

Limited Review Report**Review Report to
The Board of Directors
GMR Infrastructure Limited**

1. We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of GMR Infrastructure Limited (the 'Company') for the quarter and six months ended September 30, 2018 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular').
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. As detailed in note 6(a), GMR Generation Assets Limited ('GGAL') along with its subsidiaries/joint ventures and associates have been incurring losses. Based on the valuation assessment carried out by an independent expert during the year ended March 31, 2018 and on evaluation of the results as against the projections for the quarter and six months ended September 30, 2018, the Company has not accounted for a further diminution in the value of the Company's investment in GGAL as at September 30, 2018 of Rs. 3,156 crore primarily on account of diminution in the value of investments in GMR Chhattisgarh Energy Limited ('GCEL') for reasons as detailed in note 6(c). In our opinion, the aforesaid accounting treatment is not in accordance with the relevant accounting standards. Had the management accounted for the aforesaid diminution, the loss after tax cumulatively upto September 30, 2018 would have been higher by Rs. 3,156 crore with a consequent impact on the reserves of the Company as at September 30, 2018. Further, we are unable to comment on any consequential impact that may arise pursuant to the outcome of the resolution process being undertaken for GCEL as per the circular "Resolution of Stressed Assets – revised framework" issued by the Reserve Bank of India dated February 12, 2018 ('RBI circular'). In respect of the matter, our audit report for the year ended March 31, 2018 and review report for quarter ended June 30, 2018 was similarly qualified.
5. As detailed in note 6(b), GMR Energy Limited ('GEL'), GMR Vemagiri Power Generation Limited ('GVPGL') and GMR Rajahmundry Energy Limited ('GREL'), have ceased operations and have been incurring losses with a consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas. Further, GREL have rescheduled the repayment of project loans with the consequent implementation of the Strategic Debt Restructuring Scheme to convert part of the debt outstanding into equity and the lenders and the management are exploring various options for revival of the project as per the resolution plan specified in the RBI circular as stated above.




S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Continued uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations in these entities at varying levels of capacity in the future and the appropriateness of the going concern assumption of these entities is dependent on the ability of the aforesaid entities to establish consistent profitable operations as well as raising adequate finance to meet short term and long term obligations and accordingly we are unable to comment on the carrying value of the Company's investment (including advances)/obligations in these entities as at September 30, 2018 and on any consequential impact that may arise pursuant to the outcome of the resolution process being undertaken for GREL as per the RBI circular. Further, In respect of the above matter, our audit report for the year ended March 31, 2018 and review report for quarter ended June 30, 2018 was similarly qualified.

6. Based on our review conducted as above, except for the effects of the matter relating to provision for diminution in investments described in paragraph 4 and possible effects of all other matters described in paragraph 4 and 5, nothing has come to our attention that causes us to believe that the Statement for the quarter and six months ended September 30, 2018 prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. We draw attention to note 13 to the accompanying unaudited standalone Ind AS financial results for the quarter and six months ended September 30, 2018 regarding the existence of material uncertainty with respect to the management's plans to raise funds through monetization of assets and other strategic initiatives to meet its obligations and the consequential impact thereof on the ability of the Company to continue as a going concern. Our conclusion is not qualified in respect of this matter.
8. We draw attention to the following matters in the notes to the Statement for the quarter and six months ended September 30, 2018:
 - a) Notes 9 and 10 with regard to the ongoing arbitration for compensation of losses being incurred by GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') and GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL'), subsidiaries of the Company since the commencement of commercial operations for reasons as detailed in the aforesaid notes. Pending outcome of the arbitration proceedings and based on management's internal assessment and an external legal opinion obtained by the management of GACEPL and GHVEPL, the management is of the view that the carrying value of the investments (including loans and advances and other receivables) in GACEPL and GHVEPL as at September 30, 2018 is appropriate. Further, the auditors of these subsidiaries have included an emphasis of matter in their respective review reports issued for the quarter and six months ended September 30, 2018 with regard to the aforesaid matters. Our conclusion is not qualified in respect of the aforesaid matters.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004


per Sandeep Karnani
Partner
Membership No.: 061207



Place: New Delhi
Date: November 14, 2018

Statement of unaudited standalone Ind AS financial results for the quarter and six months period ended September 30, 2018

(in Rs. crore)

S.No.	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue						
	(a) Revenue from operations						
	i) Sales/income from operations	165.34	198.91	111.67	361.25	335.10	736.13
	ii) Other operating income (Refer note 17)	90.03	87.74	89.33	177.77	185.85	369.88
	(b) Other income						
	i) Foreign exchange fluctuation gain (net)	21.96	14.22	3.75	36.18	2.65	7.18
	ii) Others	2.18	0.46	1.25	2.64	1.55	45.17
	Total Revenue	279.51	301.33	206.00	580.84	525.15	1,158.36
2	Expenses						
	(a) Cost of materials consumed	80.44	90.13	40.17	170.57	131.99	376.53
	(b) Subcontracting expenses	48.11	58.63	35.07	106.74	112.21	238.48
	(c) Employee benefit expenses	11.67	11.43	14.78	23.10	30.00	51.68
	(d) Finance costs	208.19	200.51	182.96	408.70	361.39	821.61
	(e) Depreciation and amortisation expenses	6.35	5.43	4.35	11.78	8.62	19.06
	(f) Other expenses	31.35	32.01	25.11	63.36	67.24	144.37
	Total expenses	386.11	398.14	302.47	784.25	711.45	1,651.73
3	(Loss)/ Profit before exceptional items and tax	(106.60)	(96.81)	(96.47)	(203.41)	(186.30)	(493.37)
4	Exceptional items						
	Provision for diminution in value of investments/advances (Refer note 6(a), 8 and 12)	-	-	(179.92)	-	(354.05)	(1,437.29)
5	(Loss) / Profit before tax (3 ± 4)	(106.60)	(96.81)	(276.39)	(203.41)	(540.35)	(1,930.66)
6	Tax expenses						
	(a) Current tax	0.02	0.02	0.02	0.04	0.04	0.09
	(b) Deferred tax	-	-	-	-	-	-
7	(Loss) /Profit for the period/ year (5 ± 6)	(106.62)	(96.83)	(276.41)	(203.45)	(540.39)	(1,930.75)
8	Other Comprehensive Income/ (expenses) (net of tax)						
	(A) (i) Items that will not be reclassified to profit or loss	0.04	0.29	0.31	0.33	0.29	0.49
	(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/year) (7 ± 8)	(106.58)	(96.54)	(276.10)	(203.12)	(540.10)	(1,930.26)
10	Paid-up equity share capital (Face value - Re. 1 per share)	603.59	603.59	603.59	603.59	603.59	603.59
11	Paid-up debt capital (refer note 16)				476.66	640.64	566.07
12	Other equity (including debenture redemption reserve)						3,990.32
13	Debenture Redemption Reserve				127.20	127.20	127.20
14	Earnings per share (EPS) (of Re. 1 each) (not annualised)						
	(a) Basic and Diluted EPS before exceptional items	(0.18)	(0.16)	(0.16)	(0.34)	(0.31)	(0.82)
	(b) Basic and Diluted EPS after exceptional items	(0.18)	(0.16)	(0.46)	(0.34)	(0.90)	(3.21)
15	Debt Equity Ratio (refer note 15)				1.74	1.11	1.47
16	Debt Service Coverage Ratio ('DSCR) (refer note 15)						
	(a) DSCR before exceptional items				0.18	0.20	0.18
	(b) DSCR after exceptional items				0.18	(0.20)	(0.62)
17	Interest Service Coverage Ratio ('ISCR) (refer note 15)						
	(a) ISCR before exceptional items				0.50	0.49	0.40
	(b) ISCR after exceptional items				0.50	(0.49)	(1.35)



GMR Infrastructure Limited
Report on Standalone Segment Revenue, Results, Assets and Liabilities

		(in Rs. crore)					
S.No	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
	a) EPC	166.24	198.91	111.67	365.15	335.10	736.13
	b) Others	89.13	87.74	89.33	176.87	185.85	369.88
	Total	255.37	286.65	201.00	542.02	520.95	1,106.01
	Less: Inter Segment Revenue from operations	-	-	-	-	-	-
		255.37	286.65	201.00	542.02	520.95	1,106.01
2	Segment Results						
	a) EPC	1.59	8.16	2.46	9.75	3.59	(27.14)
	b) Others	100.00	95.54	84.03	195.54	171.50	355.38
	Total	101.59	103.70	86.49	205.29	175.09	328.24
	Less: Finance costs	208.19	200.51	182.96	408.70	361.39	821.61
	Add/(less): Exceptional items	-	-	-	-	-	-
	Provision for diminution in value of investments/advances (Refer note 6(a), 8 and 12)	-	-	(179.92)	-	(354.05)	(1,437.29)
	(Loss) / Profit before tax	(106.60)	(96.81)	(276.39)	(203.41)	(540.35)	(1,930.66)
3	Segment Assets						
	a) EPC	1,130.90	1,039.96	783.49	1,130.90	783.49	885.63
	b) Others	11,173.26	11,316.53	12,481.39	11,173.26	12,481.39	11,179.61
	c) Unallocated	159.84	146.92	210.77	159.84	210.77	138.33
	Total	12,464.00	12,503.41	13,475.65	12,464.00	13,475.65	12,203.57
4	Segment Liabilities						
	a) EPC	641.02	593.70	568.99	641.02	568.99	568.36
	b) Others	182.68	184.40	196.42	182.68	196.42	187.67
	c) Unallocated	7,454.76	7,336.56	6,747.93	7,454.76	6,747.93	6,853.63
	Total	8,278.46	8,114.66	7,513.34	8,278.46	7,513.34	7,609.66



Notes to the unaudited standalone Ind AS financial results for the quarter and six months period ended September 30, 2018

1. Statement of standalone assets and liabilities

(in Rs. crore)

	Particulars	As at September 30, 2018 (Unaudited)	As at March 31, 2018 (Audited)
A	ASSETS		
1	Non-current assets		
	Property, plant and equipment	168.09	117.21
	Capital work in progress	-	20.93
	Intangible assets	1.77	2.15
	Financial assets		
	Investments	8,292.10	8,292.55
	Loans	1,864.84	2,230.71
	Trade receivables	86.96	66.74
	Other financial assets	144.10	203.01
	Deferred tax assets (net)	97.23	97.23
	Non-current tax assets (net)	46.62	34.68
	Other non-current assets	32.22	40.09
		10,733.93	11,105.30
2	Current assets		
	Inventories	59.56	38.10
	Financial assets		
	Investments	0.01	26.60
	Loans	702.48	180.21
	Trade receivables	223.26	50.34
	Cash and cash equivalents	11.25	76.15
	Bank balances other than cash and cash equivalents	20.59	16.53
	Other financial assets	623.73	623.29
	Other current assets	51.83	56.90
	Assets classified as held for disposal	37.36	30.15
		1,730.07	1,098.27
	Total assets (1+2)	12,464.00	12,203.57
B	EQUITY AND LIABILITIES		
1	Equity		
	Equity share capital	603.59	603.59
	Other equity	3,581.95	3,990.32
		4,185.54	4,593.91
	Liabilities		
2	Non-current liabilities		
	Financial liabilities		
	Borrowings	5,217.14	5,184.57
	Other financial liabilities	93.29	99.19
	Net employee defined benefit liabilities	0.46	0.46
	Other non-current liabilities	-	33.61
		5,310.89	5,317.83
3	Current liabilities		
	Financial liabilities		
	Borrowings	1,281.59	768.91
	Trade payables	400.95	333.48
	Other financial liabilities	970.29	910.75
	Other current liabilities	269.48	233.51
	Net employee defined benefit liabilities	13.80	13.27
	Provisions	1.05	1.50
	Liabilities for current tax (net)	5.18	5.18
	Liabilities directly associated with the asset classified as held for disposal	25.23	25.23
		2,967.57	2,291.83
	Total equity and liabilities (1+2+3)	12,464.00	12,203.57



Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2018

2. 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). The Company carries on its business through various subsidiaries, joint ventures and associates (hereinafter referred to as ‘the Group’), being special purpose vehicles exclusively formed to build and operate various infrastructure projects.

3. 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

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

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

The Company vide its letter dated April 1, 2015, had exercised the call option to buy the CCPS A, subject to obtaining the requisite regulatory approvals. However, Investors had initiated arbitration proceedings against GAL and the Company, seeking conversion of the CCPS A.

The Company together with GAL has executed settlement agreement dated August 13, 2018 with Investors to amicably settle all outstanding disputes pertaining to the matters which are the subject of the aforesaid arbitration. The settlement agreement was subject to and conditional upon the issuance of a consent award by the Arbitral Tribunal (‘Tribunal’) which was received from the Tribunal. As per the settlement agreement, the Company through its wholly owned subsidiary shall purchase 2,714,795 CCPS A of GAL for an consideration of Rs. 3,560 crore from the investors and 932,275 CCPS A shall get converted into equity shares of GAL, which will represent 5.86% of shareholding of GAL.



Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2018

5. 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 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 entities was 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 above transaction, compulsory convertible preference shares of GGAL issued to various preference shareholders were converted into equity shares of GGAL.

Pursuant to the aforesaid transaction, GEL and its underlying entities ceased to be subsidiaries of the Company and were considered as associate as per the requirements of Ind AS -28.

6. (a) The Company has investments of Rs. 4,030.52 crore in GGAL and GEL as at September 30, 2018. GGAL and GEL have certain underlying subsidiaries/ associates/ joint ventures which are engaged in energy sector including mining operations. GEL, GGAL and some of the underlying subsidiaries/ associates/ joint ventures as further detailed in Notes 6(b), 6(c), 6(d) and 6(e) below have been incurring losses. As a result, based on its internal assessment with regard to future operations and valuation assessment by an external expert during the year ended March 31, 2018, the management of the Company had made a provision for diminution in the value of its investments in GGAL and GEL amounting to Rs. 5,117.41 crore as at September 30, 2018 (including Rs. Nil and Rs. 671.21 crore during the six months period ended September 30, 2018 and year ended March 31, 2018 respectively) and has disclosed the same as an 'exceptional item' in the standalone Ind AS financial results of the Company. Based on the valuation assessment by the external expert and the sensitivity analysis carried out for some of the aforesaid assumptions the value so determined after discounting the projected cash flows using discount rate ranging from 14.00% to 16.00% across various entities indicates that there exists a further diminution of Rs. 3,156.00 crore in the value of Company's investment in GGAL as at September 30, 2018. However, for reasons as detailed in 6(b), 6(c), 6(d) and 6(e) below, the management is of the view that the carrying value of the Company's investment in GGAL is appropriate and no further adjustment has been made in the unaudited standalone Ind AS financial results for the quarter and six months period ended September 30, 2018 in this regard. The statutory auditors of the Company have modified their Limited Review Report in this regard.

(b) 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 ceased operations and have been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply. During the year ended March 31, 2017, GEL had entered into a MOU with an external party for sale of its 220 MW gas based power plant, however the sale was not completed. Presently, the management of the Company is actively identifying the customers for the barge mount plant held by GEL.



Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2018

GREL had not commenced commercial operations pending linkages of natural gas supply from the Ministry of Petroleum and Natural Gas till the period ended September 30, 2015. As a result, the consortium of lenders of GREL decided to implement Strategic Debt Restructuring Scheme ('SDR'), under the Framework of Reserve Bank of India for Revitalizing Distressed Assets in the Economy, whereby the lenders have to collectively hold 51% or more of the equity share capital in such assets by converting part of the debt outstanding into equity and to undertake flexible structuring of balance debt post conversion as a Corrective Action Plan for improving viability and revival of the project. Pursuant to the scheme, borrowings aggregating to Rs. 1,308.57 crore and interest accrued thereon amounting to Rs. 105.42 crore was converted into equity shares of GREL on May 12, 2016 for 55% stake in equity share capital of GREL and the Company and GGAL have given a guarantee of Rs 2,571.71 crore to the lenders against the remaining debt. Under the SDR Scheme, the bankers had to find new promoters for GREL within the period as prescribed under the scheme, which expired during the year ended March 31, 2018.

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

Meanwhile, Reserve Bank of India (RBI) had issued a circular "Resolution of Stressed Assets - Revised Framework" on February 12, 2018. With this circular, all existing frameworks for stressed asset resolution including SDR stand discontinued and the resolution plan is to be implemented within 180 days from the reference date, viz., March 01, 2018. The lenders and the management were exploring various options for revival of the project and implementing a resolution plan within the period of 180 days, as allowed by the RBI circular. During the current quarter, the resolution plan has been approved by banks and signed on August 27, 2018 but the same has not been shared with the management as the bankers are in the process of obtaining internal clearances and accordingly the resolution plan has not been implemented till date. The lenders have advised the Company and GGAL to ensure payment of their dues failing which the lenders shall be constrained to invoke the guarantees.

Further, during the year ended March 31, 2014, in case of GVPGL's litigation with APDISCOMs, Appellate Tribunal for Electricity ('APTEL') had passed orders declaring that natural gas for the purpose of Power Purchase Agreement ('PPA') includes Regasified Liquefied Natural Gas ('RLNG'). During the year ended March 31, 2018, pursuant to the appeal filed by APDISCOMs, the Honorable Supreme Court had held that RLNG is not natural gas for the purpose of the said PPA and accordingly GVPGL cannot be entitled for capacity charges based on availability declaration for generation of power on the basis of RLNG.

The management is evaluating various approaches / alternatives to deal with the situation and is confident that Government of India ('GoI') would take further necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. The management has also carried out a valuation assessment of GVPGL and GREL during the year ended March 31, 2018 which includes certain assumptions relating to availability and pricing of domestic and imported gas, future tariff and other operating parameters, which it believes reasonably reflect the future expectations from these projects. The management will monitor these aspects closely and take actions as are considered appropriate and is confident that these gas based entities will be able to generate sufficient profits in future years and meet their financial obligations as they arise. Based on the aforementioned reasons and business plans, the management is of the view that the carrying value of investments of Rs. 932.12 crore in these aforesaid entities (net of provision for diminution in the value of investments) as at September 30, 2018 is appropriate. Further, the Company has provided for its investment in full in GREL and the management is confident that no further impairment would arise on the implementation of



Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2018

the resolution plan with the lenders for the guarantees provided to the lenders against the remaining debt. The statutory auditors of the Company have modified their Limited Review Report in this regard.

(c) The Company through its subsidiary, GGAL has investments (including loans and advances and other receivables) of Rs. 2,258.00 crore in GMR Chhattisgarh Energy Limited ('GCEL') after providing for diminution in the value of investment in GGAL. GCEL has declared commercial operations of Unit I on November 1, 2015 and Unit II on March 31, 2016 of its 1,370 MW coal based thermal power plant at Raipur district, Chhattisgarh. GCEL does not have any long term PPAs currently and has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 3,676.73 crore as at September 30, 2018. During the year ended March 31, 2018, GCEL has been successful in its bid under the Tolling Linkage initiative of the GoI and has won a Power Purchase Agreement for supply of power to the extent of 500MW to Gujrat Urja Vikas Nigam Limited ('GUVNL') for an initial period of 8 months which has commenced during the year ended March 31, 2018 and has been further extended for a period ending November 15, 2018.

GCEL has experienced certain delays and incurred cost overruns in the completion of the project including receipt of additional claims from the EPC contractors. The claims of the key EPC contractor of USD 14.36 crore, Doosan Power Systems India Private Limited ('DPS') 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. The Group have approached the vendor and negotiations are in process to settle the matter amicably and withdraw litigations. This negotiations has not attained finality till date. The management of the Group believes that no financial implications are expected out of the above settlement.

GCEL has also obtained provisional Mega Power status certificate from the Ministry of Power, GoI, and accordingly has availed an exemption of customs and excise duty against bank guarantees of Rs. 955.68 crore and pledge of deposits of Rs. 55.31 crore. The grant of final mega power status of GCEL is dependent on its achieving tie up for supply of power for 70% of its installed capacity through the long term power purchase agreements by way of competitive bidding and the balance through regulated market within stipulated time (i.e., March 2022). The management of GCEL is certain of fulfilling the conditions relating to Mega Power status in the foreseeable future, pending which cost of customs and excise duty has not been included in the cost of the project.

Further, GCEL was allotted two coal mines at Ganeshpur and Talabira to meet its fuel requirements. During the period ended September 30, 2017, GCEL has filed writ petition with Delhi High Court for surrendering both the coal blocks allotted during the year ended March 31, 2015. The management is of the opinion that in view of the recent decisions by the Delhi High Court in similar cases, no adjustments will be required to the carrying value of investments in connection with the surrender of mines.

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 and has filed a petition before Central Electricity Regulatory Commission (CERC) for acceding to GCEL's request. During the year ended March 31, 2018, PGCIL operationalized the LTA and issued two letters calling upon the GCEL to schedule the transfer of power against LTA and establish a letter of credit failing which regulatory action would be initiated. GCEL has filed a petition



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before the Delhi High Court against the letters issued by PGCIL. The Delhi High Court issued an interim order during the year ended March 31, 2018 staying the operation of the impugned letters till GCEL has the opportunity to approach CERC for such relief and accordingly GCEL has submitted an application with CERC on October 21, 2017 to restrain PGCIL from operationalizing LTA and consequently raising the bill for the same. GCEL based on an internal assessment is of the view that the factors adversely impacting the supply of power by GCEL is "Force Majeure" as per BPTA and accordingly, believes that this will not have financial implications on GCEL.

During the year ended March 31, 2017, under a Framework for Revitalizing Distressed Assets in the Economy by RBI, the lenders of GCEL have implemented the Strategic Debt Restructuring Scheme on February 21, 2017 pursuant to which borrowings of GCEL aggregating to Rs. 2,992.22 crore (including interest accrued thereon of Rs. 654.73 crore) got converted into equity shares. The aforesaid conversion has resulted in loss of control by the Group over GCEL and the Consortium of bankers 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, which expired during the year ended March 31, 2018. Further, majority of the lenders have reduced interest rates for GCEL. Consequent to the SDR as stated above, GCEL ceased to be a subsidiary of the Company and has been considered as an associate as per the requirement of Ind AS -28. Meanwhile, RBI had issued a circular "Resolution of Stressed Assets - Revised Framework" on February 12, 2018. With this circular, all existing frameworks for stressed asset resolution including SDR stand discontinued and the resolution plan is to be implemented within 180 days from the reference date, viz., March 01, 2018. The Consortium of lenders are in the process of identifying investors for GCEL so as to revive the operational and financial position of GCEL and has shortlisted prospective investors, with whom discussions are currently in progress.

The management carried out a valuation assessment of GCEL during the year ended March 31, 2018 which includes certain assumptions relating to future revenues, profitability in operation and servicing of its debts which is dependent upon tying up of its entire generation capacity at profitable rates through long term and medium term PPA in a power scarce market, achievement of higher PLF, projected sales mix of PPA, fuel linkage tie ups, refinancing of existing loans with lower rates of interest with banks, achievement of mega power status, successful gains from upcoming PPA Bids, successful outcome of all legal disputes and non-extraction of coal from Ganeshpur Mines. Based on the aforesaid valuation assessment by the external expert and the sensitivity analysis carried out for some of the aforesaid assumptions the value so determined indicates that there exists a further diminution in the value of Company's investment of Rs. 2,258.00 crore in GCEL as at September 30, 2018.

As per the RBI circular dated February 12, 2018 for resolution of stressed assets stated above, the management of the Group, including the lenders' of GCEL, who also collectively are the majority shareholders, have initiated a process for 'change of control' of GCEL, which entails sale of up to 100% equity stake of GCEL. The process is in an advanced stage and is expected that the process of change in control per the timelines indicated in the RBI circular for resolution of stressed assets. In view of the confidentiality involved in the resolution process, the management is not in receipt of any bid value from the prospective buyers/ lenders and is confident that it will succeed in completing the change of control and subsequently the Company will be able to recover the carrying value of assets in GCEL and accordingly, the management of the Group is of the view that the carrying value of the investments in GCEL of Rs. 2,258.00 crore (net of provision for diminution in the value of investments) as at September 30, 2018 is appropriate. The statutory auditors of the Company



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(d) GMR Warora Energy Limited ('GWEL') is engaged in the business of generation and sale of electrical energy from its coal based power plant of 600 MW situated at Warora. GWEL has accumulated losses of Rs. 690.66 crore as at September 30, 2018 which has resulted in substantial erosion of GWEL's net worth. GWEL has achieved the COD of Unit I in March 2013 and of Unit II in September 2013 and has tied up entire power supplies capacity with customers and has completed the refinancing of its term and other loans with the lenders which has resulted in the reduction in the rate of interest and extended repayment period. GWEL had claimed compensation of Rs. 417.11 crore for various "change in law" events from its customers under the PPAs and have filed petitions with the regulatory authorities for settlement of such claims in favour of GWEL. The payment from the customers against the claims is substantially pending receipt. Based on certain favourable interim regulatory orders, the management is confident of a favourable outcome towards the outstanding receivables. Though the net worth of GWEL is substantially eroded, the management of GWEL expects that the plant will generate sufficient profits in the future years and will be able to recover the receivables and based on business plans and valuation assessment by an external expert during the year ended March 31, 2018, the management of the Group is of the view that the carrying value of the investments in GWEL as at September 30, 2018 is appropriate.

(e) GMR Kamalanga Energy Limited ('GKEL') is engaged in development and operation of 3*350 MW under Phase I and 1*350 MW under Phase II, coal based power project in Kamalanga village, Orissa and has commenced commercial operation of Phase I of the project. GKEL has accumulated losses of Rs. 1,844.98 Crore as at September 30, 2018, which has resulted in substantial erosion of GKEL's net worth due to operational difficulties faced during the early stage of its operations. GKEL has a fuel supply agreement for 500 MW with Mahanadi Coal Fields Limited, a subsidiary of Coal India Limited. Further, GKEL has fuel supply agreement for 493 MW with Shakti Linkage. Pursuant to the Reserve Bank of India's framework for revitalizing distressed assets in the economy (including strategic debt restructuring scheme), the consortium of bankers have amended the rupee term loan agreement on June 29, 2015 and accordingly loan is to be repaid in 66 quarterly structured instalments from October 1, 2017. GKEL has trade receivables and unbilled revenue (including claims) of Rs. 849.00 crore as at September 30, 2018, for various "change in law" events from its customers under the PPAs and have filed petitions with the regulatory authorities for settlement of such claims in favour of GKEL. The payment from the customers against the claims is substantially pending receipt. Based on certain favourable interim regulatory orders GKEL received certain favourable orders with regard to its petition for 'Tariff Determination' and 'Tariff Revision' with its customers, the management is confident of a favourable outcome towards the outstanding receivables of GKEL. In view of these matters, business plans, valuation assessment by an external expert during the year ended March 31, 2018, the management is of the view that the carrying value of the investments in GKEL as at September 30, 2018 is appropriate.

(f) GMR Badrinath Hydro Power Generation Private Limited ('GBHPL') a subsidiary of GEL is in the process of setting up 300 MW hydro based power plant in Alaknanda River, Chamoli District of Uttarakhand and has incurred Rs 467.09 crore towards the development of the project as at September 30, 2018. The Hon'ble Supreme Court of India ('the Court'), while hearing a civil appeal in the matters of Alaknanda Hydro Power Company Limited, directed vide its order dated May 7, 2014 that no further construction work shall be undertaken by the 24 projects coming up on the Alaknanda and Bhagirathi basins until further orders. Further, during the year ended March 31, 2016, Ministry of Environment Forest and Climate Change ('MoEF') has represented to the Supreme Court of India that of the six hydro projects in Uttarakhand, two projects including GBHPL requires certain design modifications as per the policy stipulations. During the year ended March 31, 2018, the validity of Environmental Clearance ('EC') granted to GBHPL by the MoEF ceased to



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exist. Pursuant to an application made by GBHPL, the MoEF vide its letter dated April 17, 2018, proposed to extend the EC granted to GBHPL for a period of 3 years, subject to the final outcome of the matter pending before the Court. Based on its internal assessment and a legal opinion, the management of GBHPL is confident of obtaining the requisite clearances and based on business plan and a valuation assessment, carried out by an external expert during the year ended March 31, 2018, the management of the Company is of the view that the carrying value of the investments in GBHPL as at September 30, 2018 is appropriate.

7. The Company through its subsidiary GMR Coal Resources Pte. Limited ('GCRPL') has investments of Rs. 3,502.82 crore in PTGEMS, a joint venture as at September 30, 2018. PTGEMS along with its subsidiaries is engaged in the business of coal mining and trading activities. The cost of investments is significantly higher than the book value of assets of PTGEMS and includes certain future benefits including Coal Supply Agreement ('CSA') of GCRPL with PTGEMS whereby GCRPL 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 an amended CSA has been executed during the year ended March 31, 2018, pursuant to which the supplies have commenced in the current financial year. Further, during the year ended March 31, 2017, GCRPL had restructured its loan facility with the lenders whereby the loan is repayable over a period of 5 years commencing January 2017. After a significant decline in 2016 and 2017, the coal prices in the international markets have exhibited stability during the last few quarters making the operations of the mines more profitable. Though the shares of PTGEMS are listed on the overseas exchanges, the management is of the view that the quoted prices are not reflective of the underlying value of the mines as in the past few years the shares have been very thinly traded and trading is suspended as at September 30, 2018. Based on these factors and valuation assessment carried out by an external expert during the year ended March 31, 2018, the management believes that the carrying value of aforesaid investments in PTGEMS as at September 30, 2018 is appropriate.
8. 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. 2,305.77 crore as at September 30, 2018 (including Rs. Nil and Rs. 679.09 crore during the six months period ended September 30, 2018 and year ended March 31, 2018 respectively) which was disclosed as an 'exceptional item' in the accompanying standalone Ind AS financial results of the Company. As detailed in note 9, 10 and 11, the diminution in value has primarily arisen on account of the diminution in the value of investments / advances in GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') and GMR Kishangarh Udaipur Ahmedabad Expressways Limited ('GKUAEL') as detailed below.
9. The Company along with its subsidiaries has investments (including loans and advances and other receivables) of Rs. 486.58 crore in GACEPL. GACEPL has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 391.06 crore as at September 30, 2018. The management believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads. The matter is currently under arbitration and the arbitration tribunal has passed an interim order staying the payment of negative grant till further orders. Based on an internal assessment and a legal opinion, the management of 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 considering expected future traffic flow, the management of GACEPL believes that the carrying value of investments in GACEPL as at September 30, 2018, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.



Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2018

10. (a) The Company along with its subsidiaries has investments (including loans and advances and other receivables) of Rs. 915.11 crore in GHVEPL. GHVEPL has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 940.69 crore as at September 30, 2018. The management believes that these losses are primarily due to loss of revenue arising as a result of drop in commercial traffic on account of bifurcation of State of Andhra Pradesh and ban imposed on sand mining in the region. The management of GHVEPL based on its internal assessment and a legal opinion, believes that these events constitute a Change in Law as per the Concession Agreement and GHVEPL is entitled to a claim for losses suffered on account of the aforementioned reasons and accordingly filed its claim for the loss of revenue till the year ended March 31, 2017 with National Highways Authority of India ('NHAI'). The claim of GHVEPL was rejected by NHAI and accordingly during the year ended March 31, 2018, GHVEPL has decided to proceed with arbitration and accordingly Arbitral Tribunal was constituted and claims were filed. Further, the project was initially developed from existing 2 lanes to 4 lane and will be further developed to 6 laning subsequently (before 14th anniversary of the appointed date). If 6 laning is not carried out (if so required by NHAI/desired by the GHVEPL), concession period will be restricted to 15 years as against 25 years from the appointed date if 6 laning is carried out.

The management of GHVEPL is confident that it will be able to claim compensation from the relevant authorities for the loss it suffered due to aforementioned reasons. Accordingly, based on the aforesaid legal opinion, expected future traffic flow over a concession period of 25 years, valuation assessment by an external expert, the management of GHVEPL believes that the carrying value of investments in GHVEPL as at September 30, 2018, is appropriate. The statutory auditors of the Company have drawn an Emphasis of Matter in their Limited Review Report in this regard.

(b) GKUAEL, a subsidiary of the Company 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 and the matter was under arbitration.

During the year ended March 31, 2017, GKUAEL 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'), the Holding Company 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 settled the termination claims of the EPC contractors for Rs. 259.00 crore and the balance of Rs. 331.00 crore was to be recovered from GEPL.

11. Based on an internal assessment of its investments in GMR Aviation Private Limited, a subsidiary of the Company, the Company had made a provision for diminution in the value of its investments of Rs. 110.39 crore as at September 30, 2018.
12. GMR SEZ and Port Holding Private Limited, ('GSPHPL'), a subsidiary of the Company has investment 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



Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2018

under Ind AS with a consequent increase in Other Equity. During the year ended March 31, 2018, based on the valuation assessment of GSPHPL including its subsidiaries carried out by an external expert, the Company had made a provision for diminution in the value of investments of Rs. 86.99 crore as at March 31, 2018 which was included as an 'exceptional item' in the accompanying standalone Ind AS financial results of the Company for the year ended March 31, 2018.

13. The Company along with its subsidiaries, associates and joint ventures have incurred losses primarily on account of losses in the energy and highway sector as detailed in notes 6, 9 and 10 above with a consequent erosion of its networth and credit ratings for some of its borrowings have been downgraded in the recent period. Management is taking various initiatives including monetisation of assets, raising finances from financial institutions and strategic investors, refinancing of existing debt and other strategic initiatives to address the repayment of borrowings and debt servicing in the next twelve months and to create sustainable cash flows. Accordingly, the financial results continue to be prepared on a going concern basis, which contemplates realisation of assets and settlement of liabilities in an orderly manner.
14. Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 1, 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the unaudited standalone Ind AS financial results.
15. Debt Service Coverage Ratio (DSCR) represents profit and other income and before finance costs, and tax expenses / finance costs plus principal repayment of loan funds during the period. ISCR represents profit and other income and before finance costs and tax expenses / finance costs. Debt-equity ratio represents loan funds (long term borrowings, short term borrowings and current maturity of long term borrowings included in current liabilities)/ shareholders' funds (equity shares + other equity).
16. Paid-up debt capital represents outstanding non-convertible debentures issued by the Company (excluding provision for redemption premium) as at the period end.
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 Ind AS financial results of the Company for the quarter and six months ended September 30, 2018 have been reviewed by the Audit Committee in their meeting on November 14, 2018 and approved by the Board of Directors in their meeting on November 14, 2018.
19. The statutory auditors of the Company have carried out a Limited review of the unaudited Ind AS standalone financial results for the quarter and six months ended September 30, 2018.



Notes to the unaudited standalone financial results for the quarter and six months ended September 30, 2018

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

For GMR Infrastructure Limited



B.V.N. Rao
Director

New Delhi
November 14, 2018

