

GMR Infrastructure Limited

Business Highlights

Update on Strategic Group Restructuring to Unlock Value

We have filed the composite Scheme of Amalgamation and Arrangement amongst GMR Power Infra Limited and GMR Infrastructure Limited and GMR Power and Urban Infra Limited and their respective shareholders with the Stock Exchanges. The Scheme involves vertical split demerger of the Non-Airport Business (Energy, EPC, Urban Infrastructure, etc.) of GIL into GMR Power and Urban Infra Limited (GPUIL), as a going concern, along-side amalgamation of GMR Power Infra Limited (GPIL) with GIL, as a step preceding demerger.

This restructuring is a step in right direction to unlock value of GIL through separate listing of both the Airport Business and Non-Airport Business and simplifying the corporate holding structure.

The company expects feedback from the stock exchanges by end of December, post which the company shall file the requisite petition with National Company Law Tribunal.

Divestment of Kakinada SEZ Limited

With an objective to reduce the corporate debt further, the GMR Infrastructure Ltd signed definitive agreements for the sale of equity owned GMR SEZ and Port Holding Limited of its entire 51% stake in Kakinada SEZ Limited (KSEZ) to Aurobindo Realty and Infrastructure Private Limited. As part of this, the 100% equity stake of Kakinada Gateway Port Limited held by KSEZ would also be transferred to Aurobindo Realty. Total consideration for the sale of equity stake as well as the sub-debt in KSEZ is INR 2610 Cr. Out of this, INR 1600 Cr would be received on the closing date and the balance INR 1010 Cr would be received in next 2 to 3 years' contingent upon certain agreed milestones.

Businesses on a recovery path

GMR Infrastructure is continuously adapting to the situation and have focused on the following measures to mitigate the challenges:

- Cash conservation through rescheduling of our Capex plan.
 - Delhi airport - original plan was September 2022; now targeting to complete by June 2023 though we have taken approval up to September 2023
 - Hyderabad airport- original plan was March 2022; now targeting to complete before December 2022
 - Goa airport - COD revised from May 2022 to August 2022
- Consolidation of infrastructures to adapt to the nature of traffic and reduce operating costs
- Reviewed all budgets with focus on only essential expenditures resulting in reducing operating expenses
- Ensuring maximum security & safety to our customers to restore their confidence such as adapting to effective hygiene standard at our assets/ facilities

GMR's businesses are on a strong path to recovery.

Airport Business

- Restrictions on operation of domestic flights were lifted from May 25, 2020 with easing restrictions on flight capacity
- Foreign carriers started operating to and from India under 'Air Bubbles' arrangement. 'Air Bubbles' arrangement now with 21 nations - USA, UK, Canada, Germany, France, UAE, Qatar, Maldives, Afghanistan, Bahrain, Bhutan, Iraq, Japan, Nigeria, Oman, Kenya, Ukraine, Bangladesh, Rwanda, Tanzania and Netherlands.

Our Airports have witnessed increase in traffic post their opening on 25th May 2020				
% of pre-Covid level	Delhi Airport		Hyderabad Airport	
	1st Week (25-31 May)	24th Week (2 - 8 Nov)	1st Week (25-31 May)	24th Week (2 - 8 Nov)
Average Daily Pax				
<i>Domestic</i>	15%	47%	8%	54%
<i>International</i>	3%	19%	2%	18%
Daily Average ATM				
<i>Domestic</i>	29%	59%	12%	58%
<i>International</i>	5%	24%	12%	24%
Cargo				
<i>Domestic</i>	17%	68%	8%	80%
<i>International</i>	47%	81%	65%	76%

Note: 1. Non-adjusted gross numbers

2. Pre-covid benchmark to average daily traffic for the entire FY20 (excluding March 2020).

3. Govt had allowed 33% capacity for the airlines till June 25, 2020 and increased to 45% till September 2, 2020 post which the cap has been increased to 60%

Energy Business

Power demand and coal supply are improving as the lockdown is easing up resulting in significantly high PLFs.

PLF (%)	April 2020	October 2020	November 2020 ¹
Kamalanga	52%	98%	100%
Warora	49%	89%	98%

Note: 1 Till November 6, 2020

We are also focusing on managing working capital in an efficient manner. For instance, Kamalanga power plant received 50% of the regulatory receivables (INR 283 Cr) from Haryana Discom and the balance would be paid after disposal of the case by Supreme Court. Additionally, usance LC allowed for coal payment is also resulting in effective higher working capital availability for power plants.

Highway Business

Hyderabad Vijayawada and Ambala Chandigarh expressways have reached 93% and 90% traffic as compared to pre-Covid levels in October 2020.

Dedicated Freight Corridor Project

Construction work on the Eastern Dedicated Freight Corridor resumed from April 20, 2020 and is picking up pace. The Authority has extended the time lines for the completion of the project and the pace of execution is likely to further accelerate post monsoon. As of September end around 60% of package 201 and around 70% of package 202 has been completed.

Q2FY21 Performance Highlights

Airport Sector

Lower capacity deployment on account of COVID-19 restrictions imposed by the government impacted the quarterly results. Government of India had allowed 33% capacity for the airlines till June 25, 2020 and increased to 45% till September 2, 2020 post which the cap has been increased to 60%. As and when the capacity restriction eases, we expect significant increase in traffic. Evolving technologies w.r.t rapid testing of Covid 19 will also smoothen travel experience. For instance,

- FDA has authorized first finger-prick blood Covid 19 test for point-of-care use. Point-of-care testing is testing performed outside of a lab, close to the patient e.g. in doctor's office, hospital room, or anywhere the patient is.
- India and Israel are conducting trials on a Rapid Testing Gun that have the potential to detect Covid 19 in 30 seconds. The work on the rapid COVID-19 testing project is in advanced stage
- U.S.A has also authorised a 15-minute Covid test from Abbott Laboratories to be priced at USD 5.
- Singapore's Breathonix has done a clinical trials of 60-second COVID-19 breathalyzer test which has at least 90% accuracy. Such a test can be used for mass screening in high-traffic areas, such as airports, hotels, transportation hubs etc.

Vaccination is also expected to provide a significant traction in the traffic. Pfizer and BioNtech have announced vaccine candidate against Covid 19 achieved success in first interim analysis from phase 3 study. Vaccine candidate was found to be more than 90% effective in preventing COVID-19 in participants without evidence of prior SARS-CoV-2 infection.

Delhi Airport

- Traffic improved from 1.23 Mn in Q1FY21 to 4.1 Mn in Q2FY21. On a YoY basis, traffic declined 76% in Q2FY21
- Net revenues fell by 55% YoY to INR 218 Cr in Q2FY21 from INR 483 Cr in Q2FY20
- EBITDA loss of INR 3 Cr in Q2FY21 vs. gain of INR 210 Cr in Q2FY20
- Post-COVID, Delhi airport expanded international market share from 25.6% to 36.3% and domestic market share from 17.6% to 21.6% - currently best connected airport in India
- Delhi airport received National Awards for Excellence in Energy Management from CII-Green Business Centre
- Delhi airport emerged as world's 2nd safest airport as per Safe Travel Barometer which assessed more than 200 airports
- On July 1, 2020, DIAL launched India's first paperless and contactless QR-code based E-gate pass facility at IGI Cargo terminals in collaboration with Delhi Customs Brokers Association (DCBA) and both the cargo terminal operators – Celebi and DCSC.
- Delhi airport started onsite Covid test center and lounge facility w.e.f. September 11,2020.
- Delhi airport started Air Suvudha, a first of its kind portal where India bound international Pax can fill the self-declaration to seek exemption from mandatory institutional Quarantine process.

Hyderabad Airport

- Traffic improved from 0.29 Mn in Q1FY21 to 1.53 Mn in Q2FY21. On a YoY basis, traffic declined 72% in Q2FY21
- Net revenues fell by 79% YoY to INR 79 Cr in Q2FY21 from INR 378 Cr in Q2FY20
- EBITDA loss of INR 6 Cr in Q2FY21 vs. gain of INR 265 Cr in Q2FY20
- By end of September'20, 95% of domestic connectivity achieved compared to pre-COVID level. 52 domestic destinations connected as compared to 55 destinations operating pre-COVID. Hyderabad airport is the 2nd best connected airport in the country after Delhi airport.
- Installed non-contact elevator access based on infrared sensor technology
- Car Park made fully contactless with Fastag and hands-free receipt dispensing – first and only facility in India. Introduced integration with all Fastag issuing banks
- GHIAL won the CII-GBC “National Energy Leader” and “Excellent Energy Efficient Unit” award

Cebu Airport

- Traffic declined by 99% YoY to 0.04 Mn in Q2FY21 from 3.3 Mn in Q2FY20
- Revenue fell by 91% YoY to INR 10 Cr in Q2FY21 from INR 118 Cr in Q2FY20

Energy Sector

Kamalanga Power Project

- PLF including alternate power at 82.0% in Q2FY21 as against 51.0% in Q2FY20
- Revenue at INR 576 Cr in Q2FY21 vs INR 405 Cr in Q2FY20
- Generated Cash Profit of INR 94 Cr in Q2FY21 as against INR 21 Cr in Q2FY20

Warora Power Project

- PLF including alternate power at 84.4% in Q2FY21 as against 67.8% in Q2FY20
- Revenue at INR 373 Cr in Q2FY21 as against INR 389 Cr in Q2FY20
- Cash loss at INR 24 Cr in Q2FY21 vs cash profit of INR 30 Cr in Q2FY20

Indonesia Coal Mine (PT GEMS)

- Sales volume grew by 40% YoY to 8.1 Mn tons in Q2FY21 from 5.8 Mn tons in Q2FY20
- Revenue at INR 1,933 Cr in Q2FY21 vs INR 1,543 Cr in Q2FY20
- EBITDA at INR 244 Cr in Q2FY21 vs INR 179 Cr in Q2FY20
- PAT at INR 158 Cr in Q2FY21 vs INR 101 Cr in Q2FY20
- Cash balance is at INR 1,145 Cr at the end of Q2FY21

Highways

Hyderabad – Vijayawada

- Traffic declined by 5% YoY to 8.2 Mn in Q2FY21 from 8.6 Mn in Q2FY20
- Revenue fell by 5% YoY to INR 43 Cr in Q2FY21 from INR 46 Cr in Q2FY20
- EBITDA at INR 34 Cr in Q2FY21 vs INR 33 Cr in Q2FY20

Ambala – Chandigarh

- Traffic declined by 18% YoY to 3.6 Mn in Q2FY21 from 4.3 Mn in Q2FY20
- Revenue fell by 7% YoY to INR 14 Cr in Q2FY21 from INR 15 Cr in Q2FY20
- EBITDA at INR 8 Cr in Q2FY21 vs INR 10 Cr in Q2FY20

Chennai ORR

- Revenue fell by 3% YoY to INR 24 Cr in Q2FY21 from INR 25 Cr in Q2FY20
- EBITDA loss at INR 3 Cr in Q2FY21 vs gain of INR 19 Cr in Q2FY20

Pochanpalli Expressways

- Revenue increased by 99% YoY to INR 29 Cr in Q2FY21 from INR 15 Cr in Q2FY20
- EBITDA increased by 3% YoY to INR 10.2 Cr in Q2FY21 from INR 9.9 Cr in Q2FY21

Consolidated Financial Highlights

[INR Cr]

Particulars	Quarter ended			Year Ended	
	Q2 Sept'20	Q1 Jun'20	Q2 Sept'19	6M Sep '20	6M Sep '19
Gross Revenue	1,294	1,134	2,018	2,428	4,010
Net Revenue	1,071	957	1,527	2,028	3,032
EBITDA	140	(19)	643	122	1,242
PBT (Before excep. items & share of JVs)	(822)	(973)	(285)	(1,795)	(545)
Share of Profit / (loss) from JVs / associates	33	(12)	(162)	20	(181)
PBT	(790)	(985)	(447)	(1,775)	(725)
Profit After Tax (from continuing operations)	(749)	(834)	(457)	(1,583)	(792)

About GMR Infrastructure Limited:

GMR Infrastructure Limited, a leading global infrastructure conglomerate with interests in Airport, Energy, Transportation and Urban Infrastructure, is listed on Indian Stock Exchanges.

GMR Group's Airport portfolio has around 172 mn passenger capacity in operation and under development, comprising of India's busiest Indira Gandhi International Airport in New Delhi, Hyderabad's Rajiv Gandhi International Airport, Mactan Cebu International Airport in partnership with Megawide in Philippines. While greenfield projects under development includes Airport at Mopa in Goa and Airport at Heraklion, Crete, Greece in partnership with GEK Terna. The GMR-Megawide consortium has won the Clark International Airport's EPC project, the second project in Philippines. The Group has recently signed the Concession Agreement for the development and operation of a greenfield airport at Bhogapuram in Andhra Pradesh. The group recently signed concession agreement to commission, operationalize and maintain the Civilian Enclave at the Bidar Airport in North Karnataka. GMR Group is developing very unique airport cities on the commercial land available around its airports in Delhi, Hyderabad and Goa.

The Group's Energy business has a diversified portfolio of around 4,995 MW, of which ~3,040 MWs of Coal, Gas and Renewable power plants are operational and around ~1,955 MWs of power projects are under various stages of construction and development. The group also has coal mines in Indonesia, where it has partnered with a large local player.

Transportation and Urban Infrastructure division of the Group has four operating highways project spanning over 1,820 lane km. The Group has a large EPC order book of railway track construction including Government of India's marquee Dedicated Freight Corridor project. It is also developing multi-product Special Investment Regions spread across ~2500 acres at Krishnagiri in Tamil Nadu and 10,400 acres at Kakinada in Andhra Pradesh.

GMR Group, through its Corporate Social Responsibility arm, GMR Varalakshmi Foundation carries out community based development initiatives at 24 different locations across India.

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