



1996
2021

GMR INFRASTRUCTURE LIMITED
A Legacy of Trust & Excellence

25th ANNUAL REPORT 2020-21

25

YEARS OF
DELIVERING TRUST AND
CREATING VALUE

1996 2008

GIL successfully raised INR 800 Cr (approx.) through its maiden IPO & listed on both the stock exchanges ie., BSE & NSE in 2006 and INR 3965.71 Cr to Qualified Institutional Buyers (QIBs) through QIP in 2007.

TRANSPORTATION & UI



Commencement of Operations

Tuni – Anakapalli Expressways
Tambaram – Tindivanam Expressways
Ambala – Chandigarh Expressways

AIRPORTS



New Airport Wins

Delhi Airport
Hyderabad Airport

ENERGY



Commencement of Operations

Chennai Power Plant (200MW)

Acquisition

50% stake in Interger Power

2009 2011

GIL successfully completed and raised INR 1400 Cr to Qualified Institutional Buyers (QIBs) through QIP in 2009.



Acquisition

30% stake in PT GEMS
(coal mine in Indonesia)

Divestments

Interger Power



Commencement of Operations

Completed
Terminal 3 of Delhi Airport
in record 37 months

Istanbul Airport



Commencement of Operations

Pochanpalli Expressways
Jadcherla Expressways
Ulundurpet Expressways



AIRPORTS

**2012
2014**

GIL successfully completed and raised INR 1476.77 Cr to Qualified Institutional Buyers (QIBs) through QIP in 2014.

New Airport Wins

Cebu Airport in Philippines

Divestments

Istanbul Airport, Turkey



ENERGY

Commencement of Operations

Warora (Coal – 600MW)

Kamalanga (Coal – 1,050MW)

Divestments

Island Power Project, Singapore



TRANSPORTATION & UI



Commencement of Operations

Hyderabad – Vijayawada

Expressways

Hungund – Hospet

Expressways

Chennai ORR

Divestments

2 Highway Projects

**2015
2021**

GIL further raised INR 1401.83 Cr on a right basis & USD 300 mn through Foreign Currency Convertible Bond in 2015.



Agreement with Groupe ADP for 49% stake sale in GMR Airports Ltd

New Airport Wins

Mopa Airport, Goa

Crete Airport, Greece

Clark Airport, Philippines (EPC)

Bhogapuram Airport, Andhra Pradesh

Bidar Airport, Karnataka



Divestments

Divested Chhattisgarh Plant

2 Transmission Assets

PT BSL Coal Mine (Indonesia)

Himtal (hydro) Project (Nepal)



GMR Varalakshmi Foundation
Silver Jubilee

New Project Wins

EPC Project on Eastern
Railway Freight Corridor

Divestment

1 Highway Project

Kakinada SEZ



Since 1993, GMR Varalakshmi Foundation has impacted the lives of over 50 lakh people in India through its interventions in Education, Health and Livelihoods.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains statements about expected future events, financial and operating results of GMR Infrastructure Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer which is qualified in its entirety by the assumptions, and risk factors that are referred in the management's discussion and analysis of the GMR Infrastructure Limited Annual Report 2020-21.

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GENERAL INFORMATION

BOARD OF DIRECTORS

G.M. Rao

Chairman

Grandhi Kiran Kumar

Managing Director & CEO

Srinivas Bommidala

Group Director

G.B.S. Raju

Group Director

B.V.N. Rao

Group Director

N.C. Sarabeswaran

Independent Director

R.S.S.L.N. Bhaskarudu

Independent Director

S. Sandilya

Independent Director

S. Rajagopal

Independent Director

Vissa Siva Kameswari

Independent Director

Suresh Lilaram Narang

Independent Director

Madhva Terdal

Executive Director- Strategic Initiatives

COMPANY SECRETARY & COMPLIANCE OFFICER

T. Venkat Ramana

AUDIT COMMITTEE

N.C. Sarabeswaran	- Chairman
R.S.S.L.N. Bhaskarudu	- Member
S. Rajagopal	- Member
Vissa Siva Kameswari	- Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

R.S.S.L.N. Bhaskarudu	- Chairman
B.V.N. Rao	- Member
G.B.S. Raju	- Member

NOMINATION AND REMUNERATION COMMITTEE

R.S.S.L.N. Bhaskarudu	- Chairman
B.V.N. Rao	- Member
N.C. Sarabeswaran	- Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

R.S.S.L.N. Bhaskarudu	- Chairman
B.V.N. Rao	- Member
G.B.S. Raju	- Member

RISK MANAGEMENT COMMITTEE

Grandhi Kiran Kumar	- Chairman
B.V.N. Rao	- Member
Vissa Siva Kameswari	- Member
Saurabh Chawla	- Member
Suresh Bagrodia	- Member

STATUTORY AUDITORS

Walker Chandiok & Co LLP, Chartered Accountants

BANKERS

Union Bank of India	ICICI Bank Limited
Axis Bank Limited	IDBI Bank Limited
Bank of Baroda	Punjab National Bank of India
Central Bank of India	YES Bank Limited

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OUR VISION

GMR Group will be an institution in perpetuity that will build entrepreneurial organizations making a difference to society through creation of value.

VALUES & BELIEFS

Our commitment to building an institution for perpetuity is grounded on the following values and beliefs

	<p>Mahatma Gandhi</p> <p>Humility</p> <p>We value intellectual modesty and dislike false pride and arrogance</p>		<p>JRD Tata</p> <p>Entrepreneurship</p> <p>We seek opportunities – they are everywhere</p>
<p>Tenzing & Hillary</p> <p>Teamwork & Relationships</p> <p>Going beyond the individual – encouraging boundary less behaviour</p>		<p>Sardar Vallabhbhai Patel</p> <p>Deliver the Promise</p> <p>We value a deep sense of responsibility and self-discipline, to meet and surpass on commitments made</p>	
	<p>Swami Vivekananda</p> <p>Learning & Inner Excellence</p> <p>We cherish the life long commitment to deepen our self awareness, explore, experiment and improve our potential</p>		<p>Mother Teresa</p> <p>Social Responsibility</p> <p>Anticipating and meeting relevant and emerging needs of society</p>
		<p>Dr. APJ Abdul Kalam</p> <p>Respect for Individual</p> <p>We will treat others with dignity, sensitivity and honour</p>	

CHAIRMAN'S MESSAGE

“Your company has looked at Business Continuity in the context of sustaining business operations at each of the assets and projects, especially the Airports, maintaining safe operating conditions, and managing the financial sustainability with respect to business resilience and crisis management”

GM Rao

Chairman, GMR Group



Dear Fellow Stakeholder,

It gives me great pleasure to welcome you all to the 25th Annual General Meeting of the Company.

Over the past year we have witnessed a pandemic crisis of the kind not seen in generations. My heart goes out to everyone who has suffered the loss of loved ones. Your company has also faced extreme challenges during the period due to the pandemic with over 2,350 GMR employees testing positive for Covid-19 and 23 succumbing to it in the line of duty. Faced with the unprecedented Covid situation, the Group focused efforts in addressing the challenges and has managed to limit its impact.

Your company has looked at Business Continuity in the context of sustaining business operations at each of the assets and projects, especially the Airports, maintaining safe operating conditions, and managing the financial sustainability with respect to business resilience and crisis management. Your company has been at the forefront in facilitating government efforts to provide relief during the pandemic and took lead in working with government authorities and various stakeholders in reopening of Airports. GMR Airports at Delhi and Hyderabad emerged as the nodal points for Government of India's logistic efforts to distribute essential material such as medicines, concentrators, oxygen, etc. across India. Some of the key initiatives taken by your company includes:

- Worked with Ministry of Civil Aviation (MoCA) and respective state governments to formulate the SOP for reopening of Airports, supported Government of India (GoI) initiative to bring back stranded Indians through Vande Bharat flights and facilitated international travel under bubble arrangement.
- Pioneered the usage of sanitization mats for shoe cleaning, contactless check-in & bag tag, contactless water dispenser and contactless commerce to ensure passenger safety within airport.
- Employed leading sanitisation and hygiene measures including frequent deep cleaning of terminal and high touch point areas, frequent terminal air changes, passenger screening and social distancing protocols in line with National Guidelines through floor / seat markings, frequent sanitisation of baggage trolleys / trays, etc.
- Implemented operational changes to enable safe flying including DIAL consolidating its operations to Terminal 3 to effectively manage reduced traffic while providing superior passenger experience. Transitioned to "Gate by Airlines" from "All Gates, All Airlines", implemented modified layouts for Queue management, created Security Hold Infrastructure

for maintaining passenger processing time, isolation rooms for evacuation of Asymptomatic passengers, plexi glass partition for safety of staff etc.

- Launched the Air Suvidha Portal, in collaboration with MoCA for self-reporting and getting exemption from Institutional Quarantine for all international arrival passengers coming to India, ensured adequate availability of hotel rooms in Aerocity for quarantine, established RT-PCR lab within Airports to ensure safe passage of passengers and Vaccination centres in collaboration with leading healthcare providers to facilitate vaccination efforts of the Government
- Delhi and Hyderabad Airports became the key nodes for distribution of pharmaceutical and essential supplies across India. Under Life Udaan initiative of GoI, Delhi Airport emerged as main hub handling medical supplies – Delhi Airport, in 7 days created and handed over 38,000 Sqft of dedicated facility for medical supplies to Government to support its initiative

For sustainable Airport operations and availability of manpower, Airport FMS teams worked 24*7 to cater to employee's needs related to but not limited to COVID testing, providing medicines, tie-up with local hospitals for ICU beds and rooms, procurement of oxygen concentrators for delivering to staff, travel support, hospitalization, extending WFH (Work from Home) facility, etc.

Your airports have taken Passenger Safety as a top priority and implemented various safety measures and practices with the help of technology to ensure uncompromised safety levels for both passengers and staff. Not confining to the steps already undertaken, your company has also prepared for the expected 3rd wave of the pandemic. Your company has provided free vaccination for its employees, with 77% of them receiving at least one dose and remaining to be vaccinated once they are eligible. To facilitate safe Airport environment, vaccination centres have been established for enabling vaccination of all aviation stakeholders. Your company has established requisite support infrastructure including a 100-bed hospital facility at Delhi Airport in collaboration with Medanta a leading multi-speciality hospital, to meet any eventuality due to the third wave of the pandemic. I am sure, these steps taken by your company will not only help to restore flyer confidence but will also create a safe aviation ecosystem facilitating faster recovery of air traffic.

Your Power plants, Highways and Construction projects also ensured seamless operations with adequate safety measures for the employees during the pandemic. Operating procedures were adopted for sanitisation, hygiene measures and social distancing

as per the Government protocols. Employees and their families were given support with COVID testing facilities, medicines, hospitals for ICU beds or rooms and vaccinations. Dedicated camps have been setup for labour working at our DFCC project where they are provided food, medical assistance and vaccination for all. In addition, we have setup a 250 lpm Pressure Swing Adsorption (PSA) plant for generating medical-grade oxygen at the Railway hospital in Kanpur.

While focusing on such operational aspects, focus has also continued to ensure financial stability of the Group. Teams have been focused on cash conservation and cost reduction through various interventions to control capital and operating expenditure, stakeholder management and constructive engagement with various Government agencies through industry bodies. Your company also took steps to conserve liquidity and make optimum utilization of RBI's monetary policy initiatives like ECLGS scheme, moratorium on principal and interest payment, etc.

MACRO ECONOMY

The year was marked by COVID-19 ravaging throughout the world and bringing the global economy to a standstill. Countermeasures such as movement restrictions and lockdowns taken across the world, to contain the spread resulted in fall in business confidence and the Global GDP contracting by 3.3%. The Indian economy contracted by 7.3%, which was the largest fall in GDP in many decades. The Aviation sector was particularly affected with governments across the world imposing travel restrictions and people hesitating to fly, resulting in a significant fall in air traffic. India's air traffic was adversely affected due to stringent lockdown during 1st wave. With easing of movement restrictions, India witnessed continued improvement in air traffic with domestic traffic recovering significantly to ~70% of pre-COVID levels by end-FY'20-21. Since mid-March 2021, India experienced a devastating 2nd COVID wave, which resulted in a spike in cases and fatalities and also resulted in a significant drop in air traffic. It also underlined the urgent need for vaccination – The impact studies have clearly shown that the vaccination has led to dramatic reduction in fatalities in case of Covid positive patients.

As per IATA (International Air Transport Association) estimates, 2019 level global air traffic is expected to return only by 2024. Large countries such as India are expected to recover faster on account of a strong domestic market and pick up in vaccination rates. For India, it is expected that the domestic monthly traffic to recover fully to pre-covid levels within this financial year and International monthly traffic by the next financial year.

COVID-19 pandemic has also led an immense impact of how we do business and lead our lives. Though it brought about immense challenges, it also brought out the best in us including the changes that it has done for our betterment.

- **Resilience of Economy** – The resilience of Indian economy was tested by the impact of the pandemic. With Gol unlocking the Indian economy, it bounced back within 6 months and in Q3 FY'21 there was economic growth. Despite the second wave and its harsh impact, Indian economy is expected to grow around 8.5-10% in FY'22. We are already seeing reopening of businesses and green shoots of growth. Power production is reaching pre covid level and we are witnessing fast recovery in domestic air passengers due to revenge travel.
- **Digital Transformation** – COVID-19 pandemic has led to Digital Transformation of businesses. The Indian IT sector has been seized of the opportunity and big 4 of Indian IT sector have led out plans to create new opportunities in the segment
- **Financial Inclusion** – The sector has transformed with retail investors investing in stocks and IPOs. The Indian stock market has almost doubled in last 16 months from its lows seen in Mar'20. Insurance products especially health insurance has increased and expected to continue to grow in the coming years
- **Technology based Businesses:** Despite its geographic size and variation in development level, Indians have adapted to the change and adopted Technology which has come to play a critical role in all facets of life right from virtual classrooms (Ed-tech) to digital payment and Fintech coming of age. Small online transactions have become ubiquitous, and start-ups have embraced Agri-tech to create solutions and be able to monetise the opportunities offered by the sector.

Your company has also adapted to the changing scenario and is at the forefront of technological innovations like pioneering the E-Boarding solution in Indian Airports. I am happy to share with you that the HOI App launched at our airports has become the go-to platform for ordering retail, F&B or to seek information at Airport Terminals and the social media outreach has been highest and most accessed means of communication by Passengers.

The Government of India led by our Honourable Prime Minister Shri Narendra Modi has also made significant efforts to ensure vaccination for all by December 2021. The pace of vaccination has reached 40 lakh daily doses with ~47 crore doses already administered by July 31st. The Government together with RBI also took several fiscal and monetary interventions which are expected

to cushion the negative impact of the pandemic. RBI reduced interest rates significantly and ensured liquidity in the market, thus reducing the cost of capital for Corporates and helping in raising additional capital. As part of fiscal interventions, Government has focused on Infrastructure Development. Key elements of the intervention include,

- Identification of opportunities through the National Infrastructure Pipeline across sectors such as Roads, Airports, Railways, Metro Projects,
- Setting up of an Infrastructure Development Financial Institution to enhance availability of long-term funding available for both greenfield and brownfield assets,
- Sectoral policy changes in Aviation, Power and Railways to encourage long term private investment. Parliament cleared the AERA (Amendment) Bill, 2021 allowing GoI to group airports and notifying as a major airport which will facilitate next round of privatization of 13 AAI airports.
- Facilitate resolution of stressed infrastructure assets through setting up of ARC and AMC,
- Privatization Roadmap and 'National Monetization Pipeline' for asset recycling.
- A thrust to manufacturing sector with the Production Linked Incentive Scheme (PLI) and support to Small and Medium Enterprises for a sustainable development and growth of the economy.
- The Taxation Laws (Amendment) Bill, 2021, to amend the Income-tax Act, 1961, and the Finance Act, 2012 relating to tax demands raised on transactions involving the indirect transfer of Indian assets before May 28, 2012. The withdrawal of the retrospective amendment is a welcome step and would reignite the choice of India as a favourable investment destination.

The implementation of these policies has been able to result in a significant tailwind for business environment in the country and attract highest ever FDI of USD 82 Billion into the country during FY21, 10% higher than previous year. During the year your company has taken a number of steps to strengthen itself and is well poised to capitalise on the supportive framework and infrastructure development focus of the government.

BUSINESS UPDATE

You may recall in my message last year, I had mentioned that your company has made significant progress in unlocking value from the airport business through its successful strategic partnership with Groupe ADP. Groupe ADP is a Global Airport Operator and a major player in the Airports space and the partnership with Groupe ADP enhances the inherent strength of the

airport portfolio. Despite the tough prevailing Covid situation, both the partners – Groupe ADP & GMR Group concluded the 2nd phase of the full 49% stake sale in GMR Airports Limited (GAL). This demonstrated the faith that Groupe ADP has placed on the business portfolio, growth prospects and capabilities of your company.

Post the closure of the deal, GMR Infrastructure Ltd (GIL) continues to have management control of the airport business with Groupe ADP having board representation at GMR Airports Ltd (GAL) and its key subsidiaries. The strategic partnership is built on two-way exchange of expertise, personnel, knowledge and market access. Your company has recently concluded an Industrial Partnership Agreement with Groupe ADP to cooperate based on a shared vision for the global airport sector. I strongly believe that passengers and other stakeholders will benefit immensely from the evolved best practices thereby setting newer industry-defining benchmarks.

The next major step in unlocking value for your company is its vertical demerger into the Airport Vertical (GIL) and the Power, Transportation and Urban Infrastructure Vertical (GPUIL). This move will enable both Airport & Non-Airport businesses to chart out their respective growth plan independently; through respective strategic partnerships and attract dedicated pools of investor capital – both from private & public markets. The scheme of arrangement has been filed and approvals from respective stock exchanges and SEBI has been received in December 2020. The application with NCLT has been filed and your company is working towards completing the process within this financial year.

AIRPORTS



The vision of the Airport business as a platform has been further strengthened with the partnership with Groupe ADP. With the combined expertise in planning, designing, constructing, operating, maintaining and managing airports along with airport services and airport land development across the world, your company is well positioned to not only drive a unique passenger experience but also drive operational excellence through shared best practices and processes. Global