

**GMR
POWER &
URBAN INFRA**

August 08, 2022

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Scrip: 543490

National Stock Exchange of India
Limited
Exchange Plaza
Plot no. C/1, G Block
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051
Symbol: GMRP&UI

Dear Sir/ Madam,

Sub: Intimation under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Outcome of Board Meeting-August 08, 2022.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we wish to inform that the Board of Directors of the Company at its meeting held on August 08, 2022 (concluded at 06.20 p.m.) have approved the Un-audited Financial Results (Standalone and Consolidated), for the quarter ended June 30, 2022.

In this connection, please find attached Un-Audited Financial Results (Standalone and Consolidated) along with the Limited Review Report for the quarter ended June 30, 2022.

This is for your information and record.

Thanking you

Yours faithfully

for GMR Power and Urban Infra Limited


Vimal Prakash
**Company Secretary &
Compliance Officer**



Encl; As above

GMR Power & Urban Infra Limited

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Independent Auditor's Review Report on Standalone Unaudited Quarterly 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 30 June 2022, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the Securities and Exchange Board of India ('SEBI') from time to time.
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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. 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. As stated in note 3(a) to the accompanying Statement, the Company has invested in GMR Generation Assets Limited ('GGAL') and GMR Energy Projects Mauritius Limited ('GEPML'), subsidiaries of the Company, which have further invested in step down subsidiaries and joint ventures. Also, the Company together with GGAL and GEPML has investments in GMR Energy Limited ('GEL'), a joint venture of the Company, amounting to Rs. 717.42 crore and has outstanding loan (including accrued interest) amounting to Rs. 1,317.89 crore recoverable from GEL as at 30 June 2022. GEL has further invested in GMR



Kamalanga Energy Limited ('GKEL'), subsidiary of GEL. The aforementioned investments are carried at their respective fair value in the Statement as per Ind AS 109 – 'Financial Instruments'.

As mentioned in note 3(d), the management of the Company has accounted the investment in GKEL based on the valuation performed by an external expert using the discounted future cash flows method which is significantly dependent on the achievement of certain assumptions considered in aforementioned valuation such as settlement of disputes with customers and timely realization of receivables, expansion and optimal utilization of existing capacity, amongst other key assumptions and the uncertainty and the final outcome of the litigations with the capital creditors as regards claims against GKEL. Accordingly, owing to the aforementioned uncertainties, we are unable to comment upon adjustments, if any, that may be required to the carrying value of the aforesaid loans and investments, and the consequential impact on the accompanying Statement for the quarter ended 30 June 2022.

The opinion expressed by us on the standalone financial results of the Company for the year ended 31 March 2022 vide our audit report dated 18 May 2022 and conclusion expressed by us on the standalone financial results of GMR Infrastructure Limited ('GIL' or 'Demerged Company') for the quarter ended 30 June 2021 vide our review report dated 13 August 2021, was also qualified in respect of the above matter.

5. Based on our review conducted as above, except for the possible effects of the matter described in previous sections, 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.
6. In addition to the matters described in paragraph 4 above, we draw attention to note 3(b) and 3(c) to the accompanying Statement, in relation to the investment made by the Company in GEL amounting to Rs. 717.42 crore as at 30 June 2022. The recoverability of such investment is further dependent upon various claims, counter claims and other receivables from customers of GMR Warora Energy Limited ('GWEL'), a subsidiary of GEL, which are pending settlement / realization as on 30 June 2022, and certain other key assumptions as considered in the valuation performed by an external expert, including capacity utilization of plant in future years, and invocation and implementation of the Resolution Plan under Prudential Framework for Stressed Assets as prescribed by the Reserve Bank of India ('RBI') and approved by the lenders of GWEL, as explained in the said note.

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. Based on the Order of the Appellate Tribunal for Electricity ('APTEL') ('the Order') dated 8 May 2015, currently contested by MSEDCL in the Supreme Court and pending conclusion, GWEL has accounted for reimbursement of such transmission charges in the Statement of Profit and Loss amounting to Rs. 616.33 crore for the period from 17 March 2014 to 30 June 2022 and transmission charges invoiced directly to MSEDCL by Power Grid Corporation Limited for the period December 2020 to June 2022 as contingent liability, as further described in aforesaid note.

The management of the Company, based on its internal assessment, implementation of the aforementioned resolution plan, 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 of the Company in GEL, taking into account the matters described above in relation to the investments made by GEL in its aforementioned subsidiary, is appropriate and accordingly, no adjustments to the aforesaid balance have been made in the accompanying Statement for the quarter ended 30 June 2022. Our conclusion is not modified in respect of these matters.



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7. We draw attention to note 5 to the accompanying Statement in relation to the recoverability of sale consideration receivable as at 30 June 2022 amounting to Rs. 313.21 crore pursuant to the sale of equity stake and inter-corporate deposits given to KSEZ which is dependent on the achievement of the milestones as detailed in the aforementioned note. Such achievement of milestones is significantly dependent on future development in the KSEZ and basis independent assessment by property consultancy agency, the management is confident of achieving such milestones and is of the view that no adjustment to the aforesaid balance is required to be made in the accompanying Statement. Our conclusion is not modified in respect of this matter.
8. 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. 1,005.10 crore. The aforesaid investment is carried at fair value in the Statement as per Ind AS 109 – 'Financial Instruments'.

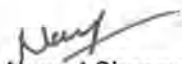
The management has accounted investment in GHVEPL based on the valuation performed by an external expert using the discounted future cash flows method which is significantly dependent upon claims receivables from National Highway Authority of India (NHAI) as detailed in aforesaid note 4, that are pending before Hon'ble High Court as on 30 June 2022.

The management of the Company, 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 value of the aforesaid investment of the Company alongwith 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 ended 30 June 2022. Our conclusion is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500043



Neeraj Sharma

Partner

Membership No. 502103



UDIN: 22502103AONXTH9010

Place: New Delhi

Date: 8 August 2022

GMR Power And Urban Infra Limited

Corporate Identity Number (CIN): L45400MH2019PLC325541
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Statement of standalone financial results for the quarter ended June 30, 2022

(Rs. in crore)

Particulars	Quarter ended			Year ended
	June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
	Unaudited	(Refer note 10)	Unaudited	Audited
1. Income				
a) Revenue from operations				
Sales/ income from operations	377.29	424.89	351.99	1,567.90
b) Other income				
Other income	10.91	1.32	5.16	3.74
Total income	388.20	426.21	357.15	1,571.64
2. Expenses				
a) Cost of materials consumed	155.23	187.39	138.28	651.79
b) Sub-contracting expenses	86.02	104.53	77.16	307.82
c) Employee benefits expense	6.92	8.03	4.36	26.76
d) Finance costs	145.31	161.06	144.19	623.41
e) Depreciation and amortisation expenses	4.38	4.47	4.91	18.87
f) Other expenses	44.04	33.83	23.86	107.40
Total expenses	441.90	499.31	392.76	1,736.05
3. Loss before exceptional items and tax	(53.70)	(73.10)	(35.61)	(164.41)
4. Exceptional items (refer note 6)	-	173.47	66.40	115.73
5. (Loss)/ profit before tax (3) ± (4)	(53.70)	100.37	30.79	(48.68)
6. Tax expense	-	-	-	-
7. (Loss)/ profit for the period/ year (5) ± (6)	(53.70)	100.37	30.79	(48.68)
8. Other comprehensive income (net of tax)				
Items that will not be reclassified to profit or loss				
-Re-measurement (loss)/ gain on defined benefit plans	(0.77)	0.32	0.09	(0.13)
-Net gain/ (loss) on fair valuation through other comprehensive income ('FVTOCI') of equity securities	1,563.97	30.73	(82.51)	590.86
Total other comprehensive income for the period/ year	1,563.20	31.05	(82.42)	590.73
9. Total comprehensive income for the period/ year (comprising profit/(loss) and other comprehensive income (net of tax) for the period/ year) (7±8)	1,509.50	131.42	(51.63)	542.05
10. Paid-up equity share capital (Face value Rs. 5 per share)	301.80	301.80	301.80	301.80
11. Other equity (excluding equity share capital)				1,121.55
12. Earnings per share (EPS) (of Rs.5 each) (not annualised)				
Basic	(0.89)	1.66	0.51	(0.81)
Diluted	(0.89)	1.66	0.51	(0.81)



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GMR Power and Urban Infra Limited

Notes to the unaudited standalone financial results for the quarter ended June 30, 2022

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.gmrgroup.in or on the websites of BSE (www.bseindia.com) or NSE (www.nse-india.com). The Company carries on its business through various subsidiaries, joint ventures and associates (hereinafter referred to as ‘the Group’), being special purpose vehicles exclusively formed to build and operate various infrastructure projects.
2. (a) The Company carries on its business in single business verticals 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.

(b) The composite scheme of amalgamation and arrangement for amalgamation of GMR Power Infra Limited (GPIL) with GMR Infrastructure Limited (‘GIL’) and demerger of Engineering Procurement and Construction (EPC) business and Urban Infrastructure Business (including Energy Business) of GIL into the Company (“Scheme”) was approved by the Hon’ble National Company Law Tribunal, Mumbai bench (“the Tribunal”) vide its order dated December 22, 2021 (formal order received on December 24, 2021), thereby making the Scheme effective. Accordingly, the unaudited standalone financial results of the Company for the period ended June 30, 2021 have been prepared by giving effect to the Composite scheme of amalgamation and arrangement (the ‘Scheme’) in accordance with Appendix C of Ind AS 103 “Business Combination”.

3. (a) The Company together with GMR Generation Assets Limited (“GGAL”) and GMR Energy Projects Mauritius Limited, subsidiaries of the Company, has investments in GMR Energy Limited (“GEL”) amounting Rs. 717.42 crore and has outstanding loan (including accrued interest) amounting to Rs. 1,317.89 crore in GEL as at June 30, 2022. GEL has certain underlying subsidiaries/ associates/ joint ventures which are engaged in energy sector as further detailed in note 3(b), 3(c) and 3(d), below which have been incurring losses resulting in substantial erosion in their net worth. Based on its internal assessment with regard to future operations and valuation assessment by an external expert during the year ended March 31, 2022, the management of the Company has fair valued its investments and for reasons as detailed in 3(b), 3(c) and 3(d) 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 has accumulated losses of Rs. 618.40 crore as at June 30, 2022 which has resulted in substantial erosion of GWEL’s net worth and its current liabilities exceed current assets. There have been delays in receipt of the receivables from customers which has resulted in delays in meeting its financial liabilities.

Further, GWEL basis the requisite approval of the lenders, has invoked resolution process as per Resolution Framework for COVID-19 related stress prescribed by RBI on December 30, 2020 in respect of all the facilities (including fund based, non-fund based and investment in non-convertible debentures) availed by GWEL as on the invocation date. In this regard, all the lenders of GWEL have entered into an Inter Creditors Agreement (‘ICA’) on January 21, 2021



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Notes to the unaudited standalone financial results for the quarter ended June 30, 2022

and a Resolution Plan was to be implemented within 180 days from the invocation date in accordance with the framework issued by RBI. Considering that the proposed resolution plan did not meet certain minimum rating criteria under Resolution Framework for COVID-19 related stress, the said resolution process failed. Further most of the borrowing facilities of GWEL had become Special Mention Account-2/ Non-Performing Assets, accordingly resolution process under Prudential Framework for Resolution of Stressed Assets, as prescribed by the RBI on June 07, 2019 has been invoked on June 29, 2021 by default. ICA has been executed on July 27, 2021 by majority of lenders with 180 days timeline for resolution plan implementation. The initial timeline for implementation of Resolution plan had expired on January 24, 2022. However, the lenders in the consortium meeting dated February 24, 2022 principally agreed to proceed with the Resolution Plan. The lead lender issued a sanction letter dated April 5, 2022 for restructuring of loan facilities. As per the RBI circular as stated above, a minimum approval of lenders representing 75% by value of total outstanding loan facilities and 60% of lenders by number are required for approval of the Resolution Plan.

During the quarter ended June 30, 2022, GWEL received the approvals from the aforesaid requisite lenders on the Resolution plan and consequently the Resolution plan was adopted in the board of directors meeting dated June 23, 2022 and approved by the shareholders of GWEL in the Extraordinary General Meeting dated June 24, 2022. There are certain conditions precedent to the implementation of the Resolution Plan such as infusion of promoter contribution, execution of necessary agreements, creation of security charge, creation of Debt Service Reserve Account etc. The management of GWEL based on its internal assessment is confident that required approvals for the implementation of Resolution plan are obtained and remaining activities are procedural in nature. Accordingly, GWEL has given effect to the Resolution Plan and effect of the same has been disclosed as an exceptional item in the unaudited financial results of GWEL for the quarter ended June 30, 2022.

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 has 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. 798.17 crore and the payment from the customers against the claims including interest on such claims which are substantially pending receipt. Based on certain favorable interim regulatory orders, the management is confident of a favorable outcome towards the outstanding receivables.

Further, GWEL received notices from one of its customer disputing payment of capacity charges of Rs. 132.01 crore for the period 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 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 petition with Central Electricity Regulatory Commission ('CERC') for settlement of the dispute. During the quarter 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



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Notes to the unaudited standalone financial results for the quarter ended June 30, 2022

aforesaid order. The customer has filed an appeal against the said CERC order with 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.

The management based on its internal assessment and petition filed with CERC, is of the view that the aforesaid capacity charges are fully recoverable. Further, in view of the expiry of the PPA with one of the customer availing 200 MW of power in June 2020 and a consequent cancellation of the fuel supply agreement, there could be impact on the future business operations, financial position and future cash flows of GWEL.

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 July 2023.

Accordingly, 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 quarter ended June 30, 2022, considering key assumptions such as capacity utilization of plant in future years based on current levels of utilization including merchant sales and sales 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 invocation and 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 net assets in GWEL by GEL as at June 30, 2022 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 8, 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 claim of Rs. 616.33 crore towards reimbursement of transmission charges from March 17, 2014 till June 30, 2022. MSEDCL preferred an appeal with 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 and accordingly, GWEL has not received transmission charges



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Notes to the unaudited standalone financial results for the quarter ended June 30, 2022

(other than the deviation charges) related invoices for the period December 2020 to June 2022. Though there is a change in the invoicing mechanism, 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, rejection of stay petition of MSEDCL by the Hon'ble Supreme Court of India, 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 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 June 30, 2022. Further the cost of transmission charges as stated with effect from December 2020 is directly invoiced by Power Grid Corporation of India Limited to DISCOMS and has been disclosed as contingent liability in the 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. 1,533.89 crore as at June 30, 2022, 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, other receivables and unbilled revenue (including claims) of Rs. 1,583.90 crore as at June 30, 2022, 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 June 30, 2022. 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 in view of the Supreme Court Order in Energy Watchdog vs CERC and others and CERC order in its own case for Haryana Discoms had sought legal opinion from the legal counsel on certainty of the claims with Bihar Discom. Considering opinion received from legal counsels that GKEL has good tenable case with virtual certainty with respect to coal cost pass through and favourable Order from APTEL dated December 21, 2018 and CERC judgment in GKEL's own case for Haryana Discom where the computation methodology of coal cost pass through was decided, the management was virtually certain on receipt of the GKEL's claim of revenue on coal cost pass through and was of the opinion that no contingency was involved in this regard. GKEL has now received a favourable order on September 16, 2019 whereby the CERC has allowed the coal cost pass through to be charged to the Bihar Discom, based on a certain methodology. The Hon'ble Appellate Tribunal passed an Order in Appeal no - 423 on August 6, 2021 allowing GKEL to recover expenditure incurred in procurement of alternate coal due to short fall in domestic coal supply corresponding to schedule generation pertaining to Bihar PPA and further allowed GKEL to recover the carrying cost from the date of Change in Law events till the dues are paid. Accordingly, GKEL has reversed excess revenue recognized on coal cost pass through claims and carrying cost thereon for the period from September 01, 2014 to July 31, 2021 amounting to Rs 60.92 crore (including net impact of carrying cost recognised amounting to Rs 39.71 crore). The total outstanding receivable (including unbilled revenue



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Notes to the unaudited standalone financial results for the quarter ended June 30, 2022

amounting to Rs. 100.50 crore) from Bihar Discoms amounts to Rs 378.52 crore as at June 30, 2022.

GKEL has accounted for transportation cost of fly ash as change in law event as the same was agreed in principle by CERC vide Order 131/MP/2016 dated February 21, 2018 and on March 22, 2021 in case no 405/MP/2019, CERC allowed to recover ash transportation costs including GST from Bihar and Haryana Discoms. Similarly, CERC in its order dated April 8, 2019 has allowed Maithan Power Limited in case no – 331/MP/2018 to recover the actual ash disposal expenses from its beneficiaries (DVC).

Based on the above orders of CERC, GKEL has recognised revenue amounting to Rs 7.84 crore for GRIDCO during the quarter ended June 30, 2022 post complying with the conditions mandated in this regard. GKEL has filed petition with CERC for determination of compensation of transportation charges of fly ash as per Order 131/MP/2016 and is awaiting final order.

Further, as detailed below there are continuing litigations with SEPCO Electric Power Construction Corporation (SEPCO) ('Capital Creditors') which are pending settlement. Further during the previous year, GKEL has won the bid for supply of balance 150 MW to Haryana Discom. GKEL has signed fuel supply agreement with Coal India Limited for supply of coal from its Mahanadi Coal Field Mines for 0.36 crore ton which is within a distance of 15 KM from the plant site. In addition to 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 the GKEL's ability to continue the business without impact on its operation.

Further, GKEL had entered 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 7, 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 in excess of the amount as per the award pertaining to the retention money, unpaid invoices and the Bank Guarantee revoked. GKEL has 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.

The High Court 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 Supreme Court for timely pronouncing of judgements c) Violation of due process of law and others. Based on legal advice obtained, GKEL seems to have a good arguable case to challenge the section 34 judgement and have it set side. Therefore, GKEL is not expecting any cash outflow in this matter in the foreseeable future. GKEL has in



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Notes to the unaudited standalone financial results for the quarter ended June 30, 2022

its books made provisions in view of the disputes between SEPCO and GKEL and taken into consideration the Award and the Final Award passed by the Arbitral Tribunal 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. GKEL has challenged the award before the Hon'ble Supreme Court and Supreme Court has granted stay till October 14, 2022.

In view of these matters, business plans (including expansion and optimal utilization of existing capacity, valuation assessment by an external expert during the quarter ended June 30, 2022, the management is of the view that the carrying value of the investments in GKEL held by GEL as at June 30, 2022 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. 1,005.10 crore. Based on its internal assessment with regard to future operations and valuation assessment by an external expert during the year ended March 31, 2022, 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. 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 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. 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 will be restricted to 15 years as against 25 years. GHVEPL has been amortising intangible assets over the concession period of 25 years.

GHVEPL has been recognizing a provision of additional concession fees (premium) of Rs. 1,074.91 crore including interest payable thereon till June 30, 2022 (March 31, 2022: Rs. 1,007.83 crore), which is unpaid pending finality of litigation proceedings as detailed below.

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. 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



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Notes to the unaudited standalone financial results for the quarter ended June 30, 2022

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 Delhi High Court 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 from constituting the Committee, demanding premium and taking coercive / precipitate measures under the Concession Agreement. Vide order dated August 4, 2020, the Delhi High Court upheld the decision of the Arbitral Tribunal that there was a change in law due to ban on sand mining and State bifurcation. The Court has also held that GHVEPL is entitled for compensation due to Change in Law and the application of the NHAI was dismissed. For quantification of claim of GHVEPL, the committee to be appointed by the NHAI has been struck down and in its place the Court has appointed a retired judge of Supreme Court as sole arbitrator to quantify the claims.

On February 28, 2022, the sole arbitrator had submitted his report to Hon'ble Delhi High Court by determining the claim amount at Rs. 1,672.20 crore, as against claimed amount of Rs. 1,676.34 crore, up to March 31, 2020 with direction to follow the same methodology and formula for claims for financial year 2020-21 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 Delhi High Court and the Court has fixed the next hearing on August 25, 2022. Further, on March 29, 2022, NHAI has made an application before the Sole arbitrator seeking correction of computational error in his report submitted to the Hon'ble High Court. GHVEPL has also filed its response in terms of the direction from Sole arbitrator on April 20, 2022 and the matter is pending before the Sole arbitrator. NHAI, in the interim has also filed an application u/s 34 of Arbitration Act before Hon'ble Delhi High Court against the report of Sole Arbitrator.

NHAI has challenged the aforesaid Order dated August 4, 2020 before divisional bench of Hon'ble Delhi High Court, wherein the Hon'ble Delhi High Court 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 Court has formed a prima facie view that it would only be fair that NHAI should secure the Premium payable by GHVEPL till the issues are resolved. Aggrieved the said order of Divisional Bench, GHVEPL filed a Special leave petition before Hon'ble Supreme Court, wherein the Supreme Court vide its Order dated March 10, 2022 has quashed the impugned interim order with the request directing the Hon'ble Delhi High Court to decide the matter as expeditiously as possible.

On May 8, 2020, GHVEPL has received a notice from NHAI / Regulator 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 restricting the concession period to 15 years pursuant to Clause 3.2.2 of the Concession Agreement dated October 9, 2009. GHVEPL has filed a response with NHAI on May 26, 2020, June 16, 2020, August 31, 2020 and October 19, 2020 seeking the material on record on the basis of which the 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 Honorable Delhi High Court which has opined that with the majority findings of the Arbitral Award in favour of GHVEPL, issuance of Notice dated May 8, 2020 and letter dated June 24,



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Notes to the unaudited standalone financial results for the quarter ended June 30, 2022

2020 / October 15, 2020 by NHAI / Regulator is in bad light and arbitrary. Legal Counsel opined that NHAI being aware of the financial implications of the Notice dated May 8, 2020 trying to somehow avoid quantifying and making any payment of the claim to 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 8, 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 Delhi High Court, 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 4, 2020. Pursuant to the notice dated April 6, 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 has been 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 for procedural order has been fixed for August 24, 2022 and the stay granted by the Tribunal will continue.

The valuation expert based on the assumptions that it would be receiving the compensation in the future and concession life of 25 years with six laning, has determined fair value of investment in GHVEPL as at March 31, 2022.

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 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 standalone financial results for the quarter ended June 30, 2022.

5. GMR Infrastructure Limited (the 'Demerged Company') had signed definitive share sale and purchase agreement ('SSPA') on September 24, 2020 which had been subsequently amended on March 31, 2021 for the sale of equity owned by its wholly owned subsidiary GMR SEZ & Port Holdings Limited ("GSPHL") of its entire 51% stake in Kakinada SEZ Limited ("KSEZ") to Aurobindo Realty and Infrastructure Private Limited ("ARIPL"). As part of the transfer of stake of KSEZ ("transaction"), the 74% equity stake of Kakinada Gateway Port Limited ("KGPL") held by KSEZ would also be transferred to ARIPL. The consideration for the aforementioned transaction comprised of Rs. 1,692.03 crore upfront payment to be received on or before the closing date and Rs. 1,027.18 crore to be received in next 2 to 3 years from the transaction date which is contingent upon achievement of certain agreed milestones primarily related to the sale of 2,500 acres of the land parcels by KSEZ at specified prices during the financial years ended March 31, 2022 and March 31, 2023.



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GMR Power and Urban Infra Limited

Notes to the unaudited standalone financial results for the quarter ended June 30, 2022

The said transaction was subject to Conditions Precedent as specified in SSPA. Pursuant to the satisfaction of such conditions precedent, entire amount of upfront consideration has been received from ARIPL till date of approval of these standalone financial results. Consequent to the aforementioned, the Demerged Company had accounted for the consideration pursuant to the SSPA during the quarter ended March 31, 2021 and had recognized loss of Rs. 137.99 crore as exceptional loss in relation to same considering the fair value determined by an external valuation expert.

The Company expects in next 2-3 years there will be significant development in the Kakinada SEZ which includes the development of Bulk Drug Park, Commercial Sea port, establishment of various port-based industries, manufacturing industries, development of new International Airport in Bhogapuram. Based on assessment of the achievement of the aforementioned milestones by an independent property consultancy agency, management of the Company is confident of achieving the aforementioned milestones and is of the view that the carrying value of the amount recoverable as at June 30, 2022 is appropriate.

6. 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
7. Other operating income 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.
8. The standalone financial results for the quarter ended June 30, 2022 reflected an excess of current liabilities over current assets of Rs. 1,160.14 crore and losses from operations after tax amounting to Rs. 53.70 crore. However, net worth of the Company is positive amounting Rs. 2,886.85 crore. Further Management is taking various initiatives including monetization of assets, recovery of outstanding claims in highway sector investee entities, raising finances from financial institutions, strategic investors and from other strategic initiatives, refinancing of existing debts and realization of dividend income. Such initiatives will enable the Company to have sufficient funds to meet its financial obligations in an orderly manner.
9. The Company has majority of its investments in EPC and Urban Infrastructure Business (including Energy Business). Investee entities has witnessed recovery in EPC and Urban Infrastructure Business (including Energy Business) with the removal of COVID 19 restrictions, relaxations by the state and central government, increase in vaccination drive. During the current quarter the operations of the Group has significantly improved and are operating at nearly pre-covid level.
10. The figures for the quarter ended March 31, 2022 are the balancing figure between the audited figure of the financial year ended March 31, 2022 and the published unaudited year to date figure for nine months ended December 31, 2021.
11. The accompanying standalone financial results of the Company for the quarter June 30, 2022 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on August 8, 2022.



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GMR Power and Urban Infra Limited

Notes to the unaudited standalone financial results for the quarter ended June 30, 2022

12. Previous quarter / year's figures have been regrouped/ reclassified, to conform to the classification adopted in the current quarter.

Place: Hyderabad
Date: August 08, 2022

For GMR Power and Urban Infra Limited


Srinivas Bommidala
Managing Director



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Independent Auditor's Review Report on Consolidated Unaudited Quarterly 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 unaudited consolidated financial results ('the Statement') of GMR Power and Urban Infra Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures (refer Annexure 1 for the list of subsidiaries, associates and joint ventures included in the Statement) for the quarter ended 30 June 2022, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the Securities and Exchange Board of India ('SEBI') from time to time.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. 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.

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandlok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

4. As stated in note 2(a) to the accompanying Statement, the Group has an investment amounting to Rs. 717.42 crore (net of impairment) in GMR Energy Limited ('GEL'), a joint venture company and outstanding loan (including accrued interest) amounting to Rs. 1,317.89 crore recoverable from GEL and its subsidiaries and joint ventures as at 30 June 2022. GEL has further invested in GMR Kamalanga Energy Limited ('GKEL'), a subsidiary of GEL.

As mentioned in note 2(d), the management of the Holding Company has accounted for the investment in GKEL based on the valuation performed by an external expert using the discounted future cash flows method which is significantly dependent on the achievement of certain assumptions considered in aforementioned valuation such as settlement of disputes with customers and timely realization of receivables, expansion and optimal utilization of existing capacity, amongst other key assumptions and the uncertainty and the final outcome of the litigations with the capital creditors as regards claims against GKEL. Accordingly, owing to the aforementioned uncertainties, we are unable to comment upon adjustments, if any, that may be required to the carrying values of the loans, non-current investment and the consequential impact on the accompanying Statement.

Considering the erosion of net worth and net liability position of GKEL, we, in the capacity of auditors of GKEL have also given a separate section on material uncertainty related to going concern in the review report on the standalone financial results of GKEL for the quarter ended 30 June 2022.

The opinion expressed by us on the consolidated financial results of the Holding Company for the year ended 31 March 2022 vide our audit report dated 18 May 2022 and the conclusion expressed by us on the consolidated financial results of GMR Infrastructure Limited ('GIL' or 'Demerged Company') for the quarter ended 30 June 2021 vide our review report dated 13 August 2021 was also qualified in respect of above matter.

5. As detailed in note 3 to the accompanying Statement, GMR Energy Trading Limited ('GETL'), a subsidiary of the Holding Company, has not complied with the CERC (Procedures, terms and conditions for grant of trading license and other related matters) Regulation 2020 as further detailed in the aforementioned note. Pending regularization of such non-compliances, we are unable to ascertain the consequential impact of such non-compliances, if any, on the accompanying Statement.

The conclusion expressed by another firm of chartered accountants on the standalone financial results of GETL for the quarter ended 30 June 2022 vide their audit report dated 23 July 2022 is also qualified in respect of above matter.

The opinion expressed by us on the consolidated financial results of the Holding Company for the year ended 31 March 2022 vide our report dated 18 May 2022 was also qualified with respect to the above matter.

6. Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the possible effects of the matters described in previous sections, 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.

7. We draw attention to:

- a. Note 2(b) and 2(c) to the accompanying Statement which is in addition to the matters described in paragraph 4 above, regarding the investment made by the Group in GEL amounting to Rs. 717.42 crore as at 30 June 2022. The recoverability of such investment is further dependent upon various



claims, counter-claims and other receivables from customers of GMR Warora Energy Limited ('GWEL'), a subsidiary of GEL, which are pending settlement / realization as on 30 June 2022, and certain other key assumptions as considered in the valuation performed by an external expert, including capacity utilization of plant in future years, and invocation and implementation of the Resolution plan under Prudential Framework for Stressed Assets as prescribed by the Reserve Bank of India ('RBI') and approved by the lenders of GWEL, as explained in the said note.

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. Based on the Order of the Appellate Tribunal for Electricity ('APTEL') ('the Order') dated 8 May 2015, currently contested by MSEDCL in the Supreme Court and pending conclusion, GWEL has accounted for reimbursement of such transmission charges in the Statement of Profit and Loss amounting to Rs. 616.33 crore for the period from 17 March 2014 to 30 June 2022 and transmission charges invoiced directly to MSEDCL by Power Grid Corporation Limited for the period December 2020 to June 2022 as contingent liability, as further described in aforesaid note.

The management of the Holding Company, based on its internal assessment, implementation of the aforementioned resolution plan, 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 of the Group in GEL, taking into account the matters described above in relation to the investments made by GEL in its aforementioned subsidiaries, is appropriate and accordingly, no adjustments to the aforesaid balance have been made in the accompanying Statement for the quarter ended 30 June 2022. Our conclusion is not modified in respect of these matters.

The above matters with respect to GWEL are also reported as emphasis of matter in the review report dated 25 July 2022 issued by other firm of chartered accountants on the standalone financial results of GWEL for the quarter ended 30 June 2022. Further, a separate section on material uncertainty of going concern has also been reported in the aforesaid auditor's review report on the standalone financial results of GWEL and in the review report issued by us on the standalone financial results of GEL vide our report dated 2 August 2022 for the quarter ended 30 June 2022.

- b. Note 5 to the accompanying Statement relating to certain claims and counter claims filed by GMR Power Corporation Limited ('GPCL'), (an erstwhile step down subsidiary of the Holding Company, now merged with GMR Generation Assets Limited ('GGAL'), a subsidiary of the Holding Company vide National Company Law Tribunal ('NCLT') order dated 13 March 2020), and Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) which are pending before the Honorable Supreme Court of India and Appellate Tribunal For Electricity ('APTEL') as detailed in the aforesaid note. Based on GPCL's internal assessment and legal opinion, pending final outcome of the litigation, the management is of the view that no further adjustments in addition to those described in aforementioned note are required to be made to the accompanying Statement for the aforesaid matter. Our conclusion is not modified in respect of this matter.

The above matter is also reported as an emphasis of matter in the review report dated 19 July 2022 issued by another firm of chartered accountants on the standalone financial results of GGAL for the quarter ended 30 June 2022. Further, considering the erosion of net worth and net liability position of GGAL, such auditor has also given a separate section on the material uncertainty relating to going concern in their review report.

- c. Note 6 and 7 to the accompanying Statement which relates to the ongoing arbitrations with National Highways Authority of India (NHAI) for compensation of losses being incurred by GMR Ambala Chandigarh Expressways Private Limited ('GACEPL') and GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL'), step-down subsidiaries of the Holding Company, since the commencement of commercial operations. Pending outcome of the aforementioned arbitration



proceedings, GHVEPL has not paid to NHAI an amount of Rs. 1,074.91 crore as at 30 June 2022 towards additional concession fee along with interest thereon. Further, GACEPL's claim for compensation of losses had been rejected by majority decision by the Arbitration Tribunal and the management has filed an appeal with the Hon'ble High Court of Delhi which has admitted the application for claim for compensation of losses and dismissed the application for stay on payment of negative grant. GACEPL has further filed a special leave petition before Hon'ble Supreme Court of India for seeking an interim relief on payment of negative grant. Pending disposal of such petition, as further explained in the note 6, GACEPL has not provided for interest on the negative grant amounting to Rs. 60.33 crore calculated upto 25 August 2020 in the accompanying Statement.

Further, based on management's internal assessment of compensation inflows, external legal opinions and valuation performed by independent experts, the management is of the view that the recoverable amounts of the carriageways of GACEPL and GHVEPL is assessed to be in excess of the respective carrying values amounting Rs. 307.61 crore and Rs. 1,826.34 crore as at 30 June 2022. Currently, useful life of 25 years has been considered in arriving at the carrying value and amortisation of carriageways of GHVEPL, on the basis of management's plan to develop the six-lane project within the contractually stipulated timelines ending in April 2024. This useful life is subject to the outcome of the dispute between GHVEPL and NHAI in relation to the restriction of concession period by NHAI to 15 years and withdrawal of six laning of the highway project, in which case the useful life will need to be revised. The management has obtained a legal opinion and is of the view that the original contractual term of 25 years is likely to be enforced and accordingly, no adjustments to the consolidated financial results are considered necessary. Our conclusion is not modified in respect of above matters.

The above matters have also been reported as an emphasis of matters in the review reports dated 21 July 2022 and 21 July 2022 issued by other firms of chartered accountants on the financial statements of the GACEPL and GHVEPL, respectively, for the quarter ended 30 June 2022. Further, considering the erosion of net worth and net liability position of these entities, such auditors have also given a separate section on the material uncertainty relating to going concern in their respective review reports.

- d. Note 4 to the accompanying Statement, which describes the uncertainty related to the outcome of a tax assessment from Maldives Inland Revenue Authority ('MIRA') on business profit tax. As per the statement issued by MIRA dated 28 October 2021, GMR Male International Airport Private Limited ('GMIAL') has to settle business profit tax amounted to USD 0.72 crore and fines on business profit tax amounted to USD 0.82 crore. As per the letter dated 22 January 2020 issued by the Ministry of Finance Male, Republic of Maldives, "the amount of tax assessed by the MIRA relating to the final arbitration award is only USD 0.59 crore and this amount should be paid by whom the payment was settled to GMIAL in the event of any tax payable by GMIAL". Further the letter also confirms that GMIAL is not liable to pay for the taxes assessed by MIRA on the arbitration sum and the Government of Maldives have initiated communication with MIRA to settle the taxes and fines payable on the arbitration award. Accordingly, the ultimate outcome of the business tax assessment sent by the MIRA cannot be determined and hence, the effect on the consolidated financial results is uncertain. Accordingly, the Group has not made any provision in the accompanying Statement. Our conclusion is not modified in respect of this matter.

The above matter has also been reported as an emphasis of matter in the review report dated 30 June 2022 issued by other firm of chartered accountants on the financial statement of GMIAL for the period ended 31 March 2022.

- e. Note 9 to the accompanying Statement in relation to the recoverability of sale consideration receivable as at 30 June 2022 amounting to Rs. 441.50 crore (net of impairment) pursuant to the sale of equity stake and inter-corporate deposits given to KSEZ which is dependent on the achievement of the milestones as detailed in the aforementioned note. Such, achievement of



milestones is significantly dependent on future development in the KSEZ and basis independent assessment by property consultancy agency, management is confident of achieving such milestones and is of the view that no adjustment to the aforesaid balance is required to be made in the accompanying Statement. Our conclusion is not modified in respect of this matter.

The above matter has also been reported as an emphasis of matter in the review report dated 20 July 2022 issued by other firm of chartered accountants on the financial results of GPEL for the quarter ended 30 June 2022.

- f. Note 8 to the accompanying Statement, which states that Honorable High Court of Delhi vide its order dated 6 April 2022 in favour of GMR Pochanpalli Expressways Limited (GPEL), a subsidiary of the Holding Company, has held that overlay work is to be carried out as and when the roughness index of roads surpasses the specified thresholds. However, basis legal opinion obtained, the Group's management is of the view that pending finality of the appeal filed by NHAI before the divisional bench of Hon'ble Delhi High Court, since the matter is sub-judice, the Group has not given financial effect to the impact of the aforementioned order in the accompanying Statement. Our conclusion is not modified in respect of this matter.

The above matter has also been reported as an emphasis of matter in the review report dated 20 July 2022 issued by other firm of chartered accountants on the financial results of GPEL for the quarter ended 30 June 2022.

8. We did not review the financial results of 50 subsidiaries and 1 joint operation included in the Statement (including 5 subsidiaries consolidated for the quarter ended 31 March 2022, with a quarter lag and 1 joint operation consolidated for the quarter ended 31 March 2022, with a quarter lag), whose financial information reflects total revenues of Rs. 1,236.74 crore, total net profit after tax of Rs. 139.52 crore and total comprehensive income of Rs. 98.18 crore; for the quarter ended 30 June 2022, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of Rs. 321.23 crore and total comprehensive income of Rs. 320.66 crore for the quarter ended on 30 June 2022, respectively, as considered in the Statement, in respect of 23 associates and 13 joint ventures (including 22 associates consolidated for the quarter ended 31 March 2022, with a quarter lag), whose financial results have not been reviewed by us. These financial results have been reviewed by other auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries/ joint operation/ associates/ joint ventures is based solely on the review reports of such other auditors and the procedures performed by us as stated in paragraph 3 above.

Further, of these subsidiaries/ joint operation/ associates/ joint ventures, 5 subsidiaries, 1 joint operation, 22 associates and 3 joint ventures are located outside India, whose interim financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted accounting standards applicable in their respective countries. The Holding Company's management has converted the interim financial information of such subsidiaries/ joint operation/ associates/ joint ventures from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the balances and affairs of these subsidiaries/ joint operation/ associates/ joint ventures is based on the review report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.



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9. The Statement includes the financial results of 11 subsidiaries (including 10 subsidiaries consolidated for the quarter ended 31 March 2022, with a quarter lag), which have not been reviewed by their auditors, whose financial information reflects total revenues of Rs. 0.26 crore, net loss after tax of Rs. 8.55 crore and total comprehensive loss of Rs. 51.09 crore for the quarter ended on 30 June 2022, as considered in the consolidated financial results. The Statement also includes the Group's share of net loss after tax of Rs. 0.05 crore, and total comprehensive loss of Rs. 0.05 crore for the quarter ended 30 June 2022, in respect of 4 joint ventures (including 3 joint ventures consolidated for the quarter ended 31 March 2022, with a quarter lag), based on their interim financial information, which have not been reviewed by their auditors, and have been furnished to us by the Holding Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates, joint ventures are based solely on such unreviewed financial information. According to the information and explanations given to us by the management, these financial information are not material to the Group.

Our conclusion is not modified in respect of this matter with respect to our reliance on the financial information certified by the Board of Directors.

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



Neeraj Sharma
Partner
Membership No. 502103



UDIN: 22502103AONUJL8424

Place: New Delhi
Date: 8 August 2022

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Annexure 1

List of entities included in the Statement

S.No.	Name of the entity	Relation
1	GMR Power and Urban Infra Limited (GPUIL)	Holding Company
2	GMR Mining and Energy Private Limited	Subsidiary
3	GMR Energy Trading Limited	Subsidiary
4	GMR Londa Hydropower Private Limited	Subsidiary
5	GMR Energy (Cyprus) Ltd, Cyprus	Subsidiary
6	GMR Energy (Netherlands) B.V.	Subsidiary
7	GMR Generation Assets Limited (Formerly known as GMR Renewable Energy Limited)	Subsidiary
8	GMR Energy Projects (Mauritius) Limited	Subsidiary
9	GMR Infrastructure Singapore Pte Ltd	Subsidiary
10	GMR Coal Resources Pte. Ltd	Subsidiary
11	GMR Tambaram Tindivanam Expressways Limited	Subsidiary
12	GMR Tuni Anakapalli Expressways Limited	Subsidiary
13	GMR Ambala Chandigarh Expressways Private Limited	Subsidiary
14	GMR Pochanpalli Expressways Limited	Subsidiary
15	GMR Highways Limited	Subsidiary
16	GMR Hyderabad Vijayawada Expressways Private Limited	Subsidiary
17	GMR Chennai Outer Ring Road Private Limited	Subsidiary
18	Gateways for India Airports Private Limited (GFIAL)	Subsidiary
19	GMR Aerostructure Services Limited (GASL)	Subsidiary
20	GADL International Limited [formerly GADL (Isle of Man) Limited]	Subsidiary
21	GMR Aviation Private Limited (GAPL)	Subsidiary
22	GMR Krishnagiri SIR Limited (GKSIR)	Subsidiary
23	Advika Properties Private Limited	Subsidiary
24	Aklima Properties Private Limited	Subsidiary
25	Amartya Properties Private Limited	Subsidiary
26	Baruni Properties Private Limited	Subsidiary
27	Bougianvile Properties Private Limited	Subsidiary
28	Camelia Properties Private Limited	Subsidiary
29	Deepesh Properties Private Limited	Subsidiary
30	Eila Properties Private Limited	Subsidiary
31	Gerbera Properties Private Limited	Subsidiary
32	Lakshmi Priya Properties Private. Limited	Subsidiary
33	Honeysuckle Properties Private Limited	Subsidiary
34	Idika Properties Private Limited	Subsidiary
35	Krishnapriya Properties Private Limited	Subsidiary



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S.No.	Name of the entity	Relation
36	Larkspur Properties Private Limited	Subsidiary
37	Nadira Properties Private Limited	Subsidiary
38	Padmapriya Properties Private Limited	Subsidiary
39	Prakalpa Properties Private Limited	Subsidiary
40	Purnachandra Properties Private Limited	Subsidiary
41	Radhapriya Properties Private Limited	Subsidiary
42	Shreyadita Properties Private Limited	Subsidiary
43	Sreepa Properties Private Limited	Subsidiary
44	GMR SEZ & Port Holdings Limited	Subsidiary
45	Dhruvi Securities Private Limited	Subsidiary
46	Asteria Real Estates Private Limited	Subsidiary
47	Pranesh Properties Private Limited	Subsidiary
48	Namitha Real Estates Private Limited	Subsidiary
49	Honeyflower Estates Private Limited	Subsidiary
50	Suzonē Properties Private Limited	Subsidiary
51	Lilliam Properties Private Limited	Subsidiary
52	Lantana Properties Private Limited (Formerly GMR Hosur Industrial City Pvt. Ltd.)	Subsidiary
53	GMR Infrastructure (Mauritius) Limited	Subsidiary
54	GMR Infrastructure (Cyprus) Limited	Subsidiary
55	GMR Infrastructure Overseas Limited (Malta)	Subsidiary
56	GMR Infrastructure (UK) Limited	Subsidiary
57	Indo Tausch Trading DMCC	Subsidiary
58	GMR Infrastructure (Global) Limited	Subsidiary
59	GMR Male International Airport Private Limited	Subsidiary
60	GMR Infrastructure (Overseas) Limited	Subsidiary
61	PT GMR Infrastructure Indonesia	Subsidiary
62	GMR Green Energy Private Limited (Acquired on 21 June 2022)	Subsidiary
63	Megawide GISPL Construction JV	Joint Operation
64	GMR Rajahmundry Energy Limited	Associate
65	GMR Energy Limited	Joint Venture
66	GMR Vemagiri Power Generation Limited	Joint Venture
67	GMR (Badrinath) Hydro Power Generation Private Limited	Joint Venture
68	PT Golden Energy Mines Tbk (GEMS)	Associate
69	PT Dwikarya Sejati Utama	Associate
70	PT Duta Sarana Internusa	Associate
71	PT Barasentosa Lestari	Associate
72	PT Unsoco	Associate
73	PT Roundhill Capital Indonesia (RCI)	Associate



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S.No.	Name of the entity -	Relation
74	PT Borneo Indobara (BIB)	Associate
75	PT Kuansing Inti Makmur (KIM)	Associate
76	PT Karya Cemerlang Persada (KCP)	Associate
77	PT Bungo Bara Utama (BBU)	Associate
78	PT Bara Harmonis Batang Asam (BHBA)	Associate
79	PT Berkat Nusantara Permai	Associate
80	PT Tanjung Belit Bara Utama (TBBU)	Associate
81	PT Trisula Kencana Sakti (TKS)	Associate
82	GEMS Trading Resources Pte Ltd. (GEMSCR)	Associate
83	PT Karya Mining Solution (Formerly known as PT Bumi Anugerah Semesta (BAS))	Associate
84	PT GEMS Energy Indonesia	Associate
85	PT Era Mitra Selaras (EMS)	Associate
86	PT Wahana Rimba Leastari (WRL)	Associate
87	PT Berkat Satria Abadi (BSA)	Associate
88	PT Kuansing Inti Sejahtera (KIS)	Associate
89	PT Bungo Bara Makmur (BBM)	Associate
90	GMR Warora Energy Limited	Joint Venture
91	GMR Maharashtra Energy Limited	Joint Venture
92	GMR Bundelkhand Energy Pvt. Limited	Joint Venture
93	GMR Rajam Solar Power Pvt. Limited	Joint Venture
94	GMR Gujarat Solar Power Pvt. Limited	Joint Venture
95	Karnali Transmission Company Private Limited	Joint Venture
96	GMR Kamalanga Energy Limited	Joint Venture
97	GMR Energy (Mauritius) Limited, Mauritius	Joint Venture
98	GMR Lion Energy Limited, Mauritius	Joint Venture
99	GMR Upper Karnali Hydropower Ltd, Nepal	Joint Venture
100	GMR Indo-Nepal Power Corridors Limited	Joint Venture
101	Limak GMR Joint Venture	Joint Venture
102	GMR Consulting Services Limited	Joint Venture
103	GMR Bajoli Holi Hydropower Private Limited	Joint Venture
104	GMR Tenaga Operations and Maintenance Pvt. Ltd.	Joint Venture
105	GIL SIL JV	Joint Venture
106	GMR Indo-Nepal Energy Links-Limited (GINELL) (Strike off filed on 31 December 2021)	Joint Venture



GMR Power And Urban Infra Limited
Corporate Identity Number (CIN): L45400MH2019PLC325541
Registered Office: Naman Centre, 7th Floor, 701
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Phone: +91-22-42028000 Fax: +91-22-42028004
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Statement of consolidated financial results for the quarter ended June 30, 2022

(Rs. in crore)

Particulars	Quarter ended			Year ended
	June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
	Unaudited	(Refer note 13)	Unaudited	Audited
A. Continuing operations				
1. Income				
a) Revenue from operations				
Sales/ income from operations	1,068.68	1,211.05	875.64	4,101.81
b) Other income				
Other income	94.74	60.98	43.53	179.89
Total Income	1,163.42	1,272.03	919.17	4,281.70
2. Expenses				
a) Revenue share paid/ payable to concessionaire grantors	48.29	41.24	31.28	151.61
b) Cost of materials consumed	155.23	187.39	138.28	651.79
c) Purchase of traded goods	516.78	626.08	430.80	2,057.28
d) Sub-contracting expenses	96.91	115.00	97.72	336.42
e) Employee benefits expense	19.75	21.48	14.99	71.56
f) Finance costs	323.73	346.03	330.89	1,354.49
g) Depreciation and amortisation expenses	47.15	43.78	24.38	128.16
h) Other expenses	76.82	112.65	77.98	314.56
i) Foreign exchange fluctuations loss (net)	14.57	25.35	-	23.10
Total expenses	1,299.23	1,519.00	1,146.32	5,088.97
3. Loss before share of profit of investments accounted for using equity method, exceptional items and tax from continuing operations (1) - (2)	(135.81)	(246.97)	(227.15)	(807.27)
4. Share of profit of investments accounted for using equity method (Dividend received from joint venture and associates during the year ended March 31, 2022 - Rs 842.53 crore)	344.34	177.19	96.15	246.17
5. Profit/ (loss) before exceptional items and tax from continuing operations (3) + (4)	208.53	(69.78)	(131.00)	(561.10)
6. Exceptional items (refer note 12)	-	(157.91)	-	15.09
7. Profit/ (loss) before tax from continuing operations (5) + (6)	208.53	(227.69)	(131.00)	(546.01)
8. Tax expense on continuing operations (net)	6.85	44.78	6.28	105.53
9. Profit/ (loss) after tax from continuing operations (7) - (8)	201.68	(272.47)	(137.28)	(651.54)
B. Discontinued operations				
10. Loss before tax expenses from discontinued operations	(0.01)	(0.01)	(0.55)	(0.03)
11. Tax expense on discontinued operations (net)	-	-	-	-
12. Loss after tax from discontinued operations (10) - (11)	(0.01)	(0.01)	(0.55)	(0.03)
13. Profit/ (loss) after tax for the respective periods (9) + (12)	201.67	(272.48)	(137.83)	(651.57)



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Particulars	(Rs. in crore)			
	Quarter ended			Year ended
	June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
	Unaudited	(Refer note 13)	Unaudited	Audited
14. Other comprehensive income (net of tax)				
Items that will be reclassified to profit or loss	33.16	(11.94)	(15.96)	5.63
Items that will not be reclassified to profit or loss	(1.15)	0.57	0.07	(0.01)
Total other comprehensive income, net of tax for the respective periods	32.01	(11.37)	(15.89)	5.62
15. Total comprehensive income for the respective periods (13) + (14)	233.68	(283.85)	(153.72)	(645.95)
Profit attributable to				
a) Owners of the Company	212.65	(214.05)	(124.03)	(647.54)
b) Non controlling interest	(10.98)	(58.43)	(13.80)	(4.03)
Other comprehensive income attributable to				
a) Owners of the Company	30.08	(11.53)	(15.94)	3.95
b) Non controlling interest	1.93	0.16	0.05	1.67
Total comprehensive income attributable to				
a) Owners of the Company	242.73	(225.58)	(139.97)	(643.59)
b) Non controlling interest	(9.05)	(58.27)	(13.75)	(2.36)
16. Paid-up equity share capital (Face value - Rs. 5 per share)	301.80	301.80	301.80	301.80
17. Total equity (excluding equity share capital)				(2,534.43)
18. Earnings per share - (Rs.) (not annualised)				
a) Basic and diluted earnings per share	3.52	(3.55)	(2.06)	(10.73)
b) Basic and diluted earnings per share from continuing operations	3.52	(3.55)	(2.05)	(10.73)
c) Basic and diluted earnings per share from discontinued operations	(0.00)	(0.00)	(0.01)	(0.00)



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GMR Power And Urban Infra Limited				
Consolidated statement of segment revenue, results, assets and liabilities				
Particulars	Quarter ended			Year ended
	June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
	Unaudited	(Refer note 13)	Unaudited	Audited
	(Rs. in crore)			
I. Segment revenue				
a) Power	547.28	669.82	446.70	2,175.06
b) Roads	163.21	147.43	122.23	531.94
c) EPC	287.55	330.64	268.28	1,179.05
d) Others	86.55	86.75	66.20	338.54
	1,084.59	1,234.64	903.41	4,224.59
Less: Inter segment	(15.91)	(23.59)	(27.77)	(122.78)
Segment revenue from operations	1,068.68	1,211.05	875.64	4,101.81
2. Segment results (including share of profit of investments accounted for using equity method)				
a) Power	353.90	150.80	94.86	246.89
b) Roads	69.57	53.31	40.05	201.26
c) EPC	21.25	(9.46)	18.69	63.16
d) Others	65.18	59.05	14.42	159.01
Total segment results	509.90	253.70	168.02	670.32
Less: finance costs (net of finance income)	(301.37)	(323.48)	(299.02)	(1,231.42)
Profit/ (loss) before exceptional items and tax from continuing operations	208.53	(69.78)	(131.00)	(561.10)
Less : Exceptional items (refer note 12)	-	(157.91)	-	15.09
Profit/ (loss) before tax expenses from continuing operations	208.53	(227.69)	(131.00)	(546.01)
Tax expenses on continuing operations (net)	6.85	44.78	6.28	105.53
Profit/ (loss) after tax from continuing operations	201.68	(272.47)	(137.28)	(651.54)
Loss before tax expenses from discontinued operations	(0.01)	(0.01)	(0.55)	(0.03)
Tax expenses on discontinued operations (net)	-	-	-	-
Loss after tax from discontinued operations	(0.01)	(0.01)	(0.55)	(0.03)
Profit/ (loss) after tax for the respective periods	201.67	(272.48)	(137.83)	(651.57)
3. Segment assets				
a) Power	5,729.02	5,432.83	6,173.25	5,432.83
b) Roads	3,341.53	3,426.90	3,888.53	3,426.90
c) EPC	1,470.51	1,393.58	1,225.86	1,393.58
d) Others	1,703.14	1,671.00	1,509.78	1,671.00
e) Unallocated	1,766.64	1,797.56	2,228.76	1,797.56
f) Assets classified as held for sale	333.11	350.78	307.01	350.78
Total assets	14,343.95	14,072.65	15,333.19	14,072.65
4. Segment liabilities				
a) Power	2,721.86	2,687.60	2,885.93	2,687.60
b) Roads	1,499.38	1,439.12	1,321.27	1,439.12
c) EPC	692.32	615.13	594.16	615.13
d) Others	132.29	150.92	275.93	150.92
e) Unallocated	11,156.91	11,228.68	12,181.17	11,228.68
f) Liabilities directly associated with the assets classified as held for sale	183.84	183.73	22.32	183.73
Total liabilities	16,386.60	16,305.18	17,280.78	16,305.18



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GMR Power and Urban Infra Limited

Notes to the unaudited consolidated financial results for the quarter ended June 30, 2022

1. Consolidation and Segment Reporting

- a. GMR Power and Urban Infra Limited ('the Company', 'the Holding Company' or 'GPUIL') 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.
- b. The segment reporting of the Group has been prepared in accordance with Ind AS-108 on 'Operating Segments' prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder.

The business segments of the Group comprise of the following:

Segment	Description of Activity
Power	Generation of power, transmission of power, mining and exploration and provision of related services
Roads	Development and operation of roadways
Engineering, Procurement and Construction (EPC)	Handling of engineering, procurement and construction solutions in the infrastructure sector
Others	Urban infrastructure and other residual activities

- c. Investors can view the results of the Company on the Company's website www.gmrgroup.in or on the websites of BSE (www.bseindia.com) or NSE (www.nse-india.com).
- d. The composite scheme of amalgamation and arrangement for amalgamation of GMR Power Infra Limited (GPIL) with GMR Infrastructure Limited ('GIL') and demerger of Engineering Procurement and Construction (EPC) business and Urban Infrastructure Business (including Energy business) of GIL into the Company ("Scheme") was approved by the Hon'ble National Company Law Tribunal, Mumbai bench ("the Tribunal") vide its order dated December 22, 2021 (formal order received on December 24, 2021). The said Tribunal order was filed with the Registrar of Companies by GIL, GPIL and the Company on December 31, 2021, thereby making the Scheme effective. Accordingly, the unaudited consolidated financial results of the Group for the period ended June 30, 2021 have been prepared by giving effect to the Composite scheme of amalgamation and arrangement (the 'Scheme') in accordance with Appendix C of Ind AS 103 "Business Combination".



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GMR Power and Urban Infra Limited

Notes to the unaudited consolidated financial results for the quarter ended June 30, 2022

2. (a) The Group has investments of Rs. 717.42 crore (net of impairment) in GMR Energy Limited ('GEL'), a joint venture of the Group and loan (including accrued interest) amounting to Rs. 1,317.89 crore (including by its subsidiaries and joint ventures). GEL has certain underlying subsidiaries / joint ventures which are engaged in energy sector as further detailed in notes 2(b), 2(c) and 2(d) below which have substantially eroded net worth. Based on the valuation assessment by an external expert during the year ended March 31, 2022 and the sensitivity analysis carried out for some of the aforesaid assumptions, the value so determined after discounting the projected cash flows using discount rate ranging from 10.89% to 16.98% across various entities, the management has accounted for an impairment loss of Rs. 204.36 crore in the value of Group's investment in GEL and its subsidiaries/ joint ventures which has been disclosed as an exceptional item in the audited consolidated financial results of the Group for the year ended March 31, 2022. The management is of the view that post such impairment, the carrying value of the Group's investment 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 has accumulated losses of Rs. 618.40 crore as at June 30, 2022 which has resulted in substantial erosion of GWEL's net worth and its current liabilities exceed current assets. 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 favour of GWEL. GWEL has trade receivables, other receivables and unbilled revenue (including claims) of Rs. 798.17 crore and the payment from the customers against the claims including interest on such claims which are substantially pending receipt. Based on certain favorable interim regulatory orders, the management is confident of a favorable outcome towards the outstanding receivables.

Further, in view of the ongoing COVID-19 pandemic and expiry of the PPA with one of the customer availing 200 MW of power in June 2020 and a consequent cancellation of the fuel supply agreement, there could be impact on the future business operations, financial position and future cash flows of GWEL. Further, GWEL basis the requisite approval of the lenders, had invoked resolution process as per Resolution Framework for COVID-19 related stress prescribed by RBI on December 30, 2020 in respect of all the facilities (including fund based, non-fund based and investment in non-convertible debentures) availed by GWEL as on the invocation date. In this regard, all the lenders of GWEL had entered into an Inter Creditors Agreement ('ICA') on January 21, 2021 and a Resolution Plan was to be implemented within 180 days from the invocation date in accordance with the framework issued by RBI. Considering that the proposed resolution plan did not meet certain minimum rating criteria under Resolution Framework for COVID-19 related stress, the said resolution process failed. Further most of the borrowing facilities of GWEL had become Special Mention Account-2/ Non-Performing Assets, accordingly resolution process under Prudential Framework for Resolution of Stressed Assets, as prescribed by the RBI on June 07, 2019 had been invoked on June 29, 2021 by default. ICA has been executed on July 27, 2021 by majority of lenders with 180 days timeline for resolution plan implementation.



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GMR Power and Urban Infra Limited

Notes to the unaudited consolidated financial results for the quarter ended June 30, 2022

The initial timeline for implementation of Resolution plan expired on January 24, 2022. However, the lenders in the consortium meeting dated February 24, 2022 principally agreed to proceed with the Resolution Plan. The lead lender issued a sanction letter dated April 05, 2022 for restructuring of loan facilities. As per the RBI circular as stated above, a minimum approval of lenders representing 75% by value of total outstanding loan facilities and 60% of lenders by number are required for approval of the Resolution Plan.

During the quarter ended June 30, 2022, GWEL received the approvals from the aforesaid requisite lenders on the Resolution plan and consequently the Resolution plan was adopted in the board of directors meeting dated June 23, 2022 and approved by the shareholders of GWEL in the Extraordinary General Meeting dated June 24, 2022. There are certain conditions precedent to the implementation of the Resolution Plan such as infusion of promoter contribution, execution of necessary agreements, creation of security charge, creation of Debt Service Reserve Account etc. The management of GWEL based on its internal assessment is confident that required approvals for the implementation of Resolution plan are obtained and remaining activities are procedural in nature. Accordingly, GWEL has given effect to the Resolution Plan considered in the unaudited financial results of GWEL for the quarter ended June 30, 2022.

Further, GWEL received notices from one of its customer disputing payment of capacity charges of Rs. 132.01 crore for the period 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 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 petition with Central Electricity Regulatory Commission ('CERC') for settlement of the dispute. During the quarter 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 with Appellate Tribunal for Electricity ('APTEL') 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.

The management based on its internal assessment and petition filed with CERC, is of the view that the aforesaid capacity charges are fully recoverable. Further, in view of the expiry of the PPA with one of the customer availing 200 MW of power in June 2020 and a consequent cancellation of the fuel supply agreement, there could be impact on the future business operations, financial position and future cash flows of GWEL.



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GMR Power and Urban Infra Limited

Notes to the unaudited consolidated financial results for the quarter ended June 30, 2022

However, GWEL has certain favourable 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 July 2023.

Accordingly, 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 period ended June 30, 2022, considering key assumptions such as capacity utilization of plant in future years based on current levels of utilization including merchant sales and sales 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 invocation and implementation of the Prudential Framework for resolution of stressed assets with the lenders of GWEL, the management of the Group is of the view that the carrying value of the net assets in GWEL by GEL as at June 30, 2022 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 8, 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 claim of Rs. 616.33 crore towards reimbursement of transmission charges from March 17, 2014 till June 30, 2022.

MSEDCL preferred an appeal with 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 and accordingly, GWEL has not received transmission charges (other than the deviation charges) related invoices for the period December 2020 to June 2022. Though there is a change in the invoicing mechanism, 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, rejection of stay petition of MSEDCL by the Hon'ble Supreme Court of India, 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



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GMR Power and Urban Infra Limited

Notes to the unaudited consolidated financial results for the quarter ended June 30, 2022

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 June 30, 2022 in the financial results of GWEL.

(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. 1,533.89 crore as at June 30, 2022, 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, other receivables and unbilled revenue (including claims) of Rs. 1,583.90 crore as at June 30, 2022, 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 June 30, 2022. 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 in view of the Supreme Court Order in Energy Watchdog vs CERC and others and CERC order in its own case for Haryana Discoms had sought legal opinion from the legal counsel on certainty of the claims with Bihar Discom. Considering opinion received from legal counsels that GKEL has good tenable case with virtual certainty with respect to coal cost pass through and favourable Order from APTEL dated December 21, 2018 and CERC judgment in GKEL's own case for Haryana Discom where the computation methodology of coal cost pass through was decided, the management was virtually certain on receipt of the GKEL's claim of revenue on coal cost pass through and was of the opinion that no contingency was involved in this regard. GKEL has now received a favourable order on September 16, 2019 whereby the CERC has allowed the coal cost pass through to be charged to the Bihar Discom, based on a certain methodology. The Hon'ble Appellate Tribunal passed an Order in Appeal no. - 423 on August 6, 2021 allowing GKEL to recover expenditure incurred in procurement of alternate coal due to short fall in domestic coal supply corresponding to schedule generation pertaining to Bihar PPA and further allowed GKEL to recover the carrying cost from the date of Change in Law events till the dues are paid.

Accordingly, GKEL has reversed excess revenue recognized on coal cost pass through claims and carrying cost thereon for the period from September 01, 2014 to July 31, 2021 amounting to Rs 60.92 crore (including net impact of carrying cost recognised amounting to Rs 39.71 crore). The total outstanding receivable (including unbilled revenue amounting to Rs 100.50 crore) from Bihar Discoms amounts to Rs 378.52 crore as at June 30, 2022.

GKEL has accounted for transportation cost of fly ash as change in law event as the same was agreed in principle by CERC vide Order 131/MP/2016 dated February 21, 2018 and on March 22, 2021 in case no 405/MP/2019, CERC allowed to recover ash transportation costs including GST from Bihar and Haryana Discoms. Similarly, CERC in its order dated April 8, 2019 has allowed



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Maithan Power Limited in case no – 331/MP/2018 to recover the actual ash disposal expenses from its beneficiaries (DVC).

Based on the above orders of CERC, GKEL has recognised revenue amounting to Rs 7.84 crore for GRIDCO during the quarter ended June 30, 2022 post complying with the conditions mandated in this regard. GKEL has filed petition with CERC for determination of compensation of transportation charges of fly ash as per Order 131/MP/2016 and is awaiting final order.

Further during the previous year, GKEL has won the bid for supply of balance 150 MW to Haryana Discom. GKEL has signed fuel supply agreement with Coal India Limited for supply of coal from its Mahanadi Coal Field Mines for 0.36 crore ton which is within a distance of 15 KM from the plant site. In addition to 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 the GKEL's ability to continue the business without impact on its operation.

Further, GKEL had entered 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 7, 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 in excess of the amount as per the award pertaining to the retention money, unpaid invoices and the Bank Guarantee revoked. GKEL has challenged the award under section 34 of the Arbitration and Conciliation Act, 1996 before the Hon'able High Court of Orissa on February 15, 2021 and December 31, 2021 respectively.

The High Court 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 Supreme Court for timely pronouncing of judgements c) Violation of due process of law and others. Based on legal advice obtained, GKEL seems to have a good arguable case to challenge the section 34 judgement and have it set side. Therefore, GKEL is not expecting any cash outflow in this matter in the foreseeable future. GKEL has in its books made provisions in view of the disputes between SEPCO and GKEL and taken into consideration the Award and the Final Award passed by the Arbitral Tribunal 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. GKEL has



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challenged the award before the Hon'ble Supreme Court and the Hon'ble Supreme Court has granted stay till October 14, 2022.

In view of these matters, business plans (including expansion and optimal utilization of existing capacity, valuation assessment by an external expert during the quarter ended June 30, 2022, the management is of the view that the carrying value of the investments in GKEL held by GEL as at June 30, 2022 is appropriate.

3. The Central Electricity Regulatory Commission ('CERC') has issued CERC (Procedures, terms and conditions for grant of trading license and other related matters) Regulation 2020, (the 'Regulations') on January 31, 2020 repealing its earlier subsisting regulations in this regard. The said regulations have wide ranging impact on the operations of the trading licensee regarding the requirement of net worth, operating ratios, trading margins and various other matters including banking transactions undertaken by GMR Energy Trading Limited (GETL) a subsidiary of the Company. GETL has assessed the impact of its loans given to associate companies, on the net-worth calculation as per the Regulations and other non-compliances of other ratios in terms of the Regulations. GETL is implementing processes to ensure necessary compliances and ratios as per the Regulations are met consistently. The management is of the opinion that the penal consequences for the non-compliances are not determinable currently and the effect of which has not been given in the financial statements of GETL. The management is confident that the effect, if any, of such non compliances would not be material on the unaudited consolidated financial results of the Group.
4. In GMR Male International Airport Private Limited ('GMIAL'), during the year ended March 31, 2018, Maldives Inland Revenue Authority ('MIRA') has issued tax audit reports and notice of tax assessments demanding business profit tax amounting to USD 1.44 crore, USD 0.29 crore as the additional withholding tax excluding fines and penalties. During the year ended March 31, 2019, MIRA has issued additional demands of USD 0.21 crore and USD 0.13 crore on account of fines on business profit tax and withholding taxes respectively. However, management of the Group is of the view that the notice issued by MIRA is not tenable.

On May 23, 2019, the Attorney General's office has issued statement on this matter to MIRA stating that in the event of the Maldives parties deducting any sum from this award in respect of taxes, the amount payable under the award shall be increased to enable GMIAL to receive the sum it would have received if the payment had not been liable to tax.

Further, as per the letter dated January 22, 2020 received from Ministry of Finance Male', Republic of Maldives (the "Ministry"), the amount of tax assessed by MIRA relating to the final arbitration award is USD 0.59 crore and in the event of any tax payable by GMIAL on the same shall be borne by whom the payment was settled to GMIAL, without giving any workings / break-up for the same. As such the Ministry has confirmed that GMIAL is not liable to pay for the tax assessed by MIRA on the final arbitration award.



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GMIAL has obtained the statement of dues from MIRA on October 28, 2021, according to which GMIAL is required to settle business profit tax amounting to USD 0.72 crore and fines on business profit tax amounting to USD 0.82 crore and GMIAL is required to settle withholding tax amounting USD 0.29 crore and fines on withholding tax amounted to USD 0.44 crore (withdrawing the interim tax liability claim of USD 0.72 crore).

Considering the entire tax liability pertaining to the business profit taxes is relating to the Arbitration Award Sum, the management of Group is of view that GMIAL will be able to successfully defend and object to the notice of tax assessments and accordingly, no additional provision is required to be recognized in these consolidated financial results. Further, in respect of the matters pertaining to the withholding taxes and the fines thereon, Group, believes that since these pertain to the aforementioned matter itself, the tax demand on these items is not valid and based on an independent legal opinion, no adjustments to the books of account are considered necessary.

5. GMR Generation Assets Limited ("GGAL") (earlier called GMR Power Corporation Limited ('GPCL'), now merged with GGAL with effect from March 31, 2019), a subsidiary of the Company, approached Tamil Nadu Electricity Regulatory Commission ('TNERC') to resolve the claims / counterclaims arising out of the PPA and Land Lease Agreement ('LLA') in respect of the dues recoverable from Tamil Nadu Generation and Distribution Corporation Limited ('TAGENDCO') on account of sale of energy including reimbursement towards interest on working capital, Minimum Alternate Tax ('MAT'), rebate, start / stop charges and payment of land lease rentals to TAGENDCO. GPCL received a favourable order from TNERC and in pursuance of the Order, filed its claim on April 30, 2010 amounting to Rs. 481.68 crore.

TAGENDCO filed a petition against TNERC Order in Appellate Tribunal for Electricity ('APTEL'). In terms of an interim Order from APTEL, dated November 11, 2010, TAGENDCO deposited Rs. 537.00 crore including interest on delayed payment of the claim amount. Subsequently APTEL vide its Order dated February 28, 2012 dismissed the appeal and upheld TNERC order. TAGENDCO then filed a petition in the Hon'ble Supreme Court challenging APTEL order in 2012, which appeal is still pending before the Hon'ble Supreme Court.

During the year ended March 31, 2022, based on recent legal pronouncements which have provided clarity on the tenability of such appeals as filed by TAGENDCO in the current matter together with advise from independent legal experts, GPCL has recognised the aforementioned claims as exceptional item.

APTEL as a part of its order of February 28, 2012 has further directed erstwhile GPCL to verify and pay counterclaims of TAGENDCO in respect of the benefits earned if any, by GPCL with regard to the delayed payment towards fuel supply that are not as per the terms of the FSA. GPCL challenged the said direction by way of an appeal in the Hon'ble Supreme Court. The Hon'ble Supreme Court vide its Order dated April 24, 2014, has referred the dispute to TNERC for examining the claim of the contesting parties. In November 2018, TNERC issued an order whereby GPCL liability to TAGENDCO was upheld at a value of Rs 121.37 crore. This order has been



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challenged by GPCL before APTEL which appeal is pending adjudication. Pending final outcome of the litigation, GPCL has recognised the claims as contingent liability.

GPCL's counter claim of Rs 191.00 crore under old PPA towards interest on delayed payments, start and stop charges and invoice for nil dispatches and invoice for differential rates for the period from July 2011 to February 2014 has not yet been adjudicated by TNERC.

Hence, pending acceptance of claims by TAGENDCO and pending adjudication of petition before the TNERC, the Group has not recognised the aforesaid claim in the books of account.

6. GMR Ambala Chandigarh Expressways Private Limited ('GACEPL'), a subsidiary of the Company has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 648.83 crore as at June 30, 2022. The management of the Group believes that these losses are primarily attributable to the loss of revenue arising as a result of diversion of partial traffic on parallel roads.

GACEPL had invoked arbitration proceedings against National Highways Authority of India (NHAI), State of Haryana (SoH) and State of Punjab (SoPb) as per the terms of the Concession Agreement dated November 16, 2005 and State Support Agreement dated February 21, 2006 and March 8, 2006 due to continued losses suffered by GACEPL on account of diversion of traffic to parallel roads developed by SoH and SoPb. GACEPL had raised its contention that NHAI, SoH & SoPb has breached the provisions of Concession Agreement and State Support Agreements by building parallel highways resulting in loss of traffic to the GACEPL's toll road. GACEPL had filed a net claim of Rs. 1,003.35 crore including interest, calculated up to March 31, 2019 before the Tribunal.

The three member Hon'ble Tribunal vide its order dated August 26, 2020, has pronounced the award wherein majority of the Tribunal has disagreed with the contention of the GACEPL and has rejected all the claims of GACEPL whereas the minority arbitrator has upheld the claims of the GACEPL and awarded the entire amount claimed by GACEPL. Majority Award has also vacated the stay granted on recovery of negative grant vide Tribunal's interim order dated August 13, 2013. Minority Arbitrator by way of minority award has agreed with most of the contentions of GACEPL and has directed State of Haryana and State of Punjab to jointly pay the claim covered under his award along with interest from 2008 till March 31, 2019.

Further, in accordance with the terms of the Concession Agreement entered into with National Highways Authority of India (NHAI), dated November 16, 2005, GACEPL has an obligation to pay an amount of Rs.174.75 crore by way of Negative Grant over the concession period. The total value of Negative Grant has been recognized in the financials by way of capitalization in the cost of carriageway and a corresponding obligation has been created towards deferred payment. During earlier years GACEPL has paid negative grant to NHAI in various instalment and balance negative grant of Rs. 66.41 crore was due in instalments (i.e., Rs.17.47 crore, Rs.17.48 crore, Rs. 26.21 crore and Rs. 5.24 crore were due in August 2013, August 2014, August 2015 and August 2016 respectively) but have not been remitted to NHAI as there was a stay on account of arbitration. The



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Arbitral Tribunal on August 26, 2020 while rejecting the GACEPL's prayer for compensation for breach of State Support Agreement & Concession Agreement by State Government of Haryana, State Government of Punjab and NHAI, vacated the stay granted on payment of Negative Grant and NHAI consequently demanded the payment of negative grant including interest from GACEPL and the Escrow Banker. The claim by NHAI for interest communicated to GACEPL and the Escrow Banker was Rs. 101.34 crore calculated up to October 31, 2020, though the interest as computed by GACEPL up to August 25, 2020 is Rs. 60.33 crore (@SBI PLR plus 2%). Escrow Banker based on the demand from NHAI, has remitted Rs. 6.08 crore as per the waterfall mechanism to NHAI and the same is considered by GACEPL as paid under protest. During the financial year 2021-22 NHAI has again demanded the Negative grant along with interest calculated at the rate SBI plus 2% from GACEPL through various communications. The dissenting opinion of the other Arbitrator also rejected GACEPL's contention on the non-payment of Negative Grant and has concluded that GACEPL shall be bound by the Concession Agreement in relation to payment of Negative Grant. The GACEPL in the interim on prudence basis has been accounting for the interest on negative grant based on SBI PLR plus 2% interest rate w.e.f. August 25, 2020 the date of the arbitral award and the total amount provided as at June 30, 2022 is Rs 15.91 crore. GACEPL has paid further an amount of Rs 2.00 crore and has appropriated it towards the Negative Grant payable pending finality of the litigation.

GACEPL aggrieved by rejection of all claims by majority members had preferred an appeal, in both Punjab and Haryana matters, under Section 34 and Section 9 of the Arbitration Act before Hon'ble Delhi High Court requesting to stay the Majority Award and grant stay on payment of Negative Grant. The Hon'ble Delhi High Court has admitted the application under Section 34 whereas the application under Section 9 has been dismissed on the ground that the losing party in an Arbitration proceeding cannot seek relief under Section 9 of Arbitration Act. The hearing for section 34 matter is completed and judgement is reserved. Subsequently, the Division Bench of Hon'ble Delhi High Court also dismissed the aforementioned application under Section 9 on the similar grounds.

GACEPL in terms of its communication to NHAI has provided for delay in payment of interest on negative grant w.e.f. August 26, 2020 onwards amounting to Rs. 15.91 crore (March 31, 2022: Rs. 13.77 crore) under prudence, pursuant to the vacation of stay on payment of negative grant vide Arbitral Award dated August 26, 2020. Further, the management is of the opinion that there is no charge of interest in pursuance of stay given by the Arbitral Tribunal for the period to August 26, 2020 and effect, if any will be given on the conclusion of proceedings pending before hon'ble Supreme Court.

GACEPL aggrieved by the dismissal of application by Division Bench as well has filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court of India under Section 9 seeking interim relief on recovery of Negative Grant till the time Section 34 petition is decided by Hon'ble Delhi Court. In this regard, the GACEPL has obtained legal opinion from the legal counsel handling matters, wherein the legal counsel has opined that the GACEPL has a fair chance of getting stay on



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payment of Negative Grant, considering the Hon'ble Supreme Court in similar matters have granted interim relief to the Petitioners.

Based on legal opinion, GACEPL is of the view that majority Award has not interpreted the relevant clauses of the concession agreement from point of view of intention of the parties and has also ignored the fact that NHAI has also not produced any data to contradict the reason for reduction in traffic in comparison to its Detailed Project Report (DPR). In the opinion of the legal team no effective consultations among the three arbitrators had also lead to a fractured award and that majority award has also ignored the provisions and guidelines of Indian Road Congress which have the force of statutory bindings thereby taking a contrary view as the nature of development carried out by States have altered/changed the status of roads.

Accordingly, the Management of GACEPL is of the opinion that the matter has not attained the finality and GACEPL has good chances of getting stay on the majority award and expects to win the case in Delhi High Court and to receive the claims in due course. As per the internal assessment by the management, on the reasonable certainty of inflows of the claims discussed above, GACEPL has considered that there would be no cash outflow related to negative grants or that there will be net cash inflows even if the negative grant out flows are considered and expects realisability of GACEPL's claims in the near future.

Further, the valuation expert based on the assumptions that it would be receiving the compensation in the future, had determined value in use of GACEPL assets as at March 31, 2022 (i.e. valuation date) which is higher than the carrying value of assets. The management is confident of receipt of claims for loss due to diversion of traffic/compensation in the appellate proceedings and accordingly is of the opinion that carrying value of Carriageway in GACEPL of Rs. 307.61 crore as at June 30, 2022 is appropriate.

Furthermore, GACEPL's right to receive the user fee for usage of the toll roads have been effected due to the farmers protests from October 12, 2020 where the farmers are not allowing for collection of the toll fees. The said protest has concluded and the actual losses is being crystallized. Pending the same GACEPL had approached NHAI for loss of revenue due to ongoing farmers protests and submitted its claim for compensation of Rs 15.18 crore against Operation and Maintenance expenses and interest on RTL incurred up to December 14, 2021 from October 12, 2020 onwards. Pursuant to the claim filed by the GACEPL, NHAI in the interim has released a partial amount of Rs. 6.42 crore against the claim filed up to March 31, 2021. The matter of claim with NHAI has not attained finality pending which amount received from NHAI has been disclosed as other liabilities. GACEPL has filed its claim with NHAI for extension of concession period The management of GACEPL does not foresee any adverse effect on the overall functioning of GACEPL in view of remedies available with the GACEPL.



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7. GMR Hyderabad Vijayawada Expressways Private Limited ('GHVEPL') a subsidiary of the Company has been incurring losses since the commencement of its commercial operations and has accumulated losses of Rs. 1,555.54 crore as at June 30, 2022. 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 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. 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.

GHVEPL has been recognizing a provision of additional concession fees (premium) of Rs. 1,074.91 crore including interest payable thereon till June 30, 2022 (March 31, 2022: Rs. 1,007.83 crore), which is unpaid pending finality of litigation proceedings as detailed below.

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. 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 principal of natural justice. GHVEPL, aggrieved by the findings, had filed applications under Section 9 and 34 of the Arbitration Act, 1996, before Delhi High Court 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 from constituting the Committee, demanding premium and taking coercive / precipitate measures under the Concession Agreement. Vide order dated August 4, 2020, the Hon'ble Delhi High Court 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 Delhi High Court has also held that GHVEPL is entitled for compensation due to Change in Law and the application of the NHAI was dismissed. For quantification of claim of GHVEPL, the committee to be appointed by the NHAI has been struck down and in its place the Court has appointed a retired judge of Supreme Court as Sole arbitrator to quantify the claims. On February 28, 2022, the Sole Arbitrator had submitted his report to Hon'ble Delhi High Court by determining the claim amount at Rs. 1,672.20 crore, as against claimed amount of Rs. 1,676.34 crore, up to March 31, 2020 with direction to follow the same methodology and formula for claims for FY 2020-21 and onwards. Further, the Sole arbitrator has also granted interest on claim amount



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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 Delhi High Court and the Court has fixed the next hearing on August 25, 2022. Further, on March 29, 2022, NHAI has made an application before the Sole arbitrator seeking correction of computational error in his report submitted to the Hon'ble High Court. GHVEPL has also filed its response in terms of the direction from Sole arbitrator on April 20, 2022 and the matter is pending before the Sole Arbitrator. NHAI, in the interim has also filed an application u/s 34 of Arbitration Act before Hon'ble Delhi High Court against the report of Sole Arbitrator.

NHAI has challenged the aforesaid Order dated August 4, 2020 before divisional bench of Hon'ble Delhi High Court, wherein the Hon'ble Delhi High Court 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 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 the said order of Divisional Bench, the GHVEPL filed a Special leave petition before Hon'ble Supreme Court, wherein the Supreme Court vide its Order dated March 10, 2022 has quashed the impugned interim order with the request directing the Hon'ble Delhi High Court to decide the matter as expeditiously as possible.

On May 8, 2020 GHVEPL has received a notice from NHAI / Regulator 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 restricting the concession period to 15 years pursuant to Clause 3.2.2 of the Concession Agreement dated October 9, 2009. GHVEPL has filed a response with NHAI on May 26, 2020, June 16, 2020, August 31, 2020 and October 19, 2020 seeking the material on record on the basis of which the 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 Honorable Delhi High Court which has opined that with the majority findings of the Arbitral Award in favour of GHVEPL, issuance of Notice dated May 8, 2020 and letter dated June 24, 2020 / October 15, 2020 by NHAI / Regulator is in bad light and arbitrary. Legal Counsel opined that NHAI being aware of the financial implications of the Notice dated May 8, 2020 trying to somehow avoid quantifying and making any payment of the claim to 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 8, 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 Delhi High Court, 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 4, 2020. Pursuant



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to the notice dated April 6, 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 NHAH subsequently has suggested resolving all the disputes through the process of conciliation and the matter has been referred to Committee of Conciliation of Independent Experts (CCIE-III) constituted by NHAH 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 NHAH 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 for procedural order has been fixed for August 24, 2022 and the stay by the Tribunal will continue.

The legal counsel has also opined that GHVEPL is in 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 amortisation of Intangibles considering the initiation of Arbitration Proceedings challenging the communication/notice by NHAH / Regulator restricting the period to 15 years with four-laning.

The valuation expert based on the assumptions that it would be receiving the compensation in the future, had determined value in use of GHVEPL assets as at March 31, 2022 (i.e. valuation date) which is higher than the carrying value of carriageways.

The management of the Group is confident that it will be able to claim compensation from the relevant authorities for the loss it suffered due to aforementioned reasons. Accordingly, based on the aforesaid legal opinion, expected future traffic flow over a concession period of 25 years, valuation assessment by an external expert based on expected compensation claim inflows, the management of the Group believes that the carrying value of carriage ways of Rs. 1,826.34 crore of GHVEPL as at June 30, 2022, is appropriate.

8. GMR Pochanpalli Expressways Limited ('GPEL') a subsidiary of the Company had invoked Arbitration proceedings against NHAH in respect of the dispute on applicability of carrying out periodic maintenance (overlay work) of the road project once in every five years in the Concession Agreement. On January 14, 2020, the Hon'ble Tribunal had pronounced the award wherein it had directed GPEL has to carry out overlay irrespective of the condition of the road and commence second overlay work with effect from April 01, 2020 and complete by December 31, 2020 and also complete the third overlay work by April 01, 2025. The NHAH has challenged the award before the Hon'ble High Court of Delhi with regard to extending the timeline to commence and complete the second overlay work and third overlay work stating that such concession is not in accordance with Concession Agreement.



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The Arbitral Tribunal had further directed NHAI to refund the amount of Rs. 10.79 crore which was wrongly deducted from the annuity along with interest @12% p.a. from the date of deduction. The Arbitral Tribunal has also directed NHAI to pay Rs. 0.30 crore towards costs of litigation and the entire amount of fee paid to the Arbitrators by GPEL on behalf of NHAI. NHAI had challenged the award with regard to directions for refund of amount before the Hon'ble High Court of Delhi.

Aggrieved by the findings of the Tribunal, to the limited issue of requirement of overlay upon every 5 years, GPEL has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 before Hon'ble High Court of Delhi.

The Hon'ble Delhi High Court vide its order dated April 06, 2022 had upheld GPEL's contentions and held that the overlay is to be carried out as and when the roughness index exceeds 2000 mm/km and rejected the arbitration order which had held that GPEL has to carry out overlay irrespective of the condition of the road every five years. It has further upheld the GPEL's claim in respect of the cost incurred on the first major maintenance and directed that the quantification of the claim to be done by the arbitrator appointed by it. The awards of tribunal on other matters favorable to GPEL was further upheld by the High Court.

NHAI has filed an appeal under section 37(1)(c) of the Arbitration and Conciliation Act, 1996 against the order of Single Judge of Hon'ble Delhi High Court before the Division bench of Hon'ble Delhi High Court and Court has directed on July 11, 2022 to maintain status quo or arbitration proceeding and the matter has not yet attained finality. The implication of the favorable order to GPEL would have affected the carrying value of Service Concession Receivables by reduction of the outflows on overlay cost which would have resulted in significant modification gain to GPEL on reversal of those provisions. Pending finality and clarity in the matters the Group under prudence has not affected the financial impact of the order. The modification gains to give effect to the order of the single bench of the Hon'ble High Court of Delhi would be given on the finality of legal proceedings.

9. The Group had signed definitive Securities sale and purchase agreement ('SSPA') on September 24, 2020 which had been subsequently amended on March 31, 2021, for the sale of entire 51% equity stake owned by its wholly owned subsidiary GMR SEZ & Port Holdings Limited ("GSPHL") in Kakinada SEZ Limited ("KSEZ") to Aurobindo Realty and Infrastructure Private Limited ("ARIPL"). As part of the transfer of stake of KSEZ ("transaction"), the 74% equity stake of Kakinada Gateway Port Limited ("KGPL") held by KSEZ has also been transferred to ARIPL. The consideration for the aforementioned transaction comprised of Rs. 1,692.03 crore upfront payment which is to be received on or before the closing date and Rs. 1,027.18 crore to be received in next 2 to 3 years from the transaction date which is contingent upon achievement of certain agreed milestones primarily related to the sale of 2,500 acres of the land parcels by KSEZ at specified prices during the financial years ended March 31, 2022 and March 31, 2023.



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GMR Power and Urban Infra Limited

Notes to the unaudited consolidated financial results for the quarter ended June 30, 2022

The said transaction was subject to conditions precedent as specified in SSPA. Pursuant to the satisfaction of such conditions precedent, entire amount of upfront consideration has been received from ARIPL till date of approval of these consolidated financial results. Consequent to the aforementioned, the Group had accounted for the consideration pursuant to the SSPA during the quarter ended March 31, 2021 and had recognized loss of Rs. 137.99 crore as exceptional loss in relation to same considering the fair value determined by an external valuation expert.

The Group expects in next 2-3 years there will be significant development in the Kakinada SEZ which includes the development of Bulk Drug Park, establishment of a large pharmaceutical unit, Commercial Sea Port, establishment of various port-based industries, manufacturing industries, development of new International Airport in Bhogapuram. Based on assessment of the achievement of the aforementioned milestones by an independent property consultancy agency, management of the KSEZ is confident of achieving the aforementioned milestones and is of the view that the carrying value of the amount recoverable as at June 30, 2022 is appropriate.

10. The consolidated financial results for the quarter ended June 30, 2022 reflected an excess of current liabilities (including liabilities directly associated with assets classified as held for sale) over current assets (including assets classified as held for sale) of Rs 4,855.18 crore and profit from operations after tax amounting to Rs. 201.67 crore. The Group has in the past incurred losses primarily on account of losses in the energy and highway sector as detailed in notes 2, 6 and 7. This as consequence had impact on net worth, delay in repayment of debts and interest servicing and lower credit ratings for some of its borrowings. Management is taking various initiatives including monetization of assets, sale of stake in certain assets, raising finances from financial institutions and strategic investors, refinancing of existing debts realization of dividend and other strategic initiatives to ensure the repayment of borrowings and debts in an orderly manner.

Further, the Group has received certain favorable orders on various ongoing matters in energy, highway and DFCC which involve significant value of claims. Management is optimistic of such favorable orders and believes that such claims will further improve its cash flows and profitability. The details of such claims have been enumerated below: -

- i) GCORRPL has received award of Rs. 340.97 crore plus interest against Government of Tamil Nadu ('GOTN') which is challenged by GOTN in Madras High Court. Hon'ble Madras High Court on November 17, 2021 has upheld the award and given judgement in favor of the GCORRPL and has also awarded interest @ 9.00% p.a. from date of filing of Statement of Claim till date of award and interest of 18% p.a. from Date of Award till date of payment. GOTN has further challenged the Judgement of Hon'ble Madras High Court before Divisional Bench of the Court. Matter before Divisional Bench is reserved for judgement



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- ii) GHVEPL has received award for arbitration for compensation for Change in Law on account of bifurcation of state of Andhra Pradesh and change in policies as detailed in note 7. While Change in Law is upheld, amount of compensation is to be calculated by a Sole Arbitrator. Sole Arbitrator on February 28, 2022 has submitted his report on quantification wherein he has quantified the claims as Rs. 1,672.20 crore as against Rs. 1,676.34 crore claimed by GHVEPL. NHAJ has challenged the quantification report in Higher Court of Delhi and matter is pending for completion of arguments.
 - iii) In case of DFCC, there are various claims under various heads which has been either agreed by DFCCIL or Group has got the award through Dispute Adjudication Board (DAB). Total amount of claim is approximately Rs. 387.00 crore which will be received progressively based on the work to be carried out.
 - iv) Group have also raised a claim of Rs. 378.00 crore on DFCCIL under Change in Law on account of Mining Ban in the state of UP. Though DAB has given award in Group's favor but DFCCIL has not accepted and arbitration is invoke. The arguments on both sides in both the packages are completed on Change in Law as well as quantification. The Tribunal has directed PMC to verify the quantity and rates which is currently under progress. Upon receipt of report from PMC, the Tribunal will fix further schedule for arguments on the report and pronouncement of the award.
 - v) Certain other claims in Energy sector as detailed in Note 2(b), 2(c), 2(d).
11. The Group has majority of its investments in EPC and Urban Infrastructure Business (including Energy Business). The Group has witnessed recovery in EPC and Urban Infrastructure Business (including Energy Business) with the removal of COVID 19 restrictions, relaxations by the State and Central Government, increase in vaccination drive. During the current quarter the operations of the Group have significantly improved and the group companies including associates and joint ventures are operating near pre-covid levels.
12. Exceptional items comprise of the impairment of investment in joint venture and associates, write back of liability and write off/provision against receivables/other assets.
13. The figures for the quarter ended March 31, 2022 are the balancing figure between the audited figure of the financial year ended March 31, 2022 and the published unaudited year to date figure for nine months ended December 31, 2021.
14. The accompanying consolidated financial results of the Group for the quarter ended June 30, 2022 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on August 08, 2022.



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Notes to the unaudited consolidated financial results for the quarter ended June 30, 2022

15. Previous quarter/year figures have been re-grouped / reclassified to conform to the classification adopted in the current quarter.

For **GMR Power and Urban Infra Limited**

Place: Hyderabad
Date: August 08, 2022


Srinivas Bommidala
Managing Director



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