

## 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



growth is expected in the key geographies of South and Southeast Asia, and your company is well positioned to leverage its experience and capabilities to expand its portfolio in this region.

As you are aware, your company's airport business comprises of four operating airports viz., Indira Gandhi International Airport at Delhi, Rajiv Gandhi International Airport at Hyderabad, Bidar Airport at Karnataka in India and Mactan Cebu International Airport in Philippines. Further two assets are under construction viz., Greenfield Airports at Mopa, Goa and Crete International Airport in Greece. Your company has also signed the concession agreement for a greenfield Bhogapuram International Airport in Andhra Pradesh in June 2020 and development works are currently in progress.

GMR Airport's business is conceptualized as a platform with airport concessions being the core and a range of adjacent businesses built around the same. The rich experience over the past decade of operating in diverse markets world has given a unique understanding of business drivers and its various business adjacencies. Your company has identified five key strategic business segments for GMR Airports – Duty-Free, Cargo, Carpark, Service business and EPC / PMC business. As part of strategy, it is planned to leverage not only the existing airports but also to expand into these segments in external airports. In line with this strategy, your company has won the concession for the Duty-Free business at Kannur Airport in Kerala. The operations began in FY'20-21 and marked the first duty free concession operated outside the GMR network. Despite the constraints during COVID-19; your company continued investment and developing new revenue streams and your Airport EPC division has recently won contracts to develop build to suit logistic facilities at Hyderabad Airport.

I am also happy to share that during the year, your company has taken a giant leap in terms of aircraft maintenance and service by adopting new innovative technology in form of an Inflatable Hangar, thereby having the only MRO in Asia to have such a facility. Built and commissioned in less than a year, it will provide a cost-effective additional Aircraft Maintenance Bay sufficient to handle 15 to 20 smaller base maintenance checks or 4 to 5 end of lease checks per year.

The COVID-19 pandemic has had a considerable impact on Mactan-Cebu International Airport, Philippines (MCIA) with annual traffic dropping significantly to 2.7 Mn in CY 2020 which is 22% of CY 2019 traffic. Scheduled domestic services resumed in June with MCIA witnessing ~3% of the monthly pre-covid traffic levels which has gradually increased to ~ 8% in March 2021 given travel restrictions in the country. Your company worked closely with key stakeholders to ensure safe and smooth travel for passengers.

For Crete airport project (Greece), post signing of concession agreement on February 6, 2020, the design and construction activities of the project has commenced. Given the high tourist traffic, this airport has significant potential for passenger traffic. Development and investigation studies are nearing completion. All the works are being carried out with strict adherence to CoVID-19 protocols and other safety measures. The Airport Company has also received ISO 9001 certification in this year. Overall EPC construction is progressing well. The project is debt-free and funded by the state grant. I am happy to share that your company has received significant portion of land and the entire state grant of Euro 180 million as envisaged under the concession agreement.

While traffic in India and GMR airports was hit significantly on account of the pandemic, I do believe that there is a silver lining to all the dark clouds. The intrinsic potential for aviation in India continues to be strong. Government of India continues to progress in the privatization of Air India and domestic airlines continue their focus on expanding their fleets and connectivity. Further, both Government and Industry including Airports, Airlines and various Agencies have worked closely together in developing Processes and Standard Operating Procedures (SOPs) to ensure Air Travel is the safest mode for travel which has had a significant impact in terms of passenger confidence in Air Travel.

Given the long-term nature of the Airport concessions, I am even more confident of strong growth post pandemic. The relatively stronger recovery after the first wave as compared to many geographies has demonstrated the intrinsic resilience of the Indian market. Even during this difficult period some positive trends emerged.

- Passenger Traffic: There was enhanced domestic air connections for your airports despite operating at lower capacity and traffic levels. A higher number of first-time flyers were observed during the year which bodes well for enhancing penetration into the India market post recovery. With higher passenger preference to travel directly between origin and destination, the direct international connectivity would expand when full commercial international operations are allowed, strengthening the strategy of positioning your airports as hubs and boost long haul traffic. Further, post the 2nd Wave recovery in June 2021, there has been significant increase in leisure / vacation travel despite the crippling impact of the 2nd wave in the prior month. The traffic of Goa witnessed very strong recovery in the winter period of 2020-21, with domestic tourists driving a large part of the traffic. The phenomenon of pent-up demand

and “revenge travel” may drive a faster recovery of hospitality and air traffic in the coming months.

- Cargo: Cargo operations continued to be strong throughout FY’20-21 despite the pandemic. Your airports became the hubs for distributing pharmaceuticals and other essentials throughout India. The constraints of lower belly capacity from passenger airlines on account of lower traffic, was made up with dedicated freighters flying to many destinations. This could potentially be sustained even post pandemic recovery.
- Non-Aero: Though non-aero spends in absolute terms had an impact due to the pandemic, Average Transaction Values and Spend per Passenger increased during the period, which is positive for the post pandemic period with traffic returning to normal level. Even post the second wave, your airports have seen significantly higher retail spends by domestic passengers on select weekends in keeping with the trend of “revenge travel”. I am optimistic that this may drive a faster recovery for non-aero revenue also.
- Airport Land Development: It is an important value driver for the airport business, and I am happy to share key developments at Delhi and Hyderabad Airports. At Delhi, an important milestone was achieved when DIAL in March 2021 received approval from Delhi Urban Arts Commission for the Aerocity Commercial Project. This will allow your company to progress on the transaction executed earlier with Bharti Realty. Airport Land Development at Hyderabad Airport started the year with completion of a landmark 65 Acre deal with ESR for formation of a 70:30 JV for development of a Warehousing and Industrial Park at Hyderabad Airport. Subsequently, this JV has already made strong progress in monetizing a large part of this land with agreement to lease 1 Mn sq ft or over 60% of total warehousing space to a leading Ecommerce player. During the pandemic year, a number of milestones were achieved to monetise the potential of Hyderabad land and develop the social infrastructure piece in the Hyderabad Airport City ecosystem. Besides the active discussion with an Operator to set a multispecialty Hospital, some of the key developments includes:
  - Leasing of approx. 50,000 sq ft in Aero Tower-2 out of 2.2 lakhs square feet of leasable area.
  - Successful closure of transaction with a leading chain of schools for 15 acres land parcel
  - The warehousing facility of Amazon in Hyderabad Airport has been further expanded to include a new unit of over 2 lakh sq ft vindicating the potential of Hyderabad Airport land development
  - Built-to-suit facilities are being developed by your company for different tenants besides offering land

leases at Hyderabad Airport. In addition to delivering built to facility for Amazon during FY21; the facilities for Safran, Skyroot and Multisorb are on track, and I am sure your company will be able to handover to them before schedule within the current financial year.

- Land leases given to different tenants like Cyient and Citron Pharma who are in last stages of completing their own facilities, enabling the growth of Hyderabad Airport as true Aerropolis.
- Development of new asset classes like co-living wherein your company has recently signed up with Boston Living to enter the co-living space.
- Business Services: The group has over the years acquired considerable experience and expertise in the field of airport operations and maintenance by operating world class airports at Delhi, Hyderabad and Cebu. It was therefore but natural for your company to leverage on the same for offering various airport related services even beyond GMR airports, under the aegis of the GMR Services Business, that has been formed for this purpose. The Services Business is mandated to offer these services as well as various other end to end airport related services, both within and beyond GMR Group. Formation of the Services Business marks a new beginning both for your company and the aviation sector, a beginning that will bring considerable focus on outsourcing of services leading to improved efficiency and economies especially in comprehensive airport operations and maintenance. This also gives me the confidence that this growth initiative would lead to substantial value addition for the group.
- Airport Development and Construction: GMR Group has set benchmarks for development of world class Airport infrastructure. Your company developed the GMR brand as name to reckon for Airport construction not only in India but also Philippines where it successfully constructed and handed over Clarke Airport ahead of schedule and completed Terminal 2 of CEBU Airport. Your company is currently investing ~INR 20,000 Cr. to expand the existing Airports and develop new Airports.
- DIAL is undergoing expansion of its airside infrastructure and terminal capacity, as per the approved Master Development Plan, to 100 Mn passengers annually. Substantial progress has been made on several fronts despite some major Covid related challenges and migration of labour, and the entire Phase 3A expansion is now planned to be completed by June’23. Further, India’s first General Aviation Terminal that can cater to 150 private movements daily and handle over 50 passengers every hour was commissioned in FY’20-21 at Delhi Airport.

- GHIAL has already commissioned 4 rapid exit taxiways, completed the rehabilitation works of the Main Runway in Q1 FY'21-22 as part of its capital expansion works, GHIAL is well underway to complete its expansion to a capacity of 35 Mn passengers annually by September 2022.
- At Goa Airport, construction and development works has resumed at site in Feb'20 post the reaffirmation of environmental clearance to the Project by Hon'ble Supreme Court of India. Significant progress has been achieved in construction of the airport and the connecting expressway being developed by the state government is also progressing well and is expected to get completed by August 2022 together with the airport commissioning.
- At Bhogapuram International Airport, development works including earthworks are in progress post signing the concession agreement for the greenfield in June 2020.

Regulatory Scenario in India has stabilized significantly, and there is consistency and clarity on most issues being provided by AERA. In recent developments, AERA has issued tariff order for the 3rd control period on December 30, 2020 allowing DIAL to continue with BAC+10% tariff for the balance period of 3rd control period plus compensatory tariff in lieu of Fuel Throughput Charges. For the Hyderabad Airport, AERA issued a consultation paper on 2nd July'2021 for third control period (FY'22-FY'26) and the final tariff order is expected by September 2021.

Cash conservation and Liquidity management across assets was a one of the key areas of focus during the review period. Several initiatives were taken to reduce costs and conserve cash. Your company has taken the opportunity to review the traffic requirements, airport expansion project progress status and with the objective of optimizing cash flows, has deferred certain phases of the expansion programs. Further, to meet the anticipated funding needs of the expansion project and to repay the US\$ 289 million bond maturing in FY'21-22, DIAL raised an amount of US\$ 450 million in the form of overseas Green bonds. Your company was able to raise these Green Bonds on account of the intrinsic sustainability focus of the company. To meet the entire funding requirements of the expansion project, GHIAL raised 5-year bonds amounting to US\$ 300 Mn.

In addition to raising the primary funding of ₹ 1,000 Crores from Groupe ADP at GMR Airports Limited, your company was also able to refinance the debt at GMR Airports, complete the financial closure of the revised project cost at the Goa Airport and further agree to a debt restructuring with lenders at Mactan-Cebu Airport, saving ~USD 120mn in cash flow over the next 3 years.

Our airports continued to receive accolades and recognition for the good work done by our teams, these include the following:

- Delhi International Airport was once again recognized as the Best Airport for service quality in the region by ACI, Best Airport in Central Asia by Skytrax for second consecutive year, won ACI World's 'Voice of Customer' recognition, region's first Level 4+ (Transition) accredited airport and Second Airport Globally under ACI's Airport Carbon Accreditation program. This is a result of our focus on operational excellence, customer experience and sustainability, backed by strong organizational culture, which has helped Delhi Airport to sustain its leadership position in Airport Service Quality.
- Hyderabad Airport bagged ACI ASQ best airport by size and region in Asia-Pacific region and 15-25 million passenger category, ACI Green Airports Recognition 2021 -Gold for the Air Quality Management and awarded Level 3+ Neutrality status under ACI's Airport Carbon Accreditation program

## ENERGY



In the Energy sector, your Company demonstrated resilience during one of the most challenging and volatile periods being faced by whole country due to ongoing COVID pandemic. Our focus has been on stabilizing our existing assets, improving their profitability and achieving operational excellence.

GMR Warora Energy Limited (GWEL) has achieved normative availability for all its PPAs with linkage materialization @ 81% for FY'20-21. For the first time since commercial operations, GMR Kamalanga Energy Limited (GKEL) operated at a Plant Load Factor (PLF) of more than 100% continuously for 8 days. With enhanced fuel security under SHAKTI B III, GKEL was able to get 100% linkage coal and clocked annual PLF of 77% in FY'20-21. Our focus continued to be on the liquidation of regulatory receivables during FY 2020-21 and we have succeeded to a significant level despite Covid related challenges at APTEL & CERC.

On the hydro projects front, efforts put in by GMR Upper Karnali Hydropower Ltd (GUKHPL) have borne fruit with Bangladesh Power Development Board issuing a Letter of Award for 500 MW PPA. Battling water ingress, tough geography, adverse weather conditions and COVID related restrictions during the year, our project team at GMR Bajoli Holi Hydro Power Limited (GBHHPL) has managed to tunnel through the tough terrain. With more than 95% of the Project being completed, we are expecting to commission the plant during H2 of FY'21-22.

The achilles heel of the power sector in India, is the operational and financial performance of discoms, barring a few private ones which are performing well and reflect that significant improvements are indeed possible. With adequate power generation capacity and transmission network in place, it is the distribution sector which would see a lot of focus, as with a turnaround in this, power sector can be nursed back to health.

The Government and related agencies have taken concrete steps to address the issues in this sector, which include:

- Revamped distribution reforms scheme with an outlay of more than ₹ 3 lakh crore to focus on reduction of technical and commercial losses by way of smart metering, Feeder segregation and other infrastructure works,
- The Government has already tabled Electricity Amendment Bill to delicense power distribution to introduce competition and private sector play,
- Merit based economic dispatch of power plants is being piloted to reduce variable cost of power and thereby bring down losses.

I believe that India is at a cusp of an energy transformation and is marching towards ambition of 450 GW of installed green capacity by 2030. There is also a large headroom for increase in power consumption with the current per capita consumption of in India much lower than the global average. This would mean a major transformation of power sector, with significant opportunities opening of power distribution, renewable power space including distributed generation, intelligent energy solution and services.

Your Company has built significant expertise and domain knowledge in the Power sector over the past years and is exploring new opportunities in the emerging scenario. With anticipated changes in the Market and Regulatory environment, GMR Group is focused on identifying attractive opportunities that we can target. Areas being explored include Power Distribution, Renewable Energy and other Asset Light Digital opportunities.

International Natural Resource assets

Given the global upswing in commodity cycle, the coal business has been performing exceptionally well in the

recent past. PTGEMS have been consistently increasing its coal volumes and its operations have been robust and consistently profitable. During CY-2020, PTGEMS has sold 34 million tons which translated to a PAT of USD 96 million for the year and company has announced cumulative dividends of USD 253 million, with your company receiving USD 76 Mn as dividend since start of 2020 till date.

## TRANSPORT & URBAN INFRASTRUCTURE



The key highlights for FY'20-21 for the Transportation and Urban Infrastructure vertical (T&UI) vertical of your Company included the following.

The Highway toll projects were affected due to the ongoing Covid 19 pandemic and farmer's agitation in Punjab. The toll has been suspended in Ambala - Chandigarh toll road from October 2020 onwards. We are engaged with the Government in efforts to resume tolling. NHAI has also released a policy for compensation to BOT (Toll) concessionaires, to which we have applied to.

On the positive side, implementation of Fastag has improved collection efficiency at our toll projects. During the year, we have also converted all streetlights in Ambala-Chandigarh project to LED. It is worthy to note that Hyderabad - Vijayawada project secured Green Highway award from MoRTH during FY'20-21.

The Highway sector continues to be one of the most dynamic sectors in the country. During FY'20-21, NHAI awarded record number of projects in Hybrid Annuity Model (HAM) mode and significant number of projects are expected in HAM, BOT and EPC during FY'21-22. Your company is always in lookout for adding new highways PPP projects that fit into the overall strategy of the Group to the existing portfolio. On highways front, concerned authority have passed a significant order accepting our submission on Change in Law for Hyderabad-Vijaywada highways project. Your company is currently in process of discussing future steps

On the EPC front, your company has completed more than 70% of DFCC project - New Bhavpur to Deen Dhayal Upadhyay Junction (201 and 202) in the State of Uttar



Pradesh and 65% of DFCC project - Ludhiana - Kurja - Dadri (package 301 and 302) in the States of Haryana, Uttar Pradesh and Punjab. In package 201, we have completed 175 Track kms of track linking and in package 202 we have completed 290 Track kms of track linking.

Your Company is exploring new projects in DFCC in PPP / EPC mode that are expected to come up during FY'21-22 and beyond. Your Company has invested in two sets of fully mechanized track laying equipment and other heavy construction equipment that can lay up to 1.5 Kms of track linking every day and can be used in future projects as well. Apart from construction of railway lines, Government has opened up station development and running of passenger trains in PPP mode. Your Company will explore those opportunities that correspond to its overall Group strategy.

At the GMR Krishnagiri Special Investment Region (GKSIR), your Company has sold approximately 211 Acres in Phase 1 to an Indian MNC. Further, your company has entered into a binding term sheet for another approximately 300 acres, which shall be concluded shortly. Your company is targeting clients from Japan, Korea and other countries and is also focusing on domestic companies. Currently, your company is taking up development activities on the balance land parcels in phased manner. Government of India has announced several business-friendly policies like - Production Linked Incentive (PLI) Scheme for more than 10 key sectors with a financial outlay of ₹ 1.45 lakh Crores and to improve attractiveness of manufacturing sector in India. In addition, Government of Tamil Nadu has announced a new Industrial Policy which provides flexible mechanisms for new industrial units to avail fiscal benefits with special focus for sunrise sectors. These initiatives are expected to stimulate further demand for land for manufacturing and related projects at GKSIR.

As you are aware, the GMR Group held 51% in Kakinada SEZ Ltd (KSEZ) and had announced the divesting of its entire 51% stake in KSEZ to Aurobindo Realty & Infrastructure Private Ltd (ARIPL). Further, as part of the proposed transfer of stake of KSEZ to ARIPL, 74% of equity stake of Kakinada Gateway Port Ltd (KGPL), a subsidiary of KSEZ would be transferred to ARIPL. Total consideration for the sale of equity stake as well as the sub-debt in KSEZ is ₹ 2,719 crore. Out of the total consideration, the first tranche of ₹ 1,692 crore has been received and the balance ₹ 1,027 crore would be received in the next 2-3 years, which is contingent upon certain agreed milestones. The divestment proceeds will be primarily used to reduce the indebtedness of the Group.

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Sustainability and Corporate Social Responsibility (CSR) have been at the core of the GMR Group ethos since inception. We have taken great pride in all the assets we have developed as National Assets of the highest quality, and we have always ensured that we adopt highest levels of environmental standards at all our projects. Further, our foundation has been doing path breaking work on the CSR front on healthcare, education, sanitation and livelihoods for more than 29 years now.



Your Company has allocated substantial resources to increase adherence to environmental standards and pollution control measures and enhance Environment Health Safety levels. In this regard, I am proud to share a few awards won during the past year which is strong testimony to our credentials on the sustainability front:

- DIAL became Asia Pacific's first Level 4+ (Transition) accredited airport and Second Airport Globally under ACI's Airport Carbon Accreditation program. Airport Carbon Accreditation Program of Airport Council International (ACI) aims to encourage and enable airports and its stakeholders to implement best practices in Greenhouse Gas (GHG) management and achieve emissions reduction. Delhi Airport has taken various proactive initiatives towards environment management and sustainability.
- As part of this approach, Delhi Airport has also introduced technological solutions such as adoption of Electric vehicles and Taxibots, which has resulted in reduction of significant amount of aviation turbine fuel consumption by Aircrafts for ground movement.
- DIAL has achieved absolute emission reduction by 47% and specific GHG emission by 77% over baseline year 2010. DIAL was able to issue a landmark Green-bond for US\$ 450 Mn in March 2021 by leveraging the excellent work it has been doing on the sustainability front.
- DIAL has invested in Bajoli Holi Power Project to meet its energy needs from renewable sources.

- GHIAL won ACI Green Airports Recognition 2021 -Gold for the Air Quality Management and was also awarded Level 3+ Neutrality status under ACI's Airport Carbon Accreditation program.
- In line with its vision to maximize usage of clean energy, GHIAL has also commissioned its second 5 MW solar power plant. GHIAL has also created water reservoirs within the Airport premises to conserve rainwater. The water is cleaned and supplied for consumption at the Airport. Current facilities can meet the requirements for more than 4 months in a year.
- GWEL won the prestigious award "National Energy Conservation award-2020" from the Ministry of Power, Government of India for second time. Also, a First in India, GWEL Water management system is certified for ISO 46001:2019 by M/s BVCI.
- GKEL won National Award for "Excellence in Energy Management" by CII and "Environment Excellence Award - 2020" in Large Industry Category by ICC.
- Hyderabad - Vijayawada project secured Green Highway award from MoRTH during FY'20-21.

Your Company has also continued its tradition of caring for the communities and stakeholders as part of its Corporate Social Responsibility program through GMR Varalakshmi Foundation (GMRVF), an associate of your Company. The Foundation is currently working across all the asset locations of our businesses including in Nepal.

Being a year of pandemic, the Foundation stepped up its efforts to reach out to the communities to offer best possible support especially to vulnerable sections of the society. During the lockdown, Foundation supported over 1 lakh people with cooked food and over 6,000 families and several orphan homes were supported with dry ration. 'Hands for Humanity' program was conducted in collaboration with 92.7 Big FM and Delhi Police at Delhi under which ration kits were provided to 1,050 families. We launched "UMEED KI PAHIYE" program to support families who lost their earning member due to COVID-19 pandemic.

All the educational institutions under GMRVF performed exceedingly well during the last year. There are over 10,000 students in these institutions. GMRIT (GMR Institute of Technology) has taken several initiatives to promote research, which has resulted in faculty members publishing more than 400 research publications. To enable students to take up the courses related to the 21st century skills, GMRIT signed MoUs with reputed foreign universities and introduced industry driven elective courses. Approx. 550 students from GMRIT got placed this year with various companies, including MNCs.

GMRVF partnered with over 200 government schools with the objective of improving the quality of education, reaching out to about 35,000 students across India. Two of the GMRVF supported students from Rajam got selected for Community College Initiative Program of US Government and completed their course in the

community colleges in US. Thirty-Eight students from supported schools got selected for National Means-cum-Merit Scholarship with coaching and guidance from GMRVF.

Mobile Medical Units and Medical clinics offered healthcare services to the needy people, especially during the lockdown period. Tele-health services and virtual health camps were organized. Awareness on Covid and other health issues was provided through online tools. Nutrition centres run by Foundation provided nutrition supplements to pregnant and lactating women at their doorsteps.

Contributing to the Skill India Mission of the Government, GMRVF continued to set benchmarks in the area of skilling. A new Vocational Training Centre was inaugurated at Hubballi, Karnataka in November 2020 by Shri Pralhad Joshi, Hon'ble Minister for Coal, Mines and Parliamentary Affairs. Most of the vocational training centres run by GMRVF adopted quickly to the Covid situation and offered trainings in Blended learning model during the lockdown. The Foundation focused on livelihood restoration for Covid affected people. About 1,000 families were supported for various livelihood activities such as micro-enterprises, poultry, Floriculture, vegetable cultivation, livestock farming etc.

GMR Varalakshmi CARE Hospital was setup in April 2011 in collaboration with the CARE group of Hospitals at Rajam. This is a Multispecialty Hospital in Rajam, Srikakulam district, under GMR Varalakshmi Foundation. It was started as a 135-bed hospital and gradually upgraded to 200 beds. During the covid pandemic the hospital provided services for the communities in the vicinity.



- Rapid Antigen testing services: Hospital is approved by ICMR and 4,000+ tests were conducted
- Tele consultation to the covid patients and counselling to post covid patients.
- Covid Vaccination centre as per the guidelines from the district authorities, and nearly 2,500 people vaccinated.

Over the years, your company has built a robust Governance framework, starting right from the top with a well-structured Family Governance model. In addition

to focus on financial and operational performance, we are equally committed to maintaining strong corporate governance practices and ethical behaviour across every business in the GMR Group. Our reputation as an ethical and trustworthy Company is our most important asset. We believe that consistently focusing on good governance and applying the highest ethical practices in all our activities enables us to uphold the trust of our stakeholders.

Our companies are built around the Group's seven Values and Beliefs which are the embodiment of every aspect of what we do. These are Humility, Entrepreneurship, Delivering the promise, Learning & Inner excellence, Respect for individual, Teamwork & Relationships, and Social Responsibility.

To ensure transparency in transactions across all Group companies and subsidiaries, we conduct regular and structured assessments by the internal audit teams, review through an external agency and due diligence by the Audit Committee and the eminent members of our Board of Directors.

## LOOKING AHEAD

Looking ahead for FY'21-22, we expect business environment to remain challenging given the ongoing impact of the COVID-19 pandemic. However, given the various initiatives taken by the GMR Group to ensure liquidity, business continuity and operational efficiency, we are confident to comfortably ride through these difficult times and come out stronger than ever. From a longer-term perspective, your Group will continue to invest in technology and work towards further strengthening and expanding our footprint in the Airport business and identify areas for profitable growth in the Power and Transportation portfolio.

### Digitalization & Innovation

Along with the focus on Business, your Company recognises the need for innovation in all aspects of business and customer engagement and believes that in the current context companies need to innovate or they will perish. We have been driving several initiatives to enhance business prospects in terms of superior customer experiences, revenue enhancement and cost reduction opportunities as well as agile and efficient internal processes.

We are strengthening and digitalizing the core processes of the group across Finance, Procurement, Planning, Reporting and Human Resources and expanding the scope of our Shared Services Centre with the objective of improving speed and agility of services delivery within the group and improving our overall cost structure and competitiveness of the group. Major part of this transformation is planned to be completed within FY'21-22.

With the onset of COVID pandemic, safety of the passengers travelling through our airports became of

paramount importance. During this period, our airports underwent an accelerated digital transformation and introduced several technology innovations / solutions addressed towards enhancing passenger safety. We have also introduced an Artificial Intelligence enable App "HOI" at our airports which is aimed at helping passengers on multiple fronts in their journey through the airport besides contactless ordering of F&B, retail products and carrying out payments.

Delhi Airport developed and deployed the Air Suvidha Portal, which facilitated the process for all International Passengers coming to India to share relevant information including their Testing and Vaccination details as required. This information formed the basis for the pre-clearance given to passengers to facilitate their entry into the country and reduce passenger waiting times at airports.

Your company is shifting focus from building assets towards offering wholistic services to our customers by leveraging digitalisation. As a step in this direction, we launched GMR Innovex, a new platform for Innovation. GMR Innovex will facilitate start-ups with various kinds of assistance and allow them to build and test their products/services at GMR Innovex across a very large landscape of businesses like Airports, MRO, Cargo, Logistics, Infrastructure etc. The GMR Innovation Hub will be working on a multitude of technologies including Video Analytics, Machine-Vision, Blockchain, Drone-Tech, Smart Tagging, Contactless Technology, RPA, EV, AR/VR, IoT and others.

As I conclude, I would like to take this opportunity to express my gratitude towards our customers, suppliers and other stakeholders for their confidence and trust in the GMR Group during such difficult times. I also thank the leadership team of GMR Group for providing guidance and navigating the organization during the pandemic. Last but not the least, my sincere appreciation is for all our employees whose dedication, hard work, sacrifice and continued contribution in such challenging times enabled the Group to overcome every obstacle. As a token of appreciation and gratitude to service from employees, GMR Group strived to provide support to the families of employees deceased due to Covid through monthly living allowances, Children Education Assistance and Medical Insurance Coverage.

I look forward to your continued support and encouragement in taking your Company to greater and newer heights in the future.

### Stay Safe, Stay Healthy,

Thank You,



**G M Rao**  
Chairman, GMR Group