

Walker Chandiook & Co LLP

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Independent Auditor's report on the compilation of Pro Forma Condensed Standalone Financial Information to be included in the Information Memorandum of Proposed listing of Equity shares by GMR Power And Urban Infra Limited

To,
The Board of Directors,
GMR Power And Urban Infra Limited
Naman Center, 7th Floor,
Plot No. C-31, G Block,
Bandra Kurla Complex,
Mumbai, Maharashtra- 400051

Dear Sirs,

1. We have completed our assurance engagement to report on the compilation of Pro Forma Condensed Standalone Financial Information of GMR Power And Urban Infra Limited ('the Company' or 'GPUIL'). The Pro Forma Condensed Standalone Financial Information consists of the Pro Forma Condensed Standalone Balance Sheet as at 30 September 2021, the Pro Forma Condensed Standalone Financial Information Statement of Profit and Loss for the six months period ended 30 September 2021, and related notes (hereinafter referred as 'Pro Forma Condensed Standalone Financial Information'). The applicable criteria on the basis of which the management has compiled the Pro Forma Condensed Standalone Financial Information is specified in the 'Basis of Preparation' paragraph as described in note 2 to the Pro Forma Condensed Standalone Financial Information.
2. The Pro Forma Condensed Standalone Financial Information has been compiled by Management to illustrate the impact of the demerger of the non-airport business of GMR Infrastructure Limited ('the Demerged Company' or 'GIL') into GMR Power and Urban Infra Limited, subsidiary of the Demerged Company and merger of GPUIL and GMR Power Infra Limited ('GPIL') as per the Composite Scheme of Amalgamation and Arrangement amongst GPIL, GIL and GPUIL and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 (hereinafter referred as 'Scheme/Arrangement') as approved by National Company Law Tribunal vide order dated 22 December 2021, on the Company's financial position as at 30 September 2021 and the Company's financial performance for the six months period ended 30 September 2021 as if the Arrangement had taken place at 1 April 2021. As a part of this process, information about the Company's financial position and financial performance has been extracted by the Management from the GIL's standalone unaudited condensed interim financial statements for six months period ended 30 September 2021, on which we have issued a qualified conclusion vide our review report dated 12 November 2021, GPUIL's unaudited interim financial information for the six month ended 30 September 2021 on which we have issued an unmodified conclusion vide our review report dated 20 October 2021 and GMR Power Infra Limited's unaudited financial results for the six month ended 30 September 2021 on which another auditor issued an unmodified conclusion vide review report dated 25 October 2021.

Chartered Accountants

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



Walker Chandiook & 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

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Management's Responsibility for the Pro Forma Condensed Standalone Financial Information

3. The Management is responsible for compiling the Pro Forma Condensed Standalone Financial Information on the basis stated in note 2 to the Pro Forma Condensed Standalone Financial Information and the same has been approved by the Board of Directors of the Company. Management's responsibility includes the responsibility for designing, implementing and maintaining internal control relevant for compiling the Pro Forma Condensed Standalone Financial Information on the basis stated in note 2 to the Pro Forma Condensed Standalone Financial Information that is free from material misstatement, whether due to fraud or error. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations for the compilation of Pro Forma Condensed Standalone Financial Information.

Auditor's Responsibilities

4. Our responsibility is to express an opinion, about whether the Pro Forma Condensed Standalone Financial Information of the Group has been compiled, in all material respects, by the Management on the basis stated in note 2 to the Pro Forma Condensed Standalone Financial Information.
5. We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Institute of Chartered Accountants of India. This Standard requires that the auditor comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the Pro Forma Condensed Standalone Financial Information on the basis stated in note 2 to the Pro Forma Condensed Standalone Financial Information.
6. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Condensed Standalone Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Condensed Standalone Financial Information.
7. The purpose of Pro Forma Condensed Standalone Financial Information included in an information memorandum is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 30 September 2021 or for the six months period ended 30 September 2021 would have been as presented.
8. A reasonable assurance engagement to report on whether the Pro Forma Condensed Standalone Financial Information has been compiled, in all material respects, on the basis stated in note 2 to the Pro Forma Condensed Standalone Financial Information, involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the Pro Forma Condensed Standalone Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:
 - The related pro forma adjustments give appropriate effect to those criteria; and
 - The Pro Forma Condensed Standalone Financial Information reflects the proper application of those adjustments to the unadjusted financial information.
9. The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the company, the event or transaction in respect of which the Pro Forma Condensed Standalone Financial Information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma financial information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
10. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.



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Basis for Qualified Opinion

11. The Pro Forma Condensed Standalone Financial Information is compiled based on the standalone unaudited condensed interim financial statements (reviewed by us as per Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity") of GIL for the six months period ended 30 September 2021, amongst other financial information as described in paragraph 2 above, on which we expressed a qualified conclusion on the following matters that may correspondingly impact the accompanying Pro Forma Condensed Standalone Financial Information:
- (i) adjustments, if any, that maybe required to the carrying value of the outstanding loan given to GMR Energy Limited ('GEL'), a joint venture company, amounting to Rs. 997.66 crores as on 30 September 2021 and to the carrying value of non-current investment in GEL amounting to Rs. 1,122.52 crores as at 30 September 2021, and
 - (ii) further provisions, if any, required to be made towards GIL's obligations which may arise as a result of corporate guarantees given for loans including Cumulative Redeemable Preference Shares ('CRPS') outstanding in GMR Rajahmundry Energy Limited, an associate company of GMR Generation Assets Limited, wholly owned subsidiary of GIL amounting to Rs. 2,054.83 crores as at 30 September 2021.

Qualified Opinion

12. In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section above, the Pro Forma Condensed Standalone Financial Information has been compiled, in all material respects; on the basis stated in note 2 to the Pro Forma Condensed Standalone Financial Information.

Emphasis of Matters

13. The Pro Forma Condensed Standalone Financial Information is compiled based on the standalone unaudited condensed interim financial statements (reviewed by us as per SRE 2410) of GIL for the six months period ended 30 September 2021, amongst other financial information as described in paragraph 2 above, wherein we had included the following Emphasis of Matters as also considered relevant for the accompanying Pro Forma Condensed Standalone Financial Information:
- (i) Uncertainties due to COVID-19 pandemic and management's evaluation of the impact on the assumptions underlying the valuation of investments which are carried at fair value in the standalone financial statements and in relation to the carrying value of investments in the subsidiaries which are further dependent on the uncertainties relating to the future outcome of the ongoing matters;
 - (ii) Investments made by GIL in GMR Warora Energy Limited ('GWEL') through GEL amounting to Rs. 1,122.52 crores as at 30 September 2021 respectively read with paragraph 11(i) above in relation to the recoverability being dependent on various claims, counter claims and other receivables from customers of GWEL and certain other key assumptions considered in the valuation performed by an external expert;
 - (iii) Recoverability of sale consideration receivable pursuant to the sale of equity stake and inter-corporate deposits given to Kakinada SEZ Limited ('KSEZ') which is dependent on the achievement of the milestones.

Our opinion is not modified in respect of these above matters.



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Restrictions on Use

14. This report should not in any way be construed as a reissuance or redating of any of the previous audit report and review report issued by us. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
15. Our report is intended solely for use of the Board of Directors for inclusion in the Information Memorandum as prepared in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended), to be filed by the Company with relevant stock exchanges for the proposed listing of equity shares of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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



Neeraj Sharma
Partner
Membership No.: 502103



UDIN: 22502103AAAAAZ9547

Place: New Delhi
Date: 21 January 2022

GMR Power and Urban Infra Limited
Pro Forma Condensed Standalone Balance Sheet as at 30 September 2021
All amounts are in INR crores, unless otherwise stated

Particulars	GPUIL before demerger (A)	Demerger adjustments (B)	GPUIL after demerger (A+B)
I ASSETS			
(1) Non-current assets			
Property, plant and equipment	-	112.94	112.94
Intangible assets	-	3.19	3.19
Financial assets			
Investments	100.00	2,990.86	3,090.86
Trade receivables	-	166.69	166.69
Loans	114.64	1,943.08	2,057.72
Other financial assets	-	284.62	284.62
Deferred tax assets (net)	-	864.06	864.06
Non-current tax assets (net)	-	0.00	0.00
Other non-current assets	-	4.84	4.84
	214.64	6,370.28	6,584.92
(2) Current assets			
Inventories	-	108.96	108.96
Financial assets			
Investments	-	0.20	0.20
Trade receivables	-	110.88	110.88
Cash and cash equivalents	0.04	0.52	0.56
Bank balances other than cash and cash equivalents	-	58.30	58.30
Loans	240.60	370.74	611.34
Other financial assets	0.36	1,060.86	1,061.22
Other current assets	-	96.14	96.14
	241.00	1,806.60	2,047.60
Total assets (1 + 2)	455.64	8,176.88	8,632.52
II EQUITY AND LIABILITIES			
(1) Equity			
Equity share capital	0.10	-	0.10
Other equity	186.95	1,106.21	1,293.16
Total equity	187.05	1,106.21	1,293.26
Liabilities			
(2) Non-current liabilities			
Financial liabilities			
Borrowings	68.49	3,626.99	3,695.48
Other financial liabilities	-	96.61	96.61
Provisions	-	4.40	4.40
	68.49	3,728.00	3,796.49
(3) Current liabilities			
Financial liabilities			
Borrowings	200.00	1,123.94	1,323.94
Trade payables	-	-	-
(a) Total outstanding dues of micro enterprises and small enterprises	-	92.98	92.98
(b) Total outstanding dues of creditors other than (a) above	0.01	407.72	407.73
Other financial liabilities	0.09	1,648.04	1,648.13
Other current liabilities	-	69.37	69.37
Provisions	-	0.62	0.62
	200.10	3,342.67	3,542.77
Total equity and liabilities (1+2+3)	455.64	8,176.88	8,632.52

For and on behalf of the Board of Directors of
GMR Power and Urban Infra Limited

Grandhi Kiran Kumar
Grandhi Kiran Kumar
Director
DIN: 00061669
Place: DUBAI
Date: 21/01/2022

Srinivas
M.V.Srinivas
Director
DIN: 02477894
Place: NEW DELHI
Date: 21/01/2022



GMR Power and Urban Infra Limited
Pro Forma Condensed Standalone Statement of Profit and Loss for the six months period ended 30 September 2021
All amounts are in INR crores, unless otherwise stated

	(Rs. in crore)		
	GPUIL before demerger (A)	Demerger adjustments (B)	GPUIL after demerger (A+B)
I Income			
Revenue from operations	-	579.35	579.35
Other operating income	-	200.88	200.88
Other income	0.97	5.08	6.05
Total income	0.97	785.31	786.28
II Expenses			
Cost of material consumed	-	324.73	324.73
Sub-contracting expense	-	148.92	148.92
Employee benefit expense	-	9.66	9.66
Finance costs	0.54	296.38	296.92
Depreciation and amortisation expenses	-	9.72	9.72
Other expenses	0.01	47.12	47.13
Total expenses	0.55	836.53	837.08
III Loss before exceptional items and tax (I +/- II)	0.42	(51.22)	(50.80)
IV Exceptional items - (income) / expense	-	(590.87)	(590.87)
V Profit/ (loss) before tax (III +/- IV)	0.42	539.65	540.07
VI Tax expense:			
(1) Current tax	-	-	-
(2) Taxes in relation to earlier periods	-	-	-
(3) Deferred tax	-	-	-
Total tax expenses	-	-	-
VII Profit/ (Loss) for the period (V +/- VI)	0.42	539.65	540.07
VIII Other comprehensive (loss)/ income			
(A) (i) Items that will not be reclassified to profit or loss			
-Re-measurement gains on defined benefit plans	-	(0.45)	(0.45)
-Net loss on fair valuation through other comprehensive income ('FVTOCI') of equity securities	-	(147.15)	(147.15)
(ii) Income tax effect	-	34.28	34.28
Total other comprehensive loss for the period	-	(113.32)	(113.32)
IX Total comprehensive income for the period (VII +/- VIII)	0.42	426.33	426.75



For and on behalf of the Board of Directors of
GMR Power and Urban Infra Limited

Kiran Kumar
Grandhi Kiran Kumar
Director
DIN: 00061669
Place: **DUBAI**
Date: **21/01/2022**

Srinivas
M.V.Srinivas
Director
DIN: 02477894
Place: **NEW DELHI**
Date: **21/01/2022**

NOTES TO PRO FORMA CONDENSED STADALONE FINANCIAL INFORMATION
(Amounts in INR crores, unless otherwise stated)

1. Background information

GMR Power And Urban Infra Limited ('GPUIL') is a public limited Company incorporated under the provisions of the Companies Act, 2013 on 17 May 2019. The GPUIL is domiciled in India and has its registered office located at Naman Center 7th Floor, Opp. Dena Bank, Plot No.C-31 G Block, Bandra Kurla Complex, Mumbai, Maharashtra- 400051.

GMR Infrastructure Limited ('GIL') is a public limited company domiciled and incorporated in India under the Indian Companies Act, 1956. The registered office of the GIL is Naman Centre, 7th Floor, opposite Dena Bank, Plot No.C-31 G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, India.

The Composite Scheme of Arrangement amongst GMR Power Infra (GPIL), GIL and GPUIL and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 (hereinafter referred as 'Scheme/Arrangement') was approved by Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated 22 December 2021. The said NCLT order was filed with the Registrar of Companies by GIL and the Company on 31 December 2021, thereby making the Scheme effective. The Scheme was aimed at demerger of "Urban Infrastructure Business" and "EPC Business" of GMR Infrastructure Limited into GPUIL. Pursuant to the effectiveness of Scheme, the Urban Infrastructure Business and EPC Business operated by GMR Infrastructure Limited stands demerged in GPUIL and Airport Business ('Airport Group') shall be retained by the GIL.

GIL and its subsidiaries, associates, joint ventures and jointly controlled operations (hereinafter collectively referred to as 'the Group'/'GIL Group') comprise of Airport Business and Urban Infrastructure Business/ Non Airport Business defined below:

Airport Business includes the business of developing, operating and/or maintaining facilities, activities and services provided or proposed to be provided, as an airport operator or an airport, project management, infrastructure services, food and beverages services in India and/or outside India whether undertaken directly or through various subsidiaries, associates and jointly controlled entities, ground handling operations, cargo handling operations, aviation fuel farms of, duty free services, maintenance, repair or overhaul facilities, commercial property development, advertising, retail, hotel and car park facilities, each in relation to airports, and shall deem to include activity of investing in special purpose vehicles engaged in any of the above.

Urban Infrastructure Business/ Non Airport Business means the business relating to (i) energy, which includes power generation using various fuel types such as, coal, gas, renewable power, power transmission, interests in coal mining projects, power trading etc., and the projects which are at various stages of development and operations; (ii) transportation, which includes road projects which are operating either on annuity or toll collection based revenues; and (iii) Special Investment Regions (SIR) for establishments of industries in the SEZ or in domestic tariff area as is being undertaken by GIL, including through the Amalgamating Undertaking.

Pro Forma financial information: The Standalone Proforma financial information of GPUIL has been prepared to reflect the effect of Composite Scheme of Amalgamation and Arrangement amongst GIL, GMR Power Infra Limited ('GPIL'), GMR Power and Urban Infra Limited ('GPUIL') and their respective shareholders) whereby GPIL shall amalgamate with GIL followed by demerger of the business operations (the 'Demerger Transaction') wherein Airport Business ('Airport Group') shall be retained by the GIL and the Urban Infrastructure Business ('Non-Airport Group') shall be demerged into GPUIL.

The assets and liabilities to be demerged as a part of GPUIL representing the Non-Airport Group have been identified from the GILs Standalone Unaudited Condensed Interim Financial Statements by the management on the following basis:

- 1) All assets, including investments in subsidiaries, associates and joint ventures, related to the Urban Infrastructure Business are forming part of Non-Airport Group.



NOTES TO PRO FORMA CONDENSED STADALONE FINANCIAL INFORMATION
(Amounts in INR crores, unless otherwise stated)

- 2) All liabilities other than borrowings specifically related to the Urban Infrastructure Business are forming part of Non-Airport Group.
- 3) All borrowings specifically related to Urban Infrastructure Business are forming part of Non-Airport Group.
- 4) All other borrowings not specifically related to Airport Business are forming part of Non-Airport Group in proportion to its total assets.

2. Basis of Preparation

The Pro-forma condensed standalone financial information for the periods presented has been prepared from GIL's Standalone Unaudited Condensed Interim Financial Statements for the six months ended 30 September 2021, GPUIL's Unaudited Interim Financial Information for the six month ended 30 September 2021 and GPIL's Unaudited Financial Results for the six month ended 30 September 2021 (together hereinafter referred to as 'historical standalone financial information').

The historical standalone financial information of the GPUIL has been adjusted in the Pro Forma Condensed Standalone Financial Information to reflect the effect of demerger of the Non-Airport Business of GIL as per the Composite Scheme of Arrangement amongst GPIL, GIL and GPUIL and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 (hereinafter referred as 'Scheme/Arrangement'). The Pro Forma Condensed Standalone Financial Information has been prepared and presented basis the identification of assets and liabilities as a part of the Scheme as stated in the background section.

The Pro Forma Condensed Standalone Financial Information has been derived from GIL's Standalone Unaudited Condensed Interim Financial Statements (reviewed by auditors as per SRE 2410) for the six month ended 30 September 2021, GPUIL's Unaudited Interim Financial Information (reviewed by auditors as per SRE 2410) for the six month ended 30 September 2021 and GPIL's Unaudited Financial Results (reviewed by auditors as per SRE 2410) for the six month ended 30 September 2021 and therefore are based on same accounting policies as applicable to the last annual financial statements of GPUIL which are based on Indian Accounting Standards as prescribed under Section 133 of the Companies Act 2013. The Pro Forma Condensed Standalone Statement of Profit and Loss has been prepared to give effect to the arrangement as if it occurred on 30 September 2021 and does not give effect to any other transaction other than the Arrangement. The Pro Forma Condensed Standalone Balance Sheet has been prepared to give effect to the arrangement as if it occurred on 30 September 2021.

The Pro Forma Condensed Standalone Financial Information has been prepared for the purpose of inclusion in the information memorandum as prepared in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended), to be filed by the Company with relevant stock exchanges for the proposed listing of equity shares of the Company.

The Pro Forma Condensed Standalone Financial Information has been prepared based upon the available information and assumptions that the Company believes to be reasonable and in accordance with "Guide to Reporting on Pro Forma Financial Statements" issued by Institute of Chartered Accountants of India (ICAI) and in accordance with "Guidance Note on Combined and Carve-Out Financial Statements" issued by the ICAI.

The final amounts of assets and liabilities transferred pursuant to demerger may differ from those presented in the Pro Forma Condensed Standalone Financial Information as such balances will be determined on the Scheme becoming effective. This may result in significant variation to the result of operations and financial position presented in the Pro Forma Condensed Standalone Financial Information.

3. Demerger adjustments

To arrive at the Pro Forma Standalone Financial Information following adjustments were made to the Special Purpose Unaudited Financial Information of the Company (reviewed by auditors as per SRE 2410)



NOTES TO PRO FORMA CONDENSED STADALONE FINANCIAL INFORMATION
(Amounts in INR crores, unless otherwise stated)

for the quarter and six-month period ended 30 September 2021 and Standalone Unaudited Quarterly Financial Results and Year to Date Results of GIL for the quarter and period ended 30 September 2021:

Adjustments for assets, liabilities and transactions forming part of Non-Airport Group:

- i) Balance sheet: The balance sheet date carrying amounts of all assets and liabilities which now become part of Non-Airport Group in pursuant to the Scheme has been added to the corresponding numbers of the Company
 - ii) Statement of profit and loss: Effects of transactions related to the Non Airport Group were added.
4. Upon Scheme becoming effective, the Company shall allot 603,594,528 equity shares of Rs. 5/- each aggregating Rs. 301.79 Cr to the shareholders of GMR Infrastructure Limited (GIL), Demerged Company as per share entitlement ration provided in Clause 30.1 of the Scheme. Further the existing paid share capital of the Company held by GIL would stand cancelled in terms of Clause 29 of the Scheme

