KPMG

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Dated: 19 March 2023

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

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

Dear Sir/ Madam,

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

BACKGROUND OF THE COMPANIES

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

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

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

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

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

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

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

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

SCOPE AND PURPOSE OF THIS REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCLOSURE OF INTEREST/ CONFLICT

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

SOURCES OF INFORMATION

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

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

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

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

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

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This valuation report is subject to the laws of India.

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

SHARE CAPITAL DETAILS OF THE COMPANIES

GMR Airport Infrastructure Limited

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

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

** – *Classification based on shareholding on NSE*

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

i) of a face value of USD 1,000,000 each (United States Dollars One Million each), aggregating to a sum of USD 25,000,000 (United State Dollars Twenty-Five Million Only); and

ii) of a face value of EUR 1,000,000 (Euros One Million each), aggregating to a sum of the EUR 330,817,000.

GMR Infra Developers Limited

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

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

* **Nominees of GMR Airports Infrastructure Limited*

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

GMR Airports Limited

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

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

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

APPROACH AND METHODOLOGY – BASIS OF TRANSACTION

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

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

BASIS OF VALUE

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

PREMISE OF VALUE

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

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

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

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

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

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

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

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

- **Market Price Method:** Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such company as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger/ demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary/ preferential issues/ open offer in the shares of the company available in the public domain.

- **Comparable Companies' Multiples' (CCM) Method:** Under this method, one attempts to measure the value of the shares/ business of company by applying the derived market multiple based on market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and/ or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

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

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

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

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

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

Asset Approach - Net Asset Value Method

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

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

BASIS OF SHARE EXCHANGE RATIO

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

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

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

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

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

BASIS OF NCD EXCHANGE RATIO

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

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

VALUER NOTES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RATIO

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

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

OCRPS Exchange Ratio 1:
15,918 (Fifteen Thousand Nine Hundred Eighteen Only) OCRPS of GIDL of INR 400/- each fully paid up for every 40,000 (Forty Thousand Only) equity shares of GAL of INR 10/- each fully paid up.

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

Share Exchange Ratio 2:
10,000 (Ten Thousand Only) equity share of GIL of INR 1/- each fully paid up for every 18,659 (Eighteen Thousand Six Hundred Fifty-Nine Only) equity shares of GIDL of INR 10/- each fully paid up.

OCRPS Exchange Ratio 2:
10,000 (Ten Thousand Only) OCRPS of GIL of INR 40/- each fully paid up for every 18,659 (Eighteen Thousand Six Hundred Fifty-Nine Only) OCRPS of GIDL of INR 400/- each fully paid up.

NCD Exchange Ratio 2:
1 (One) NCD of GIL for every 1 (one) NCD of GIDL.

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

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

Respectfully submitted,

For KPMG Valuation Services LLP
Registered Valuer Entity under Companies (Registered Valuers and Valuation) Rules, 2017
IBBI Registration No. IBBI/RV-E//06/2020/115
Asset class: Securities or Financial Assets

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Apurva Shah, Partner
IBBI Registration No. IBBI/RV/05/2019/10673
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