

May 30, 2018

National Stock Exchange of India Limited  
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 Sir/ Madam,

**Sub: Submission of Statement on impact of Audit Qualifications (in respect of modified opinion on standalone and consolidated Audited Results) for the year ended March 31, 2018**

In furtherance to our letter dated May 30, 2018, Please find enclosed the Statement on impact of Audit Qualifications (in respect of modified opinion on standalone and consolidated Audited Results) for the year ended March 31, 2018.

Please take the same on the record.

for **GMR Infrastructure Limited**



**T. Venkat Ramana**  
**Company Secretary & Compliance Officer**

Encl: As above

**ANNEXURE I**



**GMR Infrastructure Limited**

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted by GMR Infrastructure Limited along with its standalone financial results for the year ended March 31, 2018

(in Rs. crore except for earning per share)

I.	Sl. No. Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1 Turnover / total income (including other income)	1,158.36	1,158.36
	2 Total Expenditure (including finance cost, tax expenses, share of loss/profit with associates and minority interest before exceptional items)	(1,651.73)	(1,651.73)
	3 Exceptional items (gain / (loss) (net))	(1,437.29)	(4,267.29)
	4 Net profit/(loss)	(1,930.66)	(4,760.66)
	5 Earnings Per Share (in Rs. ) - Basic	(3.21)	(7.91)
	6 Total Assets	12,203.57	9,373.57
	7 Total Liabilities	7,609.66	7,609.66
	8 Net Worth (refer note 1)	4,593.91	1,763.91
	9 Any other financial item(s) (as felt appropriate by the management)	Refer Emphasis of Matter paragraph in the Auditor's Report on Year to Date Standalone Financial Results	
Note 1: Net worth has been calculated as per the definition of net worth in Guidance Note on "Terms used in Financial Statements" issued by the Institute of Chartered Accountants of India			
II.	<b>Audit Qualification (each audit qualification separately) :</b>		
(i)	<b>Qualification 1</b>		
	<b>1a. Details of audit qualification:</b>		
	GMR Generation Assets Limited ('GGAL') along with its subsidiaries/ joint ventures and associates have been incurring losses for reasons as more fully discussed in the aforesaid note. Based on the valuation assessment carried out by an independent expert during the year ended March 31, 2018, there is a diminution in the value of the Company's investment in GGAL as at March 31, 2018 of Rs. 2,830 crore. The Company has not accounted for the aforesaid diminution in the value of investment in the accompanying standalone Ind AS financial results for the quarter and year ended March 31, 2018. In the opinion of the Statutory Auditors, the aforesaid accounting treatment is not in accordance with the relevant accounting standards. Had the management provided for the aforesaid diminution, the loss after tax for the quarter and year ended March 31, 2018 would have been higher by Rs. 2,830 crore with a consequent impact on the reserves as at March 31, 2018.		
	<b>b. Type of Audit Qualification : Qualified Opinion</b>		
	<b>c. Frequency of qualification: First year of qualification</b>		
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Management view is presented in Notes 7 along with Note 8 & 9, wherein detailed explanation is provided on the present operations of various subsidiaries and joint ventures under GGAL. As explained in the above mentioned notes, significant uncertainties have cropped up in the operations of these projects on account of reasons beyond the control of the Company. Management is not in a position to precisely assess the impact of these uncertainties on the carrying costs of various projects, though valuation assessment was done which placed the diminution at Rs. 2,830 crore. Management is of the view, considering that the lenders of some of these projects are actively pursuing resolution plans to make these projects viable in the near future, the assessed diminution may significantly come down on successful implementation of resolution plans. Further in case of some of the projects, the diminution may not be permanent and significant improvements in the viability of these projects are likely in the near future. Taking in account the above factors, management is of the view that the assessed diminution need not be provided for in the standalone Ind AS financial statements for the year ended March 31, 2018.		
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not applicable</b>		
	<b>(i) Management's estimation on the impact of audit qualification: Not applicable</b>		
	<b>(ii) If management is unable to estimate the impact, reasons for the same: Not applicable</b>		
	<b>(iii) Auditors' Comments on (i) or (ii) above: As given in (i) a</b>		
	<b>2a. Details of Audit Qualification:</b>		
	GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPGI'), joint ventures of the Company 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. GMR Rajahmundry Energy Limited ('GREL'), a joint venture of the Company 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 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 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) in these entities as at March 31, 2018.		
	<b>2b. Type of Audit Qualification : Qualified Opinion</b>		
	<b>2c. Frequency of qualification: First year of qualification</b>		
	<b>2d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable</b>		
	<b>2e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>		
	<b>(i) Management's estimation on the impact of audit qualification:</b> Management view is presented in Note 8 to the Standalone Ind AS financial statements. As detailed in the notes, on account of non availability of gas, both GVPGI and GREL plants were not operated for significant time resulting in erosion of economic value. Various stakeholders, including Central and State Governments have formulated schemes for efficient utilisation of these facilities, though these efforts have not brought in permanent resolutions to the operations. Currently the lenders for GREL are actively pursuing the resolution plan as per the directives of RBI and management is confident that suitable plans would be implemented in the near future which would improve the profitability and consequently the carrying cost of these companies. Taking into account the uncertainties associated with the efforts of various stakeholders, management is not in a position to assess the impact of these measures on the carrying values.		
	<b>(ii) If management is unable to estimate the impact, reasons for the same: Not Ascertainable</b>		
	<b>(iii) Auditors' Comments on (i) or (ii) above: As given in (ii) a</b>		



III. Signatories:	
Managing Director	 Grandhi Kiran Kumar
Group CFO	 Madhva Bhimacharya Terdal
Audit Committee Chairman	 N.C. Sarabeswaran
Statutory Auditor	S R Batliboi & Associates LLP Chartered Accountants ICAI Firm Registration Number: 101049W / E300004  per Sandeep Karnani Partner Membership Number: 061207
Place:	New Delhi
Date:	May 30, 2018



**ANNEXURE I**

GMR Infrastructure Limited

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted by GMR Infrastructure Limited along with its consolidated financial results for the year ended March 31, 2018

(in Rs. crore except for earning per share)

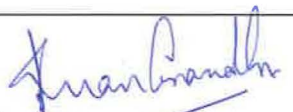



I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / total income (including other income)	9,274.25	9,274.25
	2	Total Expenditure (including finance cost, tax expenses, share of loss/profit with associates and loss/profit from discontinued operations before exceptional items)	10,388.84	10,388.84
	3	Exceptional items (gain) / loss (net)	-	2,250.00
	4	Net profit/(loss)	(1,114.59)	(3,364.59)
	5	Earnings Per Share (In Rs.) - Basic		
	6	Total Assets	38,286.99	36,036.99
	7	Total Liabilities	32,642.18	32,642.18
	8	Net Worth (refer note 1)	5,644.81	3,394.81
	9	Any other financial item(s) (as felt appropriate by the management)	Refer Emphasis of Matter paragraph in the Auditor's Report on Year to Date Consolidated Financial Results	
Note 1: Net worth has been calculated as per the definition of net worth in Guidance Note on "Terms used in Financial Statements" issued by the Institute of Chartered Accountants of India				
II.	<b>Audit Qualification (each audit qualification separately) :</b>			
(i)	<b>Qualification 1</b>			
	<b>a. Details of audit qualification:</b>			
	As detailed in note 6 and 17, GMR Chhattisgarh Energy Limited ('GCEL') and certain other entities, have been incurring losses for reasons as more fully discussed in the aforesaid notes. Based on the valuation assessment carried out by an independent expert during the year ended March 31, 2018, there exists an impairment as at March 31, 2018 of Rs. 2,250 crore. The Group has not accounted for the aforesaid impairment loss in the accompanying consolidated Ind AS financial results for the quarter and year ended March 31, 2018. In our opinion, the aforesaid accounting treatment is not in accordance with the relevant accounting standards. Had the management provided for the aforesaid impairment loss, the loss after tax and minority interest for the quarter and year ended March 31, 2018 would have been higher by Rs. 2,250 crore with a consequent impact on the consolidated reserves as at March 31, 2018.			
	<b>b. Type of Audit Qualification : Qualified Opinion</b>			
	<b>c. Frequency of qualification : First year of qualification</b>			
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>			
	Management view is presented in Notes 6 and 17 of the Consolidated Ind AS financial statements, wherein detailed explanation is provided on the present operations of various subsidiaries and joint ventures. As explained in the above mentioned notes, significant uncertainties have cropped up in the operations of these projects on account of reasons beyond the control of the Company. Management is not in a position to precisely assess the impact of these uncertainties on the carrying costs of various projects, though valuation assessment was done which placed the diminution at Rs. 2,250 crore. Management is of the view, considering that the lenders of some of these projects are actively pursuing resolution plans to make these projects viable in the near future, the assessed diminution may significantly come down on successful implementation of resolution plans. Further in case of some of the projects, the diminution may not be permanent and significant improvements in the viability of these projects are likely in the near future. Taking in account the above factors, management is of the view that the assessed diminution need not be provided for in the consolidated Ind AS financial statements for the year ended March 31, 2018.			
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not applicable</b>			
	<b>(i) Management's estimation on the impact of audit qualification: Not applicable</b>			
	<b>(ii) If management is unable to estimate the impact, reasons for the same: Not applicable</b>			
	<b>(iii) Auditors' Comments on (i) above: Refer (a) above</b>			
	<b>2a. Details of Audit Qualification:</b>			
	As detailed in note 8, GMR Energy Limited ('GEL') and GMR Vemagiri Power Generation Limited ('GVPG'), joint ventures of the Group 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. GMR Rajahmundry Energy Limited ('GREL'), a joint venture of the Group 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 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 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 Group's assets (including advances) in these gas based entities as at March 31, 2018.			





2b. Type of Audit Qualification : Qualified Opinion	
2c. Frequency of qualification: First year of qualification	
2d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not applicable	
2e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
<p>Management view is presented in Note 8 to the Consolidated Ind AS financial statements. As detailed in the notes, on account of non availability of gas, both GVPGL and GREL plants were not operated for significant time resulting in erosion of economic value. Various stakeholders, including Central and State Governments have formulated schemes for efficient utilisation of these facilities, though these efforts have not brought in permanent resolutions to the operations. Currently the lenders for GREL are actively pursuing the resolution plan as per the directives of RBI and management is confident that suitable plans would be implemented in the near future which would improve the profitability and consequently the carrying cost of these companies. Taking into account the uncertainties associated with the efforts of various stakeholders, management is not in a position to assess the impact of these measures on the carrying values.</p>	
(i) Management's estimation on the impact of audit qualification:	
(ii) If management is unable to estimate the impact, reasons for the same: Non Ascertainable	
(iii) Auditors' Comments on (i) or (ii) above:	
3a. Details of Audit Qualification:	
<p>As detailed in note 4, the tax authorities of Maldives have disputed certain transactions not considered by the management of GMR Male International Airport Private Limited ('GMIAL'), a subsidiary of the Company, in the computation of business profit taxes and withholding tax during the period 1st April, 2013 to 31st May, 2017 and during the year ended December 31, 2017 and have issued notice of tax assessments on business profit taxes and withholding tax together with the applicable fines and penalties. The management of the Group is of the view that such disputes from the tax authorities are not tenable and have disclosed the tax exposures as a contingent liability in the accompanying consolidated Ind AS financial statements for the year ended March 31, 2018. In the absence of comprehensive analysis on the above tax exposures, we are unable to determine whether any adjustments might be necessary to the accompanying consolidated financial results for the quarter and year ended March 31, 2018. The auditors of GMIAL have qualified their audit report issued for the year ended March 31, 2018 with regard to the aforesaid matter.</p>	
3b. Type of Audit Qualification : Qualified Opinion	
3c. Frequency of qualification: First year of qualification	
3d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Ascertainable	
3e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
(i) Management's estimation on the impact of audit qualification:	
(ii) If management is unable to estimate the impact, reasons for the same:	
(iii) Auditors' Comments on (i) or (ii) above:	
4e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
(i) Management's estimation on the impact of audit qualification: Not ascertainable	
(ii) If management is unable to estimate the impact, reasons for the same:	
<p>GMF 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. The arbitration award has clearly mentioned that the award is net of any tax applicable and GMIAL is entitled to receive the entire award amount.</p>	
<p>During the current year, Maldives Inland Revenue Authority ('MIRA') has issued tax audit reports and notice of tax assessments on business profit tax computations and the withholding tax computations of GMIAL for the periods 1st April 2013 to 31st May 2017 and for the year ended March 31, 2017. However, management of the Group is of the view that the notice issued by MIRA is not tenable. Accordingly, no adjustments have been made to the accompanying unaudited consolidated financial results of the Group for the quarter and the year ended March 31, 2018. The statutory auditor of the GMIAL have modified their Audit Report in this regard, which has been continued by the auditor of GMR Infrastructure Limited in their audit report on the consolidated financial statements</p>	
(iii) Auditors' Comments on (i) or (ii) above:	



III. Signatories:		
Managing Director		 Grandhi Kiran Kumar
Group CFO		 Madhva Brijmacharya Terdal
Audit Committee Chairman		 N.C. Sarabeswaran
Statutory Auditor		S R Batliboi & Associates LLP Chartered Accountants ICAI Firm Registration Number: 101049W / E300004   per Sandeep Kachani Partner Membership Number: 061207
Place:		New Delhi
Date:		May 30, 2018

