regard to the aforesaid residential quarters in determination of Aeronautical Tariff for the Hyderabad airport. Pending final instruction from MoCA, residential quarters continue to be accounted in the PSF(SC) Fund and no adjustments have been made to the accompanying unaudited consolidated financial results of the Group for the quarter ended June 30, 2017. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

In case of the DIAL and GHIAL, as per the Operations, Management and Development Agreement ('OMDA') / concession agreement, DIAL and GHIAL are liable to pay a certain percentage of the



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

revenue as Monthly Annual Fee (“MAF”) / Concession Fee (“CF”) to Airport Authority of India / Ministry of Civil Aviation respectively. The management is of the view that certain income / credits arising on adoption of Ind AS were not contemplated by the parties to the agreements at the time of entering the agreements and income / credit do not represent receipts from business operations from any external sources and therefore should not be included as revenue for the purpose of calculating MAF / CF. Accordingly, DIAL and GHIAL based on a legal opinion, has provided for MAF / CF on the basis of revenue adjusted for such incomes/ credits.

19. The unaudited consolidated financial results of the Group for the quarter ended June 30, 2017 have been reviewed by the Audit Committee in their meeting held on August 10, 2017 and approved by the Board of Directors in their meeting held on August 12, 2017.
20. Other operating income includes interest income on financial assets of annuity companies in roads sector, dividend income, income from management & other services, profit on sale of current investments and interest income for companies which undertake investment activities and other operating income for other companies.



Notes to the unaudited consolidated financial results for the quarter ended June 30, 2017

21 Figures pertaining to previous year have been re-grouped / reclassified, wherever necessary, to conform to the classification adopted in the current year.

New Delhi

August 12, 2017



For GMR Infrastructure Limited

A handwritten signature in black ink, appearing to read "Grandhi Kiran Kumar".

Grandhi Kiran Kumar
Managing Director



Limited Review Report

To
The Board of Directors of GMR Infrastructure Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of GMR Infrastructure Limited ('the Company') for the quarter ended June 30, 2017 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements ('SRE') 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. As detailed in note 10, GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') has been incurring losses since the commencement of its commercial operations. As detailed in the aforesaid note, the management believes that these losses are on account of certain events constituting a Change in Law as per the Concession Agreement with National Highways Authority of India ('NHAI') and accordingly, GHVEPL is entitled to a claim for losses and hence, has initiated arbitration to recover the losses. Based on a valuation assessment, a legal opinion and for reasons explained in the said note, the management of the Company believes that no further provision for diminution in the value of investments is considered necessary in the accompanying unaudited standalone financial results for the quarter ended June 30, 2017. We are unable to comment on the final outcome of the matter and its consequential impact on the carrying value of the Company's investment in GHVEPL in the accompanying unaudited standalone financial results of the Company.
5. Based on our review conducted above, except for the possible effects of the matters described in the paragraphs 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited standalone financial results prepared in accordance with the recognition and measurement principles laid down in the applicable Ind AS specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to the following matters in the notes to the accompanying unaudited standalone financial results for the quarter ended June 30, 2017:
 - a) Note 5 regarding losses being incurred by GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') since the commencement of its commercial operations and ongoing arbitration regarding compensation for losses arising as a result of diversion of partial traffic on parallel roads. Based on management's internal assessment and a legal opinion obtained by the management of GACEPL, the investments in GACEPL have



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

been carried at cost and accordingly, no provision for diminution in the value of investments has been made in the accompanying unaudited standalone financial results for the quarter ended June 30, 2017.

- b) Note 7 regarding (i) reduction of operations and the losses, including cash losses incurred by GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGL'), and the consequent erosion of net worth of these entities resulting from the unavailability of adequate supply of natural gas and (ii) rescheduling of the commercial operation date and the repayment of certain project loans by GMR Rajahmundry Energy Limited ('GREL') and the consequent implementation of the Strategic Debt Restructuring Scheme to convert part of the debt outstanding into equity and to undertake flexible structuring of balance debt for improving viability and revival of the project pending linkage of natural gas supply. Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption of these entities is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet short term and long term obligations. In the opinion of the management of the Company, no further provision for diminution in the value of investments is considered necessary in the accompanying unaudited standalone financial results for the quarter ended June 30, 2017 for the reasons explained in the said note.
- c) Note 8 regarding uncertainties in tying up power and fuel supply agreements, achieving profitability in operations, achievement of final mega power status, fuel linkage tie ups, refinancing of existing loans at lower rates of interest and other key assumptions made in the valuation assessment of the investments in GMR Chhattisgarh Energy Limited ('GCEL'). The carrying value of the investments in GCEL is critically dependent upon the achievement of the key assumptions as discussed in the aforesaid note. In the opinion of the management of the Company, no further provision for diminution in the value of investments is considered necessary in the accompanying unaudited standalone financial results for the quarter ended June 30, 2017 for the reasons explained in the said note.
- d) Note 13 regarding the achievement of certain key assumptions made by the management in the valuation assessment of its investments in entities which are engaged in the operation and development of coal mines. In the opinion of the management of the Company, no provision for diminution in the value of investments is considered necessary at this stage in the accompanying unaudited standalone financial results for the quarter ended June 30, 2017 for the reasons explained in the said note.
- e) Note 3 regarding the call option exercised by the Company to acquire Class A Compulsorily Convertible Preference Shares ("CCPS A"), issued by GMR Airports Limited ('GAL') to the Private Equity Investors ('the Investors'), subject to obtaining the requisite regulatory approvals. However, the Investors have initiated arbitration proceedings against GAL and the Company, seeking conversion of CCPS A. In view of ongoing arbitration, and considering the uncertainty regarding the conversion / settlement of CCPS A no adjustments have been made for the call option exercised by the Company to purchase CCPS A and for reasons as explained in the aforesaid note. Class B Compulsorily Convertible Preference Shares ("CCPS B") issued to the Company continue to be carried at cost of Rs. Nil.

Our conclusion is not qualified in respect of these aforesaid matters.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI firm registration number: 101049W/E300004


per Sandeep Karnani
Partner

Membership number: 061207



Place: New Delhi
Date: August 12, 2017

GMR Infrastructure Limited

Corporate Identity Number (CIN): L45203MH1996PLC281138

Registered Office: Naman Centre , 7th Floor, Opp. Dena Bank, Plot No. C-31 , G Block ,
Bandra Kurla Complex, Bandra (East) , Mumbai , Mumbai City, Maharashtra , India - 400051

Phone: +91-22-42028000 Fax: +91-22-42028004

Email: adiseshavataaram.cherukupalli@gmrgroup.in Website: www.gmrgroup.in

Statement of unaudited standalone financial results for the quarter ended June 30, 2017

(in Rs. crore)

S.No.	Particulars	Quarter ended			Year ended
		June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017
		Unaudited	(Refer note 16)	Unaudited	Audited
1	Revenue				
	(a) Revenue from operations				
	i) Sales/income from operations	223.43	176.98	67.98	392.77
	ii) Other operating income (Refer note 17)	96.52	94.66	293.28	787.00
	(b) Other income				
	i) Foreign exchange fluctuation gain (net)	-	-	4.85	-
	ii) Others	0.30	0.83	0.28	2.65
	Total Revenue	320.25	272.47	366.39	1,182.42
2	Expenses				
	(a) Cost of materials consumed	90.55	58.99	16.57	113.07
	(b) Subcontracting expenses	77.14	92.55	29.05	172.12
	(c) Employee benefits expenses	15.22	9.88	13.18	52.11
	(d) Finance costs	178.43	178.39	194.44	744.74
	(e) Depreciation and amortisation expenses	4.27	3.97	4.06	16.13
	(f) Foreign exchange fluctuation loss (net)	1.10	17.74	-	10.46
	(g) Other expenses	43.37	32.03	18.08	103.65
	Total expenses	410.08	393.55	275.38	1,212.28
3	(Loss)/ Profit before exceptional items and tax	(89.83)	(121.08)	91.01	(29.86)
4	Exceptional items				
	Provision for diminution in value of investments/advances (Refer note 6, 9 and 14)	(174.13)	(2,357.68)	(200.76)	(3,654.16)
5	(Loss) / Profit before tax (3 ± 4)	(263.96)	(2,478.76)	(109.75)	(3,684.02)
6	Tax expense				
	(a) Current tax	0.02	0.02	-	0.09
	(b) Deferred tax	-	-	13.31	-
7	(Loss) / Profit for the period/ year (5 ± 6)	(263.98)	(2,478.78)	(123.06)	(3,684.11)
8	Other Comprehensive Income/ (expenses) (net of tax)				
	(A) (i) Items that will not be reclassified to profit or loss	(0.02)	(1.03)	(0.01)	(0.83)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
	(B) (i) Items that will be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
9	Total Comprehensive income for the period/year (Comprising Profit/(Loss) and Other Comprehensive Income/ (expenses) (net of tax) for the period) (7 ± 8)	(264.00)	(2,479.81)	(123.07)	(3,684.94)
10	Paid-up equity share capital (Face value - Re. 1 per share)	603.59	603.59	603.59	603.59
11	Other equity				5,913.61
12	Earnings per share (EPS) (of Re. 1 each) (not annualised)				
	(a) Basic and Diluted EPS before exceptional items	(0.15)	(0.20)	0.13	(0.05)
	(b) Basic and Diluted EPS after exceptional items	(0.44)	(4.12)	(0.20)	(6.12)



GMR Infrastructure Limited				
Report on Standalone Segment Revenue, Results, Assets and Liabilities				
(in Rs. crore)				
S.No	Particulars	Quarter ended		Year ended
		June 30, 2017	March 31, 2017	March 31, 2017
		Unaudited	(Refer note 16)	Unaudited
				Audited
1	Segment Revenue			
	a) EPC	223.43	176.98	67.98
	b) Others	96.52	94.66	293.28
	Total	319.95	271.64	361.26
	Less: Inter Segment	-	-	-
	Revenue from operations	319.95	271.64	361.26
2	Segment Results			
	a) EPC	1.13	(16.53)	(6.73)
	b) Others	87.47	73.84	292.18
	Total	88.60	57.31	285.45
	Less: Finance costs	178.43	178.39	194.44
	Add/(less): Exceptional items	-	-	-
	Provision for diminution in value of investments/advances (Refer note 6, 9 and 14)	(174.13)	(2,357.68)	(200.76)
	(Loss) / Profit before tax	(263.96)	(2,478.76)	(109.75)
3	Segment Assets			
	a) EPC	688.94	666.61	515.03
	b) Others	12,225.74	12,589.89	15,049.29
	c) Unallocated	186.11	184.46	192.35
	Total	13,100.79	13,440.96	15,756.67
4	Segment Liabilities			
	a) EPC	591.15	618.56	427.29
	b) Others	184.24	186.46	143.42
	c) Unallocated	6,067.61	6,118.74	5,941.40
	Total	6,843.00	6,923.76	6,512.11



Notes to the unaudited standalone financial results for the quarter ended June 30, 2017

1. Investors can view the unaudited standalone results of GMR Infrastructure Limited (“the Company” or “GIL”) on the Company’s website www.gmrgroup.in or on the websites of BSE (www.bseindia.com) or NSE (www.nse-india.com).

2. Segment Reporting

- a. The Company carries on its business in two business verticals viz., Engineering Procurement Construction (‘EPC’) and Others.
- b. The segment reporting of the Company has been prepared in accordance with Ind AS 108 ‘Operating Segments’ prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder. The business segments of the Company comprise of the following:

Segment	Description of Activity
EPC	Handling of engineering, procurement and construction solutions in infrastructure sector
Others	Investment activity and corporate support to various infrastructure SPVs

3. Pursuant to the investor agreements (including amendments thereof) entered into during the years ended March 31, 2011 and 2012 (hereinafter collectively referred to as “investor agreements”), GMR Airports Limited, (‘GAL’), a subsidiary of the Company, had issued 3,731,468 Class A Compulsorily Convertible Preference Shares (“CCPS A”) of Rs. 1,000 each at a premium of Rs. 2,885.27 each and Rs. 3,080.90 each aggregating to Rs. 663.31 crore and Rs. 441.35 crore respectively, to certain Private Equity Investors (‘Investors’). Further, GAL had allotted bonus shares of 11,046,532 class B Compulsorily Convertible Preference Shares (“CCPS B”) to the Company, utilising the securities premium account.

As per the terms of the investor agreement, the Company had a call option to buy CCPS A from the Investors for a call price to be determined as per the terms of the investor agreement. The call option was to be exercised by the Company on or before April 6, 2015. If the call option was not exercised by the Company before April 6, 2015, as per the investment agreement, each CCPS A will get converted into 82.821 equity shares of GAL with simultaneous conversion of CCPS B held by the Company into equity shares of GAL as per Articles and Memorandum of Association of GAL.

The Company vide its letter dated April 1, 2015, had exercised the call option to buy the CCPS A, subject to obtaining the requisite regulatory approvals. However, Investors have initiated arbitration proceedings against GAL and the Company, seeking conversion of the CCPS A. The investors filed their statement of claim and the Company along with GAL have filed their statement of defence / reply respectively.

In view of ongoing arbitration and considering the uncertainty regarding the conversion / settlement of CCPS A, the Group has recorded CCPS A received from PE investors at the face value as at June 30, 2017. Further, no adjustments have been made for the call option exercised by GIL to acquire CCPS A and the CCPS B issued to the Company continues to be carried at cost of Rs. Nil. Accordingly, the unaudited standalone financial results of the Company do not include any adjustments that might result from the outcome of this uncertainty. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

4. The Company along with its subsidiaries entered into a Subscription and Shareholders Agreement with Tenaga Nasional Berhad (Tenaga) and its affiliate, Power and Energy International (Mauritius) Limited (‘Investors’) whereby the investors have acquired a 30%



Notes to the unaudited standalone financial results for the quarter ended June 30, 2017

equity stake in a select portfolio of GEL assets on a fully diluted basis for a consideration of USD 30.00 crore through primary issuance of equity shares of GEL. The transaction was completed on November 4, 2016 and GEL has allotted equity shares to the Investors for the said consideration of USD 30.00 crore. As per the conditions precedent to the completion of the transaction, GEL's investment in certain subsidiaries have been transferred from GEL to other subsidiaries of the Company along with novation of loans taken from the Company to GMR Generation Assets Limited ('GGAL') (formerly 'GMR Renewable Energy Limited') towards discharge of the purchase consideration.

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

5. The Company along with its subsidiaries has investments in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') a subsidiary of the Company. GACEPL has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 312.89 crore as at June 30, 2017. The management believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant which was due during the years ended March 31, 2014, March 31, 2015, March 31, 2016 and March 31, 2017 till further orders. Based on an internal assessment and a legal opinion, the management of GACEPL is confident that it will be able to claim compensation from relevant authorities for the loss it has suffered due to such diversion of traffic and accordingly, the investments in GACEPL has been carried at cost and no provision for diminution in the value of investments has been made as at June 30, 2017. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
6. The Company has investments in GGAL and GEL. GGAL and GEL have certain underlying subsidiaries/ joint ventures which are engaged in energy sector including mining operations. Some of these underlying subsidiaries/ joint ventures as further detailed in Notes 7, 8, 12 and 13 have been incurring losses. As a result, based on its internal assessment with regard to future operations and valuation assessment by an external expert and a consummated transaction as referred in note 4 above, the management of the Company has made a provision for diminution in the value of its investments in GGAL and GEL amounting to Rs. 4,586.04 crore (including Rs. 139.85 crore and Rs. 2,809.74 crore during the quarter ended June 30, 2017 and year ended March 31, 2017 respectively) and has disclosed the same as an 'exceptional item' in the unaudited standalone financial results of the Company. The management is of the view that post such diminution the carrying value of the Company's investment in GGAL and GEL is appropriate.
7. In view of lower supplies / availability of natural gas to the power generating companies in India, GMR Energy Limited ('GEL'), GMR Vemagiri Power Generation Limited ('GVPGL') and GMR Rajahmundry Energy Limited ('GREL') are facing shortage of natural gas supply and delays in securing gas linkages. As a result, GEL has not generated and sold electrical energy since April 2013. GVPGL and GREL emerged as successful bidders in the auction process organised by the Ministry of Power and operated on an intermittent basis from August 2015 and October 2015 respectively till September 2016. These entities have been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply. During the year ended March 31, 2017, GEL has entered into a Memorandum of Undertaking with an external party for sale of its 220 MW gas based power plant for a consideration of USD 6.30 crore and is in the process of entering into a definitive agreement and conclude the sale.

GREL had not commenced commercial operations pending linkages of natural gas supply from the Ministry of Petroleum and Natural Gas till the period ended September 30, 2015. As a result, the consortium of lenders of GREL decided to implement Strategic Debt Restructuring Scheme, under the Framework of Reserve Bank of India for Revitalizing Distressed Assets in the



Notes to the unaudited standalone financial results for the quarter ended June 30, 2017

Economy, whereby the lenders have to collectively hold 51% or more of the equity share capital in such assets, to convert part of the debt outstanding into equity and to undertake flexible structuring of balance debt post conversion as a Corrective Action Plan for improving viability and revival of the project. Pursuant to the scheme, borrowings aggregating to Rs. 1,308.57 crore and interest accrued thereon amounting to Rs. 105.42 crore was converted into equity shares of GREL on May 12, 2017 for 55% stake in equity share capital of GREL and the Company and GGAL has given a guarantee of Rs 2,738.00 crore to the lenders against the remaining debt. Post conversion, balance external borrowings are subject to flexible structuring (5/25 scheme) for repayment of the same over a period of 20.50 years comprising of moratorium period of 1.75 years and structured quarterly repayment period of 18.75 years. Under the SDR Scheme, the bankers had to find new promoters for GREL within the period as prescribed under the scheme, which expired during the quarter ended June 30, 2017. The lenders have sought the approval from RBI for extension of the timelines for a further period of three months, which has not been accepted by RBI. The lenders and the management are exploring various options for revival/sale of the project.

The management and the Association of Power Producers continue to monitor the macro situation and are evaluating various approaches / alternatives to deal with the situation and the management is confident that Government of India ('GoI') would take further necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. The management has also carried out a valuation assessment of these gas based companies during the year ended March 31, 2017 which includes certain assumptions relating to availability and pricing of domestic and imported gas, future tariff and other operating parameters, which it believes reasonably reflect the future expectations from these projects. The management will monitor these aspects closely and take actions as are considered appropriate and is confident that these gas based entities will be able to generate sufficient profits in future years and meet their financial obligations as they arise. Based on the aforementioned reasons, business plans and a valuation assessment by an external expert during the year ended March 31, 2017, the management is of the view that the carrying value of the investments including advances in these aforesaid entities (net of provision for diminution in the value of investments) as at June 30, 2017 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

Consequent to the SDR as stated above, GREL ceased to be a subsidiary of the Company and has been considered as a joint venture as per the requirement of Ind AS -28.

8. GMR Chhattisgarh Energy Limited ('GCEL') has declared commercial operations of Unit I and coal mine on November 1, 2015 and Unit II on March 31, 2016 of its 1,370 MW coal based thermal power plant at Raipur district, Chhattisgarh. GCEL does not have any PPAs currently and has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 2,326.28 crore as at June 30, 2017. GCEL is taking steps to tie up the power supply through power supply agreements on a long/medium term basis with various customers including State Electricity Boards and is hopeful of tying up significant part of generation capacity in the ensuing financial year.

GCEL has experienced certain delays and incurred cost overruns in the completion of the project including receipt of additional claims from the EPC contractors. The claims of the key EPC contractor, Doosan Power Systems India Private Limited ('DPS') is under arbitration in the Singapore International Arbitration Centre (SIAC). Based on the legal opinion, the management is confident that it has strong defence for the claims raised by the EPC contractor and believes that the claims are not tenable in law and accordingly no financial implications are expected out of the said arbitration.

GCEL has also obtained provisional Mega Power status certificate from the Ministry of Power, GoI, vide letter dated September 8, 2011 and accordingly has availed an exemption of customs and excise duty against bank guarantees of Rs. 955.68 crore and pledge of deposits of Rs. 50.94



Notes to the unaudited standalone financial results for the quarter ended June 30, 2017

crore. The grant of final mega power status of GCEL was dependent on its achieving tie up for supply of power for 85% of its installed capacity through the long term power purchase agreements within stipulated time which has been extended to 120 months from the date of import, as per the recent amendment to Mega Power Policy 2009 by the GoI. The management of GCEL is certain of fulfilling the conditions relating to Mega Power status in the foreseeable future, pending which cost of customs and excise duty has not been included in the cost of the project.

During the year ended March 31, 2017, under a Framework for Revitalizing Distressed Assets in the Economy by RBI, the lenders of GCEL have implemented the Strategic Debt Restructuring Scheme on February 21, 2017 pursuant to which borrowings of GCEL aggregating to Rs. 2,992.22 crore (including interest accrued thereon of Rs. 652.22 crore) got converted into equity shares. The aforesaid conversion has resulted in loss of control by the Group over GCEL and the Consortium of bankers have taken over 52.38% of the paid up equity share capital of GCEL and the bankers have to find a new promoter for GCEL within the period as prescribed under the scheme. Further, majority of the lenders have reduced interest rates for GCEL and are considering implementing the 5/25 Scheme, which grants GCEL extension of time towards repayment of outstanding debts and will result in better cash flow management for GCEL. Consequent to the SDR as stated above, GCEL ceased to be a subsidiary of the Company and has been considered as a joint venture as per the requirement of Ind AS -28.

GCEL was allotted two coal mines at Ganeshpur and Talabira to meet its fuel requirements. During the quarter ended June 30, 2017, GCEL has filed writ petition with Delhi High Court for surrendering both the coal blocks allotted during the year ended March 31, 2015. The management is of the opinion that in view of the recent decisions by the Delhi High Court in similar cases, no adjustments are needed to the financial results of GCEL.

GCEL had entered into Bulk Power Purchase Transmission Agreement ('BPTA') with Power Grid Corporation of India Limited ('PGCIL'), per which GCEL was granted Long Term Access (LTA) of 386MW in Western Region and 430MW in Northern Region. GCEL has written letters to PGCIL for surrendering these transmission lines. GCEL based on an internal assessment is of the view that the factors adversely impacting the supply of power by GCEL is "Force Majeure" as per BPTA and accordingly, believes that this will not have financial implications on GCEL.

The Group has obtained a valuation report from an external expert during the year ended March 31, 2017 estimating the future cash flows of GCEL on discounted cash flow basis. The valuation is dependent on the achievement of certain key assumptions considered by the management around GCEL's future revenues, profitability of operations and servicing of its debts which are dependent on tying up of GCEL entire generation capacity for profitable rates through long term and medium term PPAs in a power scarce market, achievement of higher PLF, projected sales mix of PPA and merchant power, fuel linkage tie ups and refinancing of existing loans with lower interest rates with banks, achievement of mega power status and successful gains from the government announced initiatives of tolling linkage and continued financial support by the Company.

The management is monitoring these assumptions closely on a periodic basis and based on business plans and valuation assessment carried out by an external expert during the year ended March 31, 2017, the management of the Group is of the view that the carrying value of the investments in GCEL (net of provision for diminution in the value of investments) as at June 30, 2017 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

9. Based on internal assessment of its investments in GMR Highways Limited ('GMRHL'), a subsidiary of the Company and other road entities, the Company made a provision for diminution in the value of investments / advances of Rs. 1,670.75 crore as at June 30, 2017 (including Rs. 34.28 crore and Rs. 736.07 crore during the quarter ended June 30, 2017 and year



Notes to the unaudited standalone financial results for the quarter ended June 30, 2017

ended March 31, 2017 respectively) which has been disclosed as an 'exceptional item' in the unaudited standalone financial results of the Company for the quarter ended June 30, 2017. As detailed in note 10 and 11, the diminution in value has primarily arisen on account of the diminution in the value of investments / advances in GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') and GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL').

10. GHVEPL has been incurring losses since the commencement of its commercial operations. The management believes that these losses are primarily due to loss of revenue arising as a result of drop in commercial traffic on account of bifurcation of State of Andhra Pradesh and ban imposed on sand mining in the region. The management of GHVEPL based on its internal assessment and a legal opinion, believes that these events constitute a Change in Law as per the Concession Agreement and GHVEPL is entitled to a claim for losses suffered on account of the aforementioned reasons and accordingly filed its claim of Rs. 462.49 crore for the loss of revenue till the year ended March 31, 2017 with National Highways Authority of India ('NHAI'). Subsequently, NHAI rejected the aforementioned claims and consequently GHVEPL invoked dispute resolution process as per the provisions of the Concession Agreement. Subsequently, NHAI has intimated GHVEPL that conciliation has failed and the management of GHVEPL initiated the arbitration. During the quarter ended June 30, 2017, GHVEPL have requested both the arbitrators to appoint the presiding arbitrator.

The management of GHVEPL is confident that it will be able to claim compensation from the relevant authorities for the loss it suffered due to aforementioned reasons and based on valuation assessment carried out by an external expert during the year ended March 31, 2017 which is significantly dependent on the fructification of the aforesaid claims believes that the carrying value of its investments in GHVEPL (net of provision for diminution in the value of investments) as at June 30, 2017 is appropriate. The statutory auditors of the Company have modified their Limited Review Report in this regard.

11. GKUAEL had entered into a Concession Agreement with NHAI for six laning of Kishangarh-Udaipur-Ahmedabad section of NH 79A, 79, 76 and 8. Pursuant to non-fulfillment of the mandatory 'Conditions Precedent' specified under the Concession Agreement within the due date, GKUAEL had issued a notice to NHAI of its intention to terminate the Concession Agreement. In response, NHAI termed the notice not maintainable both in law and in facts and the matter was under arbitration.

During the year ended March 31, 2017, the Company has settled their disputes with NHAI before the arbitral tribunal after payment of penalty of Rs 53.87 crore by GKUAEL to NHAI.

In addition, GKUAEL had awarded the EPC contract to GMR Enterprises Private Limited ('GEPL') and had given an advance of Rs. 590.00 crore. Pursuant to the issue of notice of dispute as stated above, GKUAEL terminated the contract on May 15, 2015. During the year ended March 31, 2017, GKUAEL has settled the claims of the EPC contractors for Rs. 259.13 crore and confident of recovery of the balance Rs. 330.87 crore from GEPL and accordingly, the management is confident that the carrying value of its investments (net of provision for diminution in the value of investments) in GKUAEL as at June 30, 2017 is appropriate.

12. GMR Badrinath Hydro Power Generation Private Limited ('GBHPL') is in the process of setting up 300 MW hydro based power plant in Alaknanda River, Chamoli District of Uttarakhand. The Hon'ble Supreme Court of India ('the Court'), while hearing a civil appeal in the matters of Alaknanda Hydro Power Company Limited, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by the 24 projects coming up on the Alaknanda and Bhagirathi basins until further orders. Further, during the year ended March 31, 2016, Ministry of Environment Forest and Climate Change ('MoEF') has represented to the Supreme Court of India that of the six hydro projects in Uttarakhand, two projects including GBHPL requires certain design modifications as per the policy stipulations. However, based on its



Notes to the unaudited standalone financial results for the quarter ended June 30, 2017

internal assessment and a legal opinion, the management of GBHPL is confident of obtaining the requisite clearances and based on business plan and a valuation assessment, carried out by an external expert during the year ended March 31, 2017, the management of the Company is of the view that the carrying value of the investments in GBHPL as at June 30, 2017 is appropriate.

13. The Company through its subsidiary GMR Coal Resources Pte. Limited ('GCRPL') has investments of Rs. 3,317.80 crore (USD 50.69 crore) in PTGEMS, a joint venture as at June 30, 2017. PTGEMS along with its subsidiaries is engaged in the business of coal mining and trading activities. GCRPL has a Coal Supply Agreement ('CSA') with PTGEMS whereby it is entitled to offtake stated quantity of coal as per the terms of the CSA at an agreed discount. GCRPL has not significantly commenced the offtake of the coal under the CSA, however the management is of the view that the same will not have an impact on their total entitlement of offtake of coal under the CSA. Though the coal prices had significantly declined during the year ended March 31, 2016, there has been an increase in coal prices thereafter. Further, during the year ended March 31, 2017, GCRPL has restructured its loan facility with the lenders whereby the loan is repayable over a period of 5 years commencing January 2017. Based on these factors and valuation assessment carried out by an external expert during the year ended March 31, 2017, the management believes that the carrying value of investments in PTGEMS as at June 30, 2017 is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.
14. Based on an internal assessment of its investments in GMR Aviation Private Limited, a subsidiary of the Company, the Company has made a provision for diminution in the value of its investments of Rs. 110.39 crore as at June 30, 2017 (including Rs. 108.35 crore provided during the year ended March 31, 2017 respectively) which has been disclosed as an 'exceptional item' in the unaudited standalone financial results of the Company for the year ended March 31, 2017.
15. GMR SEZ and Port Holding Private Limited, ('GSPHPL'), a subsidiary of the Company has invested in certain step down subsidiaries which holds investment properties. The Company has considered fair value of its investments in GSPHPL as deemed cost under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and accordingly, based on the valuation assessment done by an external expert as per the requirements of Ind AS, the Company has adjusted Rs 734.70 crore to the carrying value of its investments in GSPHPL reported under the previous GAAP in its opening balance sheet as at April 1, 2015 prepared under Ind AS with a consequent increase in Other Equity.
16. The figures for quarter ended March 31, 2017 are the balancing figures between the audited figures in respect of the standalone financial statements for the year ended March 31, 2017 and the published unaudited year to date figures for nine months ended December 31, 2016.
17. Other operating income includes interest income, dividend income, income from management and other services and profit on sale of current investments considering that the Company undertakes investment activities.
18. The unaudited standalone financial results of the Company for the quarter ended June 30, 2017 have been reviewed by the Audit Committee in their meeting on August 10, 2017 and approved by the Board of Directors in their meeting on August 12, 2017.
19. The statutory auditors of the Company have carried out a Limited review of unaudited standalone financial results for the quarter ended June 30, 2017.



Notes to the unaudited standalone financial results for the quarter ended June 30, 2017

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

New Delhi
August 12, 2017



For GMR Infrastructure Limited

A handwritten signature in blue ink that reads "Grandhi Kiran Kumar".

Grandhi Kiran Kumar
Managing Director

