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Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Financial Results of GMR Power and Urban Infra Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of GMR Power and Urban Infra Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of GMR Power and Urban Infra Limited ('the Company') for the quarter ended 31 December 2023 and the year to date results for the period 1 April 2023 to 31 December 2023, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').

2. The Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

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5. As explained in note 3(a) to the accompanying Statement, the Company has invested in GMR Generation Assets Limited ('GGAL') and GMR Consulting Services Limited ('GCSL'), subsidiaries of the Company, which have further invested in step down subsidiaries and joint ventures. The Company together with GGAL and GCSL has investments in GMR Energy Limited ('GEL'), a subsidiary of the Company, amounting to Rs. 1,276.37 crore and has outstanding loan (including accrued interest) amounting to Rs. 1,953.17 crore recoverable from GEL as at 31 December 2023. GEL has further invested in GMR Kamalanga Energy Limited ('GKEL') and GMR Warora Energy Limited ('GWEL'), both subsidiary companies, and GMR Bajoli Holi Hydropower Private Limited ('GBHHPL'), a Joint Venture of GEL. The carrying value of investment of the Company in GEL is dependent upon fair values of GKEL, GWEL and GBHHPL. The aforementioned investments are carried at their respective fair values as at the reporting date as per Ind AS 109 – 'Financial Instruments'.

   With respect to aforesaid fair values, we draw attention to:

   (a) Note 3(d) to the accompanying Statement which states that the fair value of investment in GKEL considered for the purpose of determining the carrying value of aforesaid investment in GEL is based on the valuation of GKEL performed by an external expert using the discounted future cash flows method which is significantly dependent on the achievement of certain key assumptions considered in aforementioned valuation such as expansion and optimal utilization of existing plant capacity, and timing and amount of settlement of disputes with customers and capital creditors, which are outstanding as on 31 December 2023 as further explained in the said note.

   (b) Note 3(b) and 3(c) to the accompanying Statement which states that the fair value of investment in GWEL considered for the purpose of determining the carrying value of aforesaid investment in GEL is based on the valuation of GWEL performed by an external expert using the discounted future cash flows method which is also dependent upon various claims and other receivables from customers of GWEL which are pending settlement / realization as on 31 December 2023, capacity utilization of plant in future years and certain other key assumptions as considered in the valuation performed by an external expert.

   The above claims also include disputed claims pertaining to recovery of transmission charges from Maharashtra State Electricity Distribution Company Limited ('MSEDCL') by GWEL. GWEL has disputed the contention of MSEDCL that the cost of transmission charges are to be paid by GWEL. However, based on the Order of the Appellate Tribunal for Electricity ('APTEL') ('the Order') dated 08 May 2015, currently contested by MSEDCL in the Honorable Supreme Court and pending conclusion, GWEL has accounted for reimbursement of such transmission charges amounting to Rs. 616.33 crore in the Statement of Profit and Loss for the period from 17 March 2014 to 31 December 2023 and accordingly has disclosed the aforesaid transmission charges and those invoiced directly to MSEDCL by Power Grid Corporation Limited for the period December 2020 to December 2023 as contingent liability, as further described in aforesaid note.

   (c) Note 3(e) to the accompanying Statement which states that the fair value of investment in GBHHPL considered for the purpose of determining the carrying value of aforesaid investment in GEL is based on the valuation of GBHHPL performed by an external expert using the discounted future cash flows method which is also dependent upon achievement of business plans of GBHHPL and recoverability of capital advances in the near future given to contractor of GBHPPL's project, which along with other claims and counter claims are pending before the Arbitral Tribunal as described in the said note.

   The management of the Company, based on its internal assessment, legal opinion, certain interim favourable regulatory orders and valuation assessment made by an external expert, is of the view that the carrying value of the aforesaid investment in GEL, taking into account the matters described above in relation to the investment made by GEL in GWEL, GKEL and GBHHPL, is appropriate and accordingly, no adjustments to the aforesaid balance have been made in the accompanying Statement for the quarter and nine months period ended 31 December 2023. Our conclusion is not modified in respect of these matters.

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6. We draw attention to note 4 to the accompanying Statement, in relation to the investment made by the Company together with GMR Highways Limited (GMRHL), a subsidiary of the Company, in GMR Hyderabad Vijayawada Expressway Private Limited (GHVEPL) amounting to Rs. 860.92 crore. The aforesaid investment is carried at fair value as at reporting date in the Statement as per Ind AS 109 – 'Financial Instruments'.

   The fair value of investment in GHVEPL considered for the purpose of determining the carrying values of aforesaid investments is based on the valuation performed by an external expert using the discounted future cash flows method which is significantly dependent upon claims receivables from National Highway Authority of India (NHAI) as detailed in aforesaid note 4, that are pending before Honorable High Court as on 31 December 2023.

   The management of the Company, based on its internal assessment, legal opinion, certain interim favourable orders and valuation assessment made by the external expert as mentioned above, is of the view that the carrying value of the aforesaid investment of the Company along with GMRHL in GHVEPL, taking into account the aforesaid matter, is appropriate and accordingly, no adjustments to the aforesaid balance have been made in the accompanying Statement for the quarter and nine months period ended 31 December 2023. Our conclusion is not modified in respect of this matter.

7. We draw attention to note 5 to the accompanying Statement which describes that the Company has recognised certain claims in the current quarter and preceding year ended 31 March 2023 pertaining to Dedicated Freight Corridor Corporation ('DFCC') project basis evaluation by the joint venture ('JV') incorporated between the Company and SEW Infrastructure Limited, of JV's entitlement under the contract towards recovery of prolonged cost, as further detailed in the aforesaid note. Based on the legal opinion, the management is of the view that the aforesaid claims as included in unbilled revenue are fully recoverable. Our conclusion is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

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Anamitra Das
Partner
Membership No. 062191
UDIN: 24062191BKDFWN8857

Place: New Delhi
Date: 07 February 2024

GMR Power And Urban Infra Limited
Corporate Identity Number (CIN): L45400MH2019PLC325541
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Statement of standalone financial results for the quarter and nine month period ended December 31, 2023

(Rs. in crore)

Particulars	Quarter ended			Nine month period ended		Year ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Income						
a) Revenue from operations						
Sales/ income from operations	168.72	202.44	273.01	628.80	1,119.83	1,408.78
b) Other income						
Other income	9.68	5.79	1.61	15.91	14.07	31.97
Total income	**178.40**	**208.23**	**274.62**	**644.71**	**1,133.90**	**1,440.75**
2. Expenses						
a) Cost of materials consumed	24.85	26.75	83.33	96.91	455.39	589.15
b) Sub-contracting expenses	27.77	32.79	45.26	91.50	228.17	308.73
c) Employee benefit expenses	3.33	9.45	10.01	22.92	27.28	34.71
d) Other expenses	27.54	43.02	33.84	103.21	132.28	157.01
Total expenses	**83.49**	**112.01**	**172.44**	**314.54**	**843.12**	**1,089.60**
3. Earnings before finance cost, tax, depreciation and amortisation expenses (EBITDA) and exceptional items (1-2)	**94.91**	**96.22**	**102.18**	**330.17**	**290.78**	**351.15**
4. Finance costs	109.44	104.10	134.95	324.07	415.20	551.22
5. Depreciation and amortisation expenses	3.55	3.60	3.88	10.79	12.33	16.03
6. Loss before exceptional items and tax expenses (3 - 4 - 5)	**(18.08)**	**(11.48)**	**(36.65)**	**(4.69)**	**(136.75)**	**(216.10)**
7. Exceptional items (refer note 7)	326.34	5.45	210.55	280.60	210.55	(66.76)
8. Profit/ (loss) before tax (6) ± (7)	**308.26**	**(6.03)**	**173.90**	**275.91**	**73.80**	**(282.86)**
9. Tax expense	-	-	-	-	-	-
10. Profit/ (loss) for the period/ year (8) ± (9)	**308.26**	**(6.03)**	**173.90**	**275.91**	**73.80**	**(282.86)**
11. Other comprehensive income (net of tax)						
Items that will not be reclassified to profit or loss						
-Re-measurement (loss)/ gain on defined benefit plans	(0.20)	0.22	-	0.02	(0.77)	(0.79)
-Net (loss) on fair valuation through other comprehensive income ('FVTOCI') of equity securities	(147.38)	(143.38)	(117.23)	(398.91)	(209.04)	(357.66)
Total other comprehensive income for the period/ year	**(147.58)**	**(143.16)**	**(117.23)**	**(398.89)**	**(209.81)**	**(358.45)**
12. Total comprehensive income for the period/ year (comprising profit/ (loss) and other comprehensive income (net of tax) for the period/ year) (10 ± 11)	**160.68**	**(149.19)**	**56.67**	**(122.98)**	**(136.01)**	**(641.31)**
13. Paid-up equity share capital (Face value Rs. 5 per share)	**301.80**	**301.80**	**301.80**	**301.80**	**301.80**	**301.80**
14. Other equity (excluding equity share capital)						**101.47**
15. Earnings per share (EPS) (Rs.) (not annualised)						
Basic and diluted earnings per share	5.11	(0.10)	2.88	4.57	1.22	(4.69)

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GMR Power and Urban Infra Limited

Notes to the unaudited standalone financial results for the quarter and nine month period ended December 31, 2023

1. Investors can view the unaudited standalone financial results of GMR Power and Urban Infra Limited ("the Company" or "GPUIL") on the Company's website www.gmrpui.com or on the websites of BSE (www.bseindia.com) or NSE (www.nseindia.com). The Company carries on its business through various subsidiaries, joint ventures, jointly controlled operations and associates (hereinafter referred to as 'the Group'), being special purpose vehicles exclusively formed to build and operate various infrastructure projects.

2. The Company carries on its business in single business vertical viz., Engineering, Procurement and Construction ('EPC').

   The segment reporting of the Company has been prepared in accordance with Ind AS 108 'Operating Segments' prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder.

3. (a) The Company together with GMR Generation Assets Limited ("GGAL") and GMR Consulting Services Limited ('GCSL'), subsidiaries of the Company, which have further invested in step down subsidiaries and joint ventures. The Company together with GGAL and GCSL has investments in GMR Energy Limited ("GEL") amounting Rs. 1,276.37 crore and has outstanding loan (including accrued interest) amounting to Rs. 1,953.17 crore in GEL as at December 31, 2023. GEL has certain underlying subsidiaries/ associates/ joint ventures which are engaged in energy sector as further detailed in note 3(b), 3(c), 3(d) and 3(e), below which have been incurring losses/ accumulated losses resulting in substantial erosion in their net worth. Based on management's internal assessment with regard to future operations and valuation assessment by an external expert during the nine month period ended December 31, 2023, the management of the Company has fair valued its investments and for reasons as detailed in 3(b), 3(c), 3(d) and 3(e) below, the management is of the view that the fair value of the Company's investments in GEL is appropriate.

   (b) GMR Warora Energy Limited ('GWEL'), a subsidiary of GEL, is engaged in the business of generation and sale of electrical energy from its coal-based power plant of 600 MW situated at Warora. GWEL had accumulated losses of Rs. 453.81 crore as at December 31, 2023 which has resulted in substantial erosion of GWEL's net worth. There have been delays in receipt of the receivables from customers which has resulted in delays in meeting its financial liabilities. GWEL had claimed compensation for coal cost pass through and various "change in law" events from its customers under the Power Purchase Agreements ('PPA') and have filed petitions with the regulatory authorities for settlement of such claims in favor of GWEL. GWEL has trade receivables, other receivables, and unbilled revenue (including claims) of Rs. 960.05 crore and the payment from the customers against the claims including Interest on such claims which are substantially pending receipt. Based on its internal assessment, legal expert advice and certain favorable interim regulatory orders, the management is confident of a favorable outcome towards the outstanding receivables.

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Notes to the unaudited standalone financial results for the quarter and nine month period ended December 31, 2023

Further, GWEL received notices from one of its customers disputing payments of capacity charges of Rs. 132.01 crore for the period from March 23, 2020 to June 30, 2020 as the customer had not availed power during the said period sighting force majeure on account of COVID 19 pandemic. GWEL responded and clarified that the said situation is not covered under the force majeure clause in view of the clarification by the Ministry of Power stating that Discoms will have to comply with the obligation to pay fixed capacity charges as per PPA. The customer is of the view that the aforesaid clarification by the Ministry of Power cannot override the terms of the PPA and continue to dispute the payment thereof.

Accordingly, during the year ended March 31, 2021, GWEL filed a petition with Central Electricity Regulatory Commission ('CERC') for settlement of the dispute. During the year ended March 31, 2022, the said petition was decided in favour of GWEL vide CERC order dated January 20, 2022 wherein CERC directed the customer to pay the aforesaid outstanding capacity charges along with delayed payment surcharge within 60 days from the date of the aforesaid order.

The customer has filed an appeal against the said CERC order before Appellate Tribunal for Electricity ('APTEL') during the quarter ended June 30, 2022, APTEL issued an interim order and directed the customer to pay 25% of the principal amount within a period of one week from the date of its interim order to GWEL and deposit the balance outstanding amount in an interest-bearing fixed deposit receipt with a nationalized bank. However, GWEL has not received any amount from the customer and the matter is pending conclusion. The management, based on its internal assessment and petition filed with CERC, is of the view that the aforesaid capacity charges are fully recoverable.

However, GWEL has certain favorable interim orders towards the aforementioned claims. Also, during the year ended March 31, 2022, GWEL has entered into a new PPA with Gujarat Urja Vikas Nigam Limited ('GUVNL') for the supply of 150 MW of power from October 2021 to October 2023.

There have been delays in repayment of dues to the lenders on account of the delay in the receipt of the claims by GWEL from its customers thereby resulting in lowering of credit ratings for GWEL's borrowings. However, GWEL has successfully implemented Resolution Plan under Prudential Framework for Resolution of Stressed Assets, as prescribed by the RBI during the previous year ended March 31, 2023.

Accordingly, GWEL has generated profit after tax of Rs 132.08 crore during the nine month period ended December 31, 2023 and the management of GWEL expects that the plant will generate sufficient profits in the future years and will be able to recover the receivables and based on business plans and valuation assessment by an external expert during the nine month period ended December 31, 2023, considering key assumptions such as capacity utilization of plant in future years based on current levels of utilization including merchant sales and sales

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through other long term PPA's and management's plan for entering into a new long-term PPA to replace the PPA earlier entered with one of its customers which has expired in June 2020 and the implementation of the Prudential Framework for resolution of stressed assets with the lenders of GWEL, the management is of the view that the carrying value of the investments in GWEL by GEL as at December 31, 2023 is appropriate.

(c) GWEL entered into a PPA with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') for sale of power for an aggregate contracted capacity of 200 MW, wherein power was required to be scheduled from power plant's bus bar. MSEDCL disputed place of evacuation of power with Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC has directed GWEL to construct separate lines for evacuation of power through State Transmission Utility ('STU') though GWEL was connected to Central Transmission Utility ('CTU'). Aggrieved by the MERC Order, GWEL preferred an appeal with APTEL.

APTEL vide its interim Order dated February 11, 2014 directed GWEL to start scheduling the power from GWEL's bus bar and bear transmission charges of inter-state transmission system towards supply of power.

GWEL in terms of the interim order scheduled the power from its bus bar from March 17, 2014 and paid inter-state transmission charges. APTEL vide its final Order dated May 08, 2015 upheld GWEL's contention of scheduling the power from bus bar and directed MSEDCL to reimburse the inter-state transmission charges hitherto borne by GWEL as per its interim order. Accordingly, GWEL has raised claims of Rs. 616.33 crore towards reimbursement of transmission charges from March 17, 2014 till December 31, 2023.

MSEDCL preferred an appeal with the Hon'ble Supreme Court of India and the matter is pending conclusion. Pursuant to notification No. L-1/250/2019/CERC, the transmission charges (other than the deviation charges) are being directly billed to the respective customers (DISCOMS) by Power Grid Corporation of India Limited ('PGCIL') and accordingly, GWEL has not received transmission charges (other than the deviation charges) related invoices for the period from December 2020 to December 2023. The final obligation towards the transmission charges will be decided based on the order of the Hon'ble Supreme Court of India as stated above.

In view of the favorable Order from APTEL, receipt of substantial amount towards reimbursement of transmission charges and also considering the legal opinion received from legal counsel that GWEL has tenable case with respect to the appeal filed by MSEDCL against the said Order which is pending before the Hon'ble Supreme Court of India, GWEL has recognized the reimbursement of transmission charges of Rs. 616.33 crore relating to the period from March 17, 2014 to December 31, 2023. Further the cost of transmission charges as stated with effect from December 2020 has been is directly invoiced by PGCIL to DISCOMS and such amount together with aforesaid reimbursement has been disclosed as contingent liability in the

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financials of GWEL pending the final outcome of the matter in the Hon'ble Supreme Court of India.

(d) GMR Kamalanga Energy Limited ('GKEL'), a subsidiary of GEL, is engaged in development and operation of 3*350 MW under Phase I and 1*350 MW under Phase II, coal-based power project in Kamalanga village, Orissa and has commenced commercial operation of Phase I of the project. GKEL has accumulated losses of Rs. 1,180.87 crore as at December 31, 2023, which has resulted in substantial erosion of GKEL's net worth due to operational difficulties faced during the early stage of its operations.

Further, GKEL has trade receivables and unbilled revenue of Rs. 1,171,04 crore and Rs.640.31 crore respectively as at December 31, 2023, for coal cost pass through and various "change in law" events from its customers under the PPAs and have filed petitions with the regulatory authorities for settlement of such claims in favour of GKEL. The payment from the customers against the claims is substantially pending receipt as at December 31, 2023. Based on certain favorable interim regulatory orders with regard to its petition for 'Tariff Determination' and 'Tariff Revision' with its customers, the management is confident of a favorable outcome towards the outstanding receivables of GKEL.

GKEL has signed PPA for supply of 102 MW round the clock to TANGEDCO for a period of five years through the aggregator M/s PTC India Limited. In addition to the above, GKEL has won the bid (Shakti-III) for supply of 0.04 crore ton of coal for balance 150 MW. GKEL is actively pursuing its customers for realization of claims and selling its untied capacity in exchange market to support GKEL's ability to continue the business without impact on its operation.

Further, GKEL had entered an agreement with SEPCO in 2008 for the construction and operation of coal fired thermal power plant. There were certain disputes between the parties in relation to the delays in construction and various technical issues relating to the construction and operation of the plant. SEPCO served a notice of dispute to GKEL in March 2015 and initiated arbitration proceedings.

The Arbitral Tribunal has issued an opinion (the Award) on September 07, 2020 against GKEL. Since there were computation/ clerical/ typographical errors in the Award, both parties (GKEL and SEPCO) immediately applied for correction of the award under Section 33 of the Arbitration & Conciliation Act 1996 (as amended). The Arbitral Tribunal considered the applications of both the parties and has pronounced the corrected award on November 17, 2020. GKEL already accounted for the aforementioned liability as per the award pertaining to the retention money, unpaid invoices and the Bank Guarantee revoked. GKEL had challenged the award under section 34 of the Arbitration and Conciliation Act, 1996 before the Hon'ble High Court of Orissa on February 15, 2021 and December 31, 2021 respectively.

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Notes to the unaudited standalone financial results for the quarter and nine month period ended December 31, 2023

The Hon'ble High Court of Orissa vide its judgement and order dated June 17, 2022 has dismissed the petition filed by GKEL on February 15, 2021 to put aside the Final Award on the basis that impugned award does not fall under the category which warrants interference under Section 34 of the Arbitration Act. GKEL has challenged judgement by filing special leave petition before the Supreme Court of India on grounds; a) Violation of Principles of Natural Justice, b) Judgement is in violation of the guidelines laid by Hon'ble Supreme Court for timely pronouncing of judgements c) Violation of due process of law and others.

The Hon'ble Supreme Court of India in the hearing on July 25, 2022 has issued notice and stayed the operation of the Section 34 Judgment. Vide its order dated May 15, 2023, the Hon'ble Supreme Court has disposed of SLP by allowing GKEL to approach the Commercial Appellate Division Bench, as constituted by the Hon'ble High Court of Orissa by way of an appeal under Section 37 of the Arbitration Act with liberty to raise all grounds and contentions. It had further directed that the aforesaid stay shall continue till June 30, 2023.

In furtherance of the order of the Hon'ble Supreme Court, GKEL has filed an appeal under Section 37 of the Arbitration Act before the Hon'ble High Court of Orissa on June 09, 2023, challenging Section 34 judgement and the Award. The Hon'ble High Court of Orissa has pronounced its judgement on September 27, 2023 wherein it has allowed the Section 37 appeal and set aside Section 34 judgement and the Award. During the current quarter, the management has filed a caveat petition before the Hon'ble Supreme Court.

Based on legal advice the liability including interest and other costs under the Final Award has been set aside until the claims are raised again by SEPCO basis the available legal recourse GKEL in its books has made provisions in view of the disputes between SEPCO and GKEL, based on generally accepted accounting practices. Irrespective of the heads under which they appear or their nomenclature/ heading/ title/ narration, etc., such provisions do not make GKEL liable for payment since liability is disputed. While GKEL expects to have a favourable outcome in the aforesaid pending litigations, SEPCO can still approach the Hon'ble Supreme Court of India by way of special leave petition. Consequently, pending conclusion, GKEL has retained liabilities towards SEPCO as per the Arbitration award dated September 07, 2020

In view of these matters, business plans (including expansion and optimal utilization of existing capacity), valuation assessment by an external expert during the nine month period ended December 31, 2023, the management is of the view that the carrying value of the investments in GKEL held by GEL as at December 31, 2023 is appropriate.

(e) GMR Bajoli Holi Hydropower Private Limited ('GBHHPL'), a joint venture of GEL has set up 180 MW hydro-based power plant in Chamba, District of Himachal Pradesh. It had experienced delays in the completion of construction and incurred cost overruns. During the previous year ended March 31, 2023, GBHHPL commenced commercial operations.

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Further, during the previous year i.e., with effect from July 13, 2022, GBHHPL has terminated its agreement with Gammon Engineers and Contractors Private Limited ('the contractor') in respect of the hydropower project as GBHHPL noticed repeated slippages by the contractor in achieving the targets and multifarious breaches under the work orders.

The construction had to be completed by June 2018, however the project was delayed and as a part of one-time settlement with the contractor, extension was granted till May 31, 2020. Even after such time extension and payment of huge unadjusted advances, the contractor could not finish the critical components of civil works within the extended date and further delayed the completion of the project. As a consequence of such delay, GBHHPL had recovered its dues including due to liquidated damages and unadjusted advances from the contractor by way of invoking available bank guarantees (BGs) provided by the contractor, amounting to Rs 128.89 crore and accordingly GBHHPL has adjusted it against such advances.

Further on June 10, 2022, GBHHPL invoked arbitration against the contractor to recover their further dues. However counter claims were also filed by the contractor before the arbitration tribunal towards costs and damages on account of prolongation of the Contract. GBHHPL filed its reply to the Statement of Defence and counter claims on March 01, 2023. Subsequently, consolidated statement of claims and counter claims were directed to be filed by the Arbitration Tribunal which have been filed in the month of August 2023. Next hearing will take place in March 2024. Currently, the matter is pending adjudication before the Arbitral Tribunal.

Based on the assessment of such claims and upon consideration of advice from the independent legal consultant, the management believes that GBHHPL has reasonable chances of recovery of its dues from the contractor in the future and accordingly, based on the valuation assessment carried out by an external expert during the nine month period ended December 31, 2023, is of the view that the carrying value of its investments in GBHHPL held by GEL as at December 31, 2023 is appropriate.

4. The Company together with GMR Highway Limited ("GMRHL") a subsidiary of the Company, has invested in GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') amounting to Rs. 860.92 crore. Based on its internal assessment with regard to future operations and valuation assessment by an external expert during the nine month period ended December 31, 2023, the management of the Company has fair valued its investments and for reasons as detailed below, the management is of the view that the fair values of the Company's investments in GHVEPL is appropriate.

   GHVEPL, a step-down subsidiary of the Company, has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 1,769.11 crore as at December 31, 2023. The management believes that these losses are primarily due to loss of revenue arising as a result of drop in commercial traffic on account of bifurcation of State of Andhra Pradesh and ban imposed on sand mining in the region. The management of the Group

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based on its internal assessment and a legal opinion, believes that these events constitute a Change in Law as per the Concession Agreement and GHVEPL is entitled to a claim for losses suffered on account of the aforementioned reasons and accordingly filed its claim for the loss of revenue till the year ended March 31, 2017 with National Highways Authority of India ('NHAI').

The claim of GHVEPL was rejected by NHAI and accordingly during the year ended March 31, 2018, GHVEPL had decided to proceed with arbitration and accordingly Arbitral Tribunal was constituted and claims were filed.

On October 09, 2009 GHVEPL and NHAI entered into the concession agreement for the project highway. The project was initially developed from existing 2 lanes to 4 lanes to be further developed to 6 laning subsequently (before 14th anniversary of the appointed date). If 6 laning is not carried out (if so required by NHAI/ desired by GHVEPL), concession period would be restricted to 15 years as against 25 years. GHVEPL has been amortising intangible assets over the concession period of 25 years.

The Arbitral Tribunal vide its order dated March 31, 2020, had pronounced the award unanimously, upholding GHVEPL's contention that bifurcation of state of Andhra Pradesh and ban on sand mining in the region constitutes Change in Law event and GHVEPL is entitled for compensation for the loss of revenue arising as a result of drop in commercial vehicles. The majority of the Tribunal members have directed NHAI to constitute a committee for determining the claim amount based on data/ records available with GHVEPL and NHAI. The minority member in the Tribunal however was of the opinion that Tribunal should have constituted the Committee instead of directing NHAI, which is against the principle of natural justice. GHVEPL, aggrieved by the findings, had filed applications under Section 9 and 34 of the Arbitration Act, 1996, before the Hon'ble High Court of Delhi challenging the award on the limited ground of (i) constitution of the committee by NHAI for quantification of compensation and (ii) for interim measures by restraining NHAI, demanding premium and taking coercive / precipitate measures under the Concession Agreement. Vide order dated August 04, 2020, the Hon'ble High Court of Delhi upheld the decision of the Arbitral Tribunal that there was a change in law due to ban on sand mining and State bifurcation.

The Hon'ble High Court of Delhi has also held that GHVEPL is entitled for compensation due to Change in Law and the application of NHAI was dismissed. For quantification of claim of GHVEPL, the committee to be appointed by NHAI has been struck down and in its place the Court has appointed a retired judge of the Hon'ble Supreme Court as sole arbitrator to quantify the claims.

On February 28, 2022, the Sole Arbitrator had submitted his report to the Hon'ble High Court of Delhi by determining the claim amount at Rs. 1,672.20 crore, as against the claimed amount of Rs. 1,676.34 crore, up to March 31, 2020 with direction to follow the same methodology and

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formula for computation of claims for the financial year ended March 31, 2021 and onwards. Further, the Sole arbitrator has also granted interest on claim amount in terms of Clause 47.5 of the Concession Agreement.

The report submitted by the Sole Arbitrator has been taken on record by the Hon'ble High Court of Delhi and the Court has fixed the next hearing on February 27, 2024. On March 29, 2022, NHAI had made an application before the Sole Arbitrator seeking correction of computational error in his report submitted to the Hon'ble High Court. On October 20, 2022 the Sole Arbitrator had passed an order dismissing the application made by NHAI. NHAI, in the interim has also filed an application u/s 34 of Arbitration Act before the Hon'ble High Court of Delhi ,against the report of Sole Arbitrator which is posted for hearing on February 12, 2024.

NHAI has challenged the aforesaid Order dated August 04, 2020 before divisional bench of the Hon'ble High Court of Delhi, wherein the Hon'ble High Court of Delhi has clarified that the Sole Arbitrator shall continue to discharge his duties subject to final outcome of the appeal however in the interim order dated September 14, 2021 the Hon'ble High Court has formed a prima facie view that it would only be fair that NHAI should secure the Premium payable by the GHVEPL till the issues are resolved. Aggrieved by the said order of Divisional Bench, the GHVEPL filed a Special Leave Petition before Hon'ble Supreme Court, wherein the Hon'ble Supreme Court vide its Order dated March 10, 2022 has quashed the impugned interim order with the request directing the Hon'ble High Court of Delhi to decide the matter as expeditiously as possible. The matter is now reserved for judgement.

On May 08, 2020, GHVEPL has received a notice from NHAI stating that it is satisfied that six-laning is not required for the project highway and four laning is sufficient for operating the project highway thereby restricting the concession period to 15 years pursuant to Clause 3.2.2 of the Concession Agreement dated October 09, 2009. GHVEPL has filed a response with NHAI on May 26, 2020, June 16, 2020, August 31, 2020 and October 19, 2020 seeking material on record on the basis of which NHAI has decided that six-laning is not required, since in terms of GHVEPL's assessment, six-laning shall be required considering the current traffic flow on the project highway.

NHAI, however vide its letter dated June 24, 2020 and October 15, 2020 has stated that the contention of GHVEPL is unmerited and due reasons have been conveyed, even though no substantial information is provided on the basis of which such decision is taken. In this regard, GHVEPL has obtained a legal opinion from its Counsel handling NHAI matter in the Hon'ble High Court of Delhi which has opined that with the majority findings of the Arbitral Award in favour of GHVEPL, issuance of Notice dated May 08, 2020 and letter dated June 24, 2020 / October 15, 2020 by NHAI is in bad light and arbitrary.

Legal Counsel opined that NHAI being aware of the financial implications of the notice dated May 08, 2020 trying to somehow avoid quantifying and making any payment of the claim to

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Notes to the unaudited standalone financial results for the quarter and nine month period ended December 31, 2023

GHVEPL under Change in Law. The Counsel further opined that, NHAI after having failed in its series of coercive steps including the notices for recovery of alleged Premium, suspension notice and notices in relation to non-compliance of O & M requirements has, on May 08, 2020, issued the Notice under Article 3.2.2 of the Concession Agreement and that too in the middle of extensive arguments in the aforesaid petitions before the Hon'ble High Court of Delhi, only to make GHVEPL to somehow give up its claims and avoid determination of claims.

GHVEPL on October 30, 2020 has issued Notice of Dispute under Article 44.2 read with Clause 44.1.2 of the Concession Agreement to NHAI for amicable settlement as a first step in dispute resolution, which has been declined by NHAI on December 04, 2020. Pursuant to the notice dated April 06, 2021, the Arbitrators have been appointed and the Arbitral Tribunal has held its first hearing setting procedural timelines for hearing the litigation.

The Hon'ble Tribunal vide interim order dated September 29, 2021 has stayed the letter and the matter is in process. NHAI subsequently has suggested resolving all the disputes through the process of conciliation and the matter was referred to Committee of Conciliation of Independent Experts (CCIE-III) constituted by NHAI on approval from GHVEPL.

The Committee has held two hearings and, in the hearing, held on April 25, 2022, GHVEPL had given a proposal for amicable settlement to which the Committee granted one month's time to NHAI to discuss internally and inform the Committee of its decision, which has not reached any effective conclusion and hence discontinued. In view of the same, the Arbitral Tribunal has been reconstituted and the hearing has been fixed on March 02, 2024 and March 03, 2024 for cross examination of the witnesses.

The legal counsel has also opined that GHVEPL is in a good position to assert for concession period of 25 years. Accordingly, considering the matter is sub-judice, concession life of 25 years with six laning has been considered for the purposes of the amortization of Intangibles considering the initiation of Arbitration Proceedings challenging the communication/notice by NHAI / Regulator restricting the period to 15 years with four-laning.

GHVEPL has been recognizing a provision of additional concession fees (premium) of Rs. 1,540.64 crore including interest payable thereon till December 31, 2023 which is unpaid pending finality of litigation proceedings as detailed above.

Further, the valuation expert based on the assumptions that it would be receiving the compensation in the future and expected future traffic flow over a concession period of 25 years had determined value in use of GHVEPL assets as at December 31, 2023 (i.e. valuation date) which is higher than the carrying value of assets.

The management, based on its internal assessment, legal opinion, certain interim favourable orders and valuation assessment made by an external expert, is of the view that the carrying

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GMR POWER AND URBAN INFRA

value of the aforesaid investment of the Company together with GMRHL in GHVEPL, taking into account the matters described above is appropriate and accordingly, no adjustments to the aforesaid balance have been made in the accompanying unaudited standalone financial results for the quarter and nine month period ended December 31, 2023.

5. The Company and SEW Infrastructure Limited had incorporated a Joint venture, GIL- SIL JV (the "JV") and entered into a contract with Dedicated Freight Corridor Corporation of India Limited ("DFCCIL") in 2015 for execution of design and construction of civil structures and track works for double line railway involving formation in embankments/ cuttings, ballast on formation, track works, bridges, structures, buildings, yards, integration with existing railway system and testing and commissioning on design-build lump sum basis for Mughalsarai-New Karchana Station (including) of Eastern Dedicated Freight Corridor Project (Contract Package – 201) and New Karchana (excluding) – New Bhaupur Station (excluding) of Eastern Dedicated Freight Corridor Project (Contract Package – 202) (hereinafter together referred as 'DFCC project') to the JV.

   Subsequently the JV had sub-contracted a significant portion of such contract to the Company. During the execution of the project, DFCCIL failed to fulfil its obligations in a timely manner and as a consequence of such non-fulfilment, the execution of DFCC project got significantly delayed. In view of the aforementioned delay, the JV sought extensions as per Clause 8.4 of the General Conditions to the Contract and DFCCIL had granted such extensions from time to time.

   During the year ended March 31, 2023, the JV had submitted its claim against DFCCIL for the period of delay i.e. from January 2019 to December 31, 2021, DFCCIL has rejected such claim citing the amendments made in the contract, while granting the extensions of time. JV has invoked the dispute resolution process and accordingly Dispute Adjudicating Board (DAB) is constituted.

   As per directions of DAB, JV had submitted its Statement of Claim ('SoC') before DAB on May 22, 2023 for an amount of Rs. 449.01 crore for Contract Package 202 and on June 09, 2023 for an amount of Rs. 398.63 crore for Contract Package 201 respectively (excluding interest and GST) for cost incurred during the period from January 21, 2019 to September 30, 2022. Further, JV has reserved its right to claim further additional cost for the damages to be suffered during the period (i.e. September 30, 2022 till completion of the project) to be computed in the same manner as set out in the SoC.

   DFCCIL has submitted its Statement of Defense ('SoD') on November 04, 2023 for Contract Package 202 and on December 18, 2023 for Contract Package 201. DFCCIL has also filed counter claims for both the Contract Packages.

   As per the revised timelines set forth by DAB in their meeting held on January 03, 2024, JV is required to submit its Rejoinder by February 07, 2024 for Contract Package 202 and by February

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GMR POWER AND URBAN INFRA LTD.

GMR Power and Urban Infra Limited

Notes to the unaudited standalone financial results for the quarter and nine month period ended December 31, 2023

21, 2024 for Contract Package 201. Next date of hearing of DAB on February 09, 2024 for Contract Package 202 and on February 22, 2024 for Contract Package 201.

Based on internal assessment and review of the technical and legal aspects by independent experts, the management of the JV and the Company recognized such claim in its books of account and basis back-to-back agreement with the JV, the Company has also included an incremental budgeted contract revenue of Rs. 461.18 crore (out of total claim amount of Rs. 847.65 crore) for determination of the revenue recognition in accordance with Ind AS 115 and has recognised in current quarter ended 31 December 2023 and preceding year ended 31 March 2023.

The management of the JV and the Company is confident of the favourable outcome of such claims and considers the unbilled revenue recognized amounting to Rs. 452.07 crore for the aforesaid claims as fully recoverable.

6. The standalone financial results for the nine-month period ended December 31, 2023 reflected an excess of current liabilities over current assets of Rs. 1,117.87 crore and profit from operations after tax amounting to Rs. 275.91 crore. However, the net worth of the Company is positive amounting to Rs. 260.83 crore. Further Management is taking various initiatives including monetization of assets, recovery of outstanding claims in various infra business (highway sector/EPC), raising finances from financial institutions/group companies, strategic investors and from other strategic initiatives, and refinancing of existing debts. Such initiatives will enable the Company to have sufficient funds to meet its financial obligations in an orderly manner.

7. Exceptional items comprise of the reversal/ creation of provision for impairment in carrying value of investments and loans/ advances/ other receivables carried at amortised cost.

8. Sales/ income from operations includes interest income, dividend income, income from management and other services and profit on sale of current investments considering that the Company undertakes investment activities.

9. The Company has presented earnings before finance costs, taxes, depreciation, amortisation expense and exceptional items as EBITDA.

10. The accompanying unaudited standalone financial results of the Company for the quarter and nine month period ended December 31, 2023 have been reviewed by the Audit Committee in their meeting on February 06, 2024 and approved by the Board of Directors in their meeting on February 07, 2024.

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Notes to the unaudited standalone financial results for the quarter and nine month period ended December 31, 2023

11. Previous quarter/ period/ year's figures have been regrouped/ reclassified, wherever necessary to confirm the current period classification.

For **GMR Power and Urban Infra Limited**

Place: Jakarta, Indonesia
Date: February 07, 2024

Srinivas Bommidala
Managing Director
DIN: 00061464

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