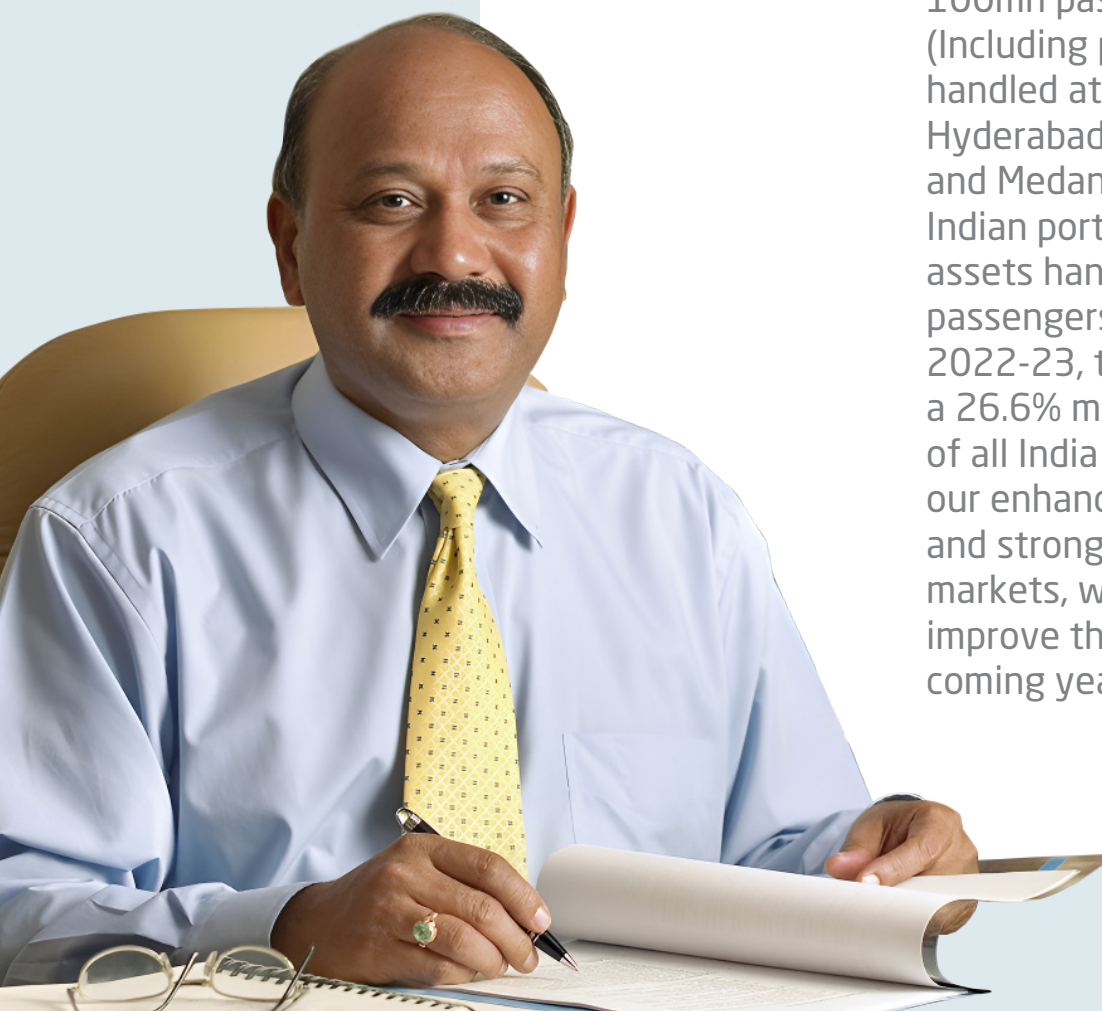


CHAIRMAN'S MESSAGE

”

GMR Group operated airports, during FY 2022-23, handled a total of more than 100mn passengers (Including passengers handled at Delhi, Hyderabad, Mopa, Cebu and Medan airports). Our Indian portfolio of airport assets handled ~87mn passengers during FY 2022-23, thus forming a 26.6% market share of all India traffic. Given our enhanced capacity and strong growth in our markets, we expect to improve this share in the coming years.



G M Rao
Chairman, GMR Group

Dear Fellow Stakeholder,

It gives me immense pleasure to welcome you all to the 27th Annual General Meeting of the Company.

As we cross over from a pre-pandemic to the post-pandemic world, it gives me pride to say that India not only successfully fought this adversity but has also emerged stronger and more resilient. India today, under the able leadership of our Hon'ble Prime Minister Shri Narendra Modi, has emerged as a bright spot in a world that is economically fragile and geopolitically fractured. In this process, we have begun a transformational journey towards being a technologically advanced, environmentally conscious, industrially self-reliant, economically prosperous and a geopolitically benevolent developed nation.

FY 2022-23 was a very exciting year for your company too. While the pandemic fears receded and air traffic recovered to pre-covid levels, your company undertook several initiatives and transactions to strengthen its balance sheet while at the same time building a stronger platform for future growth.

In this direction, you would recall that during FY 2021-22, your company had achieved a key milestone i.e., implementation of the demerger of GMR Infrastructure Limited and emergence of two separate

listed entities - GIL (GMR Airports Infrastructure Limited) & GPUIL (GMR Power and Urban Infrastructure Limited) thereby offering investors separate platforms to participate in the Group's growth story. In this process, we created the only pure-play listed airports company in India, which is also India's largest private Airports platform.

You would also recall, that in 2020 we had entered a strategic partnership with Paris based Groupe ADP to create a world-class airport platform, whereby Groupe ADP had purchased a 49% stake in GMR Airports Limited (GAL), a subsidiary of GIL. At the time of the agreement, it was our endeavor to not only to raise capital, to strengthen our balance sheet, but also to simplify the corporate structure as we go forward.

Thus, as a next step to the above-mentioned restructuring, during FY 2022-23, the company has undertaken a significant step to transform GIL and prepare for a new growth phase by executing a new agreement with Groupe ADP to merge GAL, the existing airport platform, with GIL in a step approach. The merger is aimed at simplifying the corporate structure.

The proposed merger is a reflection of the strong partnership between GMR and Groupe ADP. As a first step, it simplifies the structure of the airport business, and brings cash flow generating units close to the listed entity. In addition, it will enable an earlier settlement of the earnouts for GIL, which were agreed at the time of investment by Groupe ADP in GAL. Further, as a precursor to

the merger, Groupe ADP has subscribed to FCCBs worth approximately €331 million, or about INR 2,932 crores, issued by GIL, which will be used to further deleverage the company, reduce the contingent liabilities and strengthen the Balance Sheet for future growth.

Post this merger, Groupe ADP has acknowledged that GMR Group should continue to remain as the largest shareholder of GIL.

At this stage we have already made significant progress in terms of the implementation of the merger, having received the approval of the Competition Commission of India along with requisite No Objection Certificates from RBI and both stock exchanges. We expect to be filing with the NCLT in the near future.

During the year, your company also took major strides towards both organic and inorganic expansion in terms of passenger handling capacity in geographies both within and outside India.

On the domestic front, I am pleased to inform you that we commissioned the Manohar International Airport project at Mopa, Goa on December 07, 2022. The project was inaugurated by the Hon'ble Prime Minister of India on December 11, 2022. The airport commenced domestic operations on January 05, 2023, while the international operations began on July 21, 2023. This is the first time in India that we have a two-airport system operating within one city, and our learnings from the same will allow us to prepare well for similar situations in future. Post the start of operations, the airport has



already achieved the One million passenger mark by April 30, 2023. Considering the growing demand from airlines and high passenger footfall, we are already preparing to expand the terminal capacity from the existing 4.4 MPPA to 7.7 MPPA.

You may recall that in December 2022, GMR Airports Limited had announced a partnership with National Investment and Infrastructure Fund (NIIF), which is a large investment platform anchored by the Government of India. **In terms of this partnership NIIF can invest in three of your company's airport projects.** As a first step, (NIIF), has invested INR 631 Cr in GMR Goa International Airport Limited in the form of Compulsory Convertible Debentures (CCD).



On the Bhogapuram front, after the resolution of existing land acquisition issues, the foundation stone for the project was laid by the Hon'ble Chief minister of Andhra Pradesh in May 2023. We are at an advanced stage in terms of finalizing the EPC contractor and achieving financial closure for the project and accordingly expect to begin construction in the near future.

In terms of organic expansion at our existing airports, a few years ago we had taken up major expansion projects at our Delhi and Hyderabad airports. These expansion projects are at advanced stages and expected to be completed within FY 2023-24.

With these projects completed, passenger handling capacity at **Delhi International airport will stand at 100mn passengers per year, while Hyderabad International airport capacity will be enhanced to 34mn passengers per year.**

Accordingly, our airports are well poised to capture the coming growth of traffic in the coming years. Traffic recovery at both our airports has been strong and we are preparing to work with both the Air India Group and Indigo to develop both airports as potential hubs for these airlines.

With respect to Nagpur airport, where GMR had emerged as the highest bidder in March 2019 and subsequently the bidding process was annulled by the authority in March 2020, the project remains sub-judice. In positive developments during FY 2022-23, on August 12, 2022, Hon'ble Supreme Court dismissed the Review Petitions filed by MIHAN India Limited, Government of Maharashtra, AAI and MoCA. However, we await the conclusion of all legal processes and execution of necessary concession agreement.



On the international front, as you would remember, GMR had emerged as the winner for bid to develop and operate **Kualanamu International Airport in Medan, Indonesia** in November 2021 in partnership with PT Angkasa Pura II, a state-owned airport operator of Indonesia. The project scope includes operation, development,

and expansion of the airport over a period of 25 years. After completing all necessary precedent conditions, we were able to take over operations of the airport in **July 2022**. Traffic recovery post COVID at Kualanamu airport has been impressive and it handled a total of ~5.8mn passengers in CY2022.

In line with our strategy of recycling capital, GIL announced in September 2022, **divestment of Group's stake in GMCAC (CEBU airport Philippines) to Aboitiz InfraCapital.** The deal was completed by December 2022 and consideration with respect to the deal received. We will continue to hold 33% stake in the asset until September 2024 and will also operate the airport as technical services provider till December 2026. It will also be eligible to receive additional consideration as earnouts linked to the financial performance achieved by GMCAC over the period until December 2026.

On an overall basis, GAL operated airports, during FY 2022-23, handled a total of more than 100mn passengers (Including passengers handled at Delhi, Hyderabad, Mopa, CEBU and Medan airports). Our Indian portfolio of airport assets handled ~87mn passengers during FY 2022-23, thus forming a 26.6% market share of all India traffic (Domestic traffic share of 25.1%; International share of 33.5%). Given our enhanced capacity and strong growth in our markets, we expect to improve this share in the coming years.

I would however like to assure you that while focusing on these growth initiatives, our commitment remains on building a stronger and more resilient airport platform.

A very critical part of your company's future growth strategy is the Airport Adjacencies business. Over the past decade and a half of constructing and operating various airport assets, we have accumulated rich experience and consciously built capabilities in various business segments of the airport ecosystem. Building on this experience and expertise, your company has identified key strategic business segments for GMR Airports to grow in adjacencies business, including Duty-Free, Retail, Food & Beverage, Cargo, Carpark, Service business and EPC / PMC business. While our initial priority would be to target opportunities within the GMR portfolio, we would also evaluate opportunities in these segments across various geographies. We have created a richly experienced team to drive our vision for airport adjacencies and have already won concessions and have started some of the operations at both Goa and Hyderabad airports.

The other critical area for strategic focus is Airport Land Development (ALD). While during the past few years we have concentrated on airport land monetization via leasing of land, during FY 2022-23 various self-development initiatives have been taken up. As part of our strategy, we are moving up the real estate value chain and aim to create greater value from the precious land banks we control. This will help us in maximizing the monetization potential of our airport land parcels and also contribute towards improving the quality and turnaround times for our development projects as we continue to expand our portfolio of projects.

While the year was broadly positive for your company, we remain cognizant of the headwinds, which are impacting the global economic and geo-political climate.

While on one hand, the receding pandemic fears resulted in a strong post-COVID economic recovery, on the other hand geo-political scenario turned even more negative. Ongoing Russia-Ukraine war and post pandemic market demand fueled inflation globally. This resulted in Central banks across the world acting in unison to tighten liquidity mainly through increasing interest rates in order to rein inflation. Despite the efforts of Central Banks, inflation has proven to be rather sticky and the US economy rather resilient. As a consequence, significant relaxation of interest rates may not happen in a short time frame resulting in a potential weaker global economy over the short to medium term.

China lifted its drastic "Zero Covid" policy after following the same for a long time. The policy resulted in disruptions to China's manufacturing sector with some companies closing down their China operations, which in turn resulted in slowdown in China's economy and disruption of global supply chains. Unlike analyst expectations, China continues to face various headwinds in its post covid recovery.

It is however worth noting that among all the global economic and geo-political turmoil, India has remained a bright spot. We ended FY 2022-23 on a strong footing with a GDP growth of ~7% despite negative impact from ongoing Russia-Ukraine conflict, high levels of inflation and rate hikes by RBI. Initially,

India was particularly hit due to high crude oil and natural gas prices. However, the government proactively mitigated this challenge by sourcing crude oil supplies from Russia at a discount to the prevailing pricing.

The continuing Russia-Ukraine conflict, US China disputes and geo-political reconfiguration post covid is leading to a new world order, in which India is likely to play a more important role as its economy grows. However, there is likely to be greater uncertainty in a multi-polar world and developments would need to be tracked more carefully to assess potential impact and strategy moving ahead.

While an overhang from these geo-political tussles remain, India has continued its journey to economic transformation. Government initiatives including digital transformation of economy, reduction in corporate taxes, significant infrastructure spending, schemes like Production Linked Incentive (PLI) to boost manufacturing, introduction of GST etc. have started to bear fruits. For the year 2023, India is expected to be amongst the fastest growing major economies with GDP growth rate forecast of ~6% for 2023. Thus, we remain largely confident that despite a few short to medium term challenges, given relative attractiveness of India in context of concerns about China and India's tax and PLI incentives, India's long term growth story remains intact.

In addition to the above mentioned, various recent initiatives taken up by the government benefit our aviation sector as well. The government, in 2017, introduced the UDAN



regional connectivity scheme, which aimed to make air travel more accessible and affordable for public and thus increase air traffic in Tier II and Tier III cities. This initiative has had impressive results and has led to a significant increase in air traffic from Tier II and Tier III cities. The Government has further planned to revive 50 airports to improve regional air connectivity within India. The Ministry of Civil Aviation anticipates growing number of airports in India from current 148 to around 230-240 by the year 2030. Further, the government is also taking appropriate steps to develop large scale airports (including Delhi airport) as global air traffic hubs.

Given the attractive sector growth prospects, the airline players are also charting their investments in line with sector growth forecasts. Various airlines operators including TATA and Indigo have planned a massive expansion of their fleets. They are also looking to add many wide body planes to enhance reach and contribute towards developing Indian airports as global air traffic hubs. In fact, the current fleet size in India is expected to grow from current ~700 to approximately 1,200 to 1,400 by 2030.

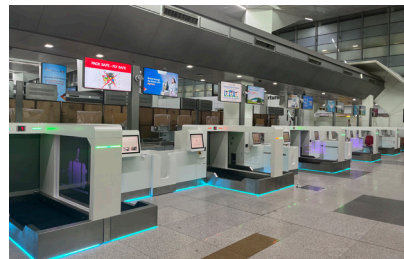
However, it may be noted that though long-term aviation growth story in India is attractive, currently we do face supply side constraints due to weak financial health of few airlines and enduring engine and maintenance issues. As such, the air traffic recovery in India has been achieved despite such challenges and the consequent sharp spike in ticket prices.

As part of the strategy for building a strong and resilient

airport platform, we continue to have strong focus on the passenger experience, sustainability and digitalization.

Passenger Experience

As one of the critical country wide initiatives, we have taken the lead in enabling Digi Yatra, the automatic digital processing of flyers, with the benefit of reduced wait time and making the boarding process faster and more seamless. We have also recently installed self-baggage drop machines. This innovative passenger-friendly initiative aims to streamline the baggage drop-off process to reduce wait time substantially. Usage of Digi Yatra along with self-baggage drop facility by passengers will enhance overall airport experience of passenger by spending quality time at the airport.



Such efforts made by our teams have been duly recognized in the form of various accolades received during the year. Both Delhi and Hyderabad International airports continue to maintain an ASQ (service quality rating) of 5.00. Further, Delhi International

airport improved its Global Skytrax airport ranking to 36th in the world, while Hyderabad improved its ranking to 65th. Delhi airport was conferred with “Best Airport in India and South Asia” in the World Airport Awards by Skytrax, for 5th year in a row, while it was adjudged the “Cleanest airport in India and South Asia” for 3rd year in a row. Delhi Airport was also recognized and awarded by ACI as the “Best Airport in Asia Pacific” by ACI-ASQ for 2022. Similarly, Hyderabad Airport was recognized as the winner of the 2022 Airport Service Quality (ASQ) Award for Best Airport of 15 to 25 Million Passengers in Asia-Pacific. It was also conferred the “Best regional airport in India and South Asia” by Skytrax rankings.

Sustainability

We take great pride in all the assets we have developed as National Assets of the highest quality, and we have always ensured that we adopt the highest levels of environmental standards for all our projects. Your company is thus contributing towards India’s target to be a net-zero emission economy by 2070.

Our airports being operated under GMR control are well on track to be **Net Zero emission airports by 2030**. Detailed action plans have been prepared for all material issues impacting our ESG rating. As a group, we are adopting a Climate Resilience Policy which outlines our commitment to reduce carbon emissions and take actions to minimize climate change impacts. Further, we have affirmed our alignment with the national and global ambitions of limiting global warming rise to the 1.5° C by turn of the century.

In this direction, both our major assets i.e., Delhi and Hyderabad International airports are now sourcing all their energy requirements from renewable sources. This is managed by a combination of our captive solar plants and sourcing remaining power from other renewable power plants. We have also undertaken a new initiative to convert all airport vehicles to EVs. Further, GMR Airports is also working with Groupe ADP and other consortium partners to conduct a joint study on Sustainable Aviation Fuels (SAF) and their potential in India.

As a result of such initiatives, DIAL is Asia Pacific's first Level 4+ (Transition) accredited airport and Second Airport Globally under ACI's Airport Carbon Accreditation program. GHIAL was earlier awarded Level 3+ Neutrality status under ACI's Airport Carbon Accreditation program.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has been at the core of the GMR Group ethos since inception, and thus we have been doing path breaking work on the CSR front on healthcare, education, sanitation and livelihoods for more than 30 years now.

Your Company has continued this tradition of caring for the communities and stakeholders as part of its Corporate Social

Responsibility program through GMR Varalakshmi Foundation (GMRVF), the CSR arm of the GMR Group. The Foundation is currently working across all the asset locations of the businesses.

All the educational institutions under GMRVF performed exceedingly well during the last year. The student strength of the education wing reached over 10,000. The Foundation also partnered with about 200 Government schools to ensure about 30,000 children get quality academic support.

GMRIT (GMR Institute of Technology) continues to be among the top 50 colleges in the country and the top 5 in the State of Andhra Pradesh, as per rankings given by various education magazines. GMRIT has taken several initiatives in Blended learning: All curated courses of COURSERA are made available to the students of GMRIT who are accessing the courses of Machine Learning at Stanford University and Artificial Intelligence at Arizona University and the University of Michigan - through the Coursera Platform. Lecture Capture System was established with UpGrad: more than 2500 lectures are being recorded and used by the students on campus.

GMR Varalakshmi CARE hospital, Rajam was accredited by National Accreditation Board for Hospitals & Healthcare Providers (NABH)

in May 2022. The hospital was also empaneled with National Board of Examination for Anesthesiology and National Board of Examination for DNB in Gynecology & Obstetrics. Full-time Neurosurgery Consultation Services, Dermatology services were also started during the year. The hospital served 1,14,126 outpatients and 9,318 inpatients during FY 2022-23.

Mobile Medical Units and Medical clinics run by the Foundation offered healthcare services to needy people. During the year, an Early Intervention Center was inaugurated to provide multiple services to children with disabilities at Shamshabad, near Hyderabad Airport. An Elderly Care and a Multi-activity center were also inaugurated at Delhi that provides physiotherapy and other needy services for elderly.

Aviation Skill Development Center started operations at Goa on July 01, 2022 and trained over 900 youth in the first year itself, placing 95% of them in airport jobs. Vocational training centers of GMRVF operated in full capacity and trained over 8,000 youth.

In line with the Group's value of Social Responsibility, initiatives such as Hundi for daily donations, Giving Wheel of Fortune etc. were launched during the year to promote Individual Social Responsibility of employees.

For its exemplary work in the area of CSR, GMR Varalakshmi Foundation received the 'Mahatma Award for Covid 19 Humanitarian Effort 2022' for SMILE (Supporting Marginalized Individuals with Livelihood & Empowerment) project at Delhi and received a plaque of honor from HelpAge India for the work with elderly people.



Governance

Over the years, your company has built a **robust Governance framework**, starting right from the top with a well-structured Family Governance model. In addition to focus on financial and operational performance, we are equally committed for maintaining strong corporate governance practices and ethical behavior across every business in the GMR Group. Our reputation as an ethical and trustworthy Company is our most important asset. We believe that consistently focusing on good governance and applying the highest ethical practices in all our activities enables us to uphold the trust of our stakeholders.

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

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

Digitalization & Innovation

Stressing on the importance of inclusion of technology, our Honorable Prime Minister has said, "Technology combines **3Ss - speed, simplicity and service**. Technology is fast, technology is simple and technology is a

brilliant way to serve people. It is also a great teacher. The more we learn about technology and the more we learn through technology, the better it is. Technology empowers the less empowered. If there is a strong force that brings a change in the lives of those on the margins, it is technology".

Taking an inspiration from our Honorable Prime Minister's focus on inclusion of technology and the government's drive towards innovation, your Company recognizes the need for digital transformation & innovation in all aspects of business and customer engagement and believes that in the current context companies need to continuously innovate to grow ahead or they will perish. Technology is revolutionizing our lives. With the kind of exponential advancement in technology, disruptions are bound to happen. We are entering into an **era of Abundance**. Artificial Intelligence is making rapid strides and transforming the world. To achieve success in such a social, economic and political environment, we need very different skill sets and very different business models.

We have been driving several initiatives to enhance business prospects in terms of superior customer experiences, revenue enhancement and cost reduction opportunities as well as agile and efficient internal processes. The development and deployment of DigiYatra is also a key development in this regard.

Your Company is always at the forefront in terms of development and adoption of technological innovations. To foster the innovation culture in your Company and build a

philosophy of open innovation that enables free flow of ideas and resources between GMR and external ecosystem partners, **GMR Innovex**, innovation vertical of GMR, has been founded. It interacts, engages, and collaborates with start-ups, academic research Institutes, ecosystem players and other companies in developing both digital and non-digital next generation solutions for example, e-Boarding, Image based passenger processing, full body scanners etc. It has institutionalized an "Innovex Fellowship Program" to identify talent early and co-create path breaking solutions in our businesses / industry.



With a major focus on airports and with a broad array of industries under its span, it is interested in multitude of technologies like Cloud Technologies, Video Analytics, Computer Vision, Data Sciences, Blockchain, Drone-Tech, Smart Tagging, Artificial Intelligence / Machine Learning, Contactless Technology, RPA, EV, Autonomous, AR/VR, IoT, Human Machine Interactions (HMI Bots) and more emerging technologies.

GMR Innovex, now has a SEBI registered CAT-2 fund, which aims to capture value in some of our group technology engagements with startups and create financial value for the group while providing strategic depth and expertise in in some of the emerging technology areas.



With the recent Chandrayan-3 mission and our Honorable Prime Minister Modi ji's passion to fund India's space exploration and advancement, India is emerging strong as a confident player in the new areas of technology. These developments inspire us to commit to use technology and Indian talent to make best in class infrastructure and make our country proud in a global context.

LOOKING AHEAD

Looking ahead for FY 2023-24, in the context of global weakness, we do expect the business environment in India to improve, especially with respect to inflation and interest rates. There have been early signs of inflation levels easing in India, which should gradually lead to a decrease in interest rates. As outlined earlier, we do have strong confidence in India's expected economic growth over the medium to long term and India's aviation sector to strengthen on the back of two strong airlines - Air India and Indigo.

On our business side, we expect to achieve various milestones during FY 2023-24. Capacity expansion projects at DIAL and GHIAL will be completed during

the year. Further, we also expect to get remaining regulatory clearances to complete the reverse merger between GIL and GAL. In addition to these major milestones, we expect the domestic and international traffic recovery to continue at all our airports.

Other focus areas this year will be to strengthen our airport platform and enhance value accretion through more asset light business activities. A few initiatives identified includes third party airport O&M where Company is in active discussions with airports in Middle East, and Master Concessions for non-aero business withing the GMR portfolio with aim to create and strengthen the GMR brand in this area.

From a longer-term perspective, your Company will continue to further strengthen and expand its footprint in the Airport and ancillary businesses and build competitive advantage using its know-how and digitalization. Further, your Company will continue to actively pursue new airport concession opportunities in India, Southeast Asia, Middle East, Eastern Europe and Africa. Sustainability is core to our

ethos and we will willingly lead initiatives in this regard, well aligned with national and global climate interests.

We are confident that your Company is well positioned to scale up, given its vast experience of operating large airports in India and abroad.

To conclude, I would like to take this opportunity to express my gratitude towards our customers, suppliers and other stakeholders for their confidence and trust in the GMR Group. I also thank the leadership team of GMR Group for providing guidance and navigating the organization through challenging phases. Last but not least, my sincere appreciation for all our employees whose dedication, hard work, sacrifice and continued contribution has enabled the Group to grow. Coming year holds promise for your Company and we hope that aviation sector will continue to grow in India and globally, thus supporting economic growth and generating millions of jobs worldwide.

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

Thank you again for showing belief and faith in the organization. Given the faith, it becomes my duty to take it forward to greater heights and towards a brighter future.

Stay Safe, Stay Healthy,

Thank You,

G M Rao
Chairman, GMR Group

