Chairman's Message

Positioned for India's Infrastructure Opportunity

G.M. Rao
Chairman

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Dear Stakeholders,

It gives me immense pleasure to present the Annual Report of GMR Power and Urban Infra Limited (GPUIL) for FY 2025-26 and to share with you the progress achieved during the year.

The year marked a defining phase in GPUIL's evolution as we focused on strengthening our foundations, enhancing business resilience and preparing for the next stage of growth. Driven by operational excellence, disciplined capital allocation and portfolio optimization, we further strengthened our core businesses and improved financial flexibility. With a stronger platform now in place, we are well positioned to capitalize on emerging opportunities and create enduring value for all our stakeholders.

India's Resilient Growth and Infrastructure Opportunity

India continued to demonstrate remarkable resilience during FY 2025-26, retaining its position among the world's fastest-growing major economies despite a challenging global backdrop characterized by geopolitical uncertainties, shifting trade dynamics and volatility in energy markets. Strong domestic consumption, sustained public investment, a vibrant services sector and a gradual revival in private capital expenditure provided a solid foundation for growth, reinforcing India's attractiveness as a leading investment destination and a key engine of global economic expansion.

Infrastructure remains central to India's long-term development agenda. Continued investments in transportation, urban infrastructure and energy systems, supported by sustained public capital expenditure and an enabling policy framework, are creating significant opportunities for private-sector participation. These investments are not only strengthening economic competitiveness but also laying the foundation for the country's next phase of growth.

The energy sector, in particular, is undergoing a profound transformation. As electricity demand continues to rise, driven by industrialization, urbanization, digital infrastructure, electric mobility and growing consumer aspirations, the country is simultaneously advancing its clean energy transition through investments in renewable energy, storage solutions, transmission networks and distribution modernization. While renewable energy will play an increasingly important role in the future energy mix, conventional generation continues to remain critical in ensuring grid stability and meeting baseload requirements.

This transformation of India's energy landscape continues to be guided by a clear and ambitious policy vision. Through a combination of power sector reforms, investments in network modernization, support for clean mobility and a renewed focus on energy security, the Government is creating the foundations for sustainable long-term growth. Initiatives such as Revamped Distribution Sector Scheme (RDSS) are strengthening the distribution sector through digitalization and smart metering, while measures to accelerate electric mobility and expand non-fossil fuel generation are advancing the country's energy transition agenda. The SHANTI Bill and the roadmap to develop 100 GW of nuclear capacity by 2047 further demonstrate India's commitment to building a diversified, reliable and low-carbon energy mix.

Together, these initiatives are catalyzing a new era of growth for the energy sector and creating significant opportunities for companies positioned to support the nation's evolving energy needs. With capabilities spanning power generation and energy infrastructure, your Company is well positioned to participate in these long-term growth opportunities while contributing to India's sustainable development journey.

Against this backdrop, we remain focused on strengthening our foundations and positioning GPUIL to capitalize on emerging opportunities to deliver long-term value to stakeholders.

Strengthening the Foundation

Building on the progress achieved in recent years, we remained focused during FY 2025-26 on strengthening our balance sheet, enhancing financial flexibility, resolving legacy matters and positioning the Company for sustainable long-term growth. I am pleased to report that the year witnessed meaningful progress across each of these priorities.

A key strategic achievement during the year was the successful monetization of select energy assets as part of our broader portfolio optimization agenda. Pursuant to the framework agreement entered with Synergy Investments Holding Limited, we successfully advanced the stake sale in Bajoli Holi Hydro Electricity Plant and Vemagiri & Rajahmundry gas assets. The proceeds enabled us to address legacy obligations, including the successful resolution of GREL's debt through a One-Time Settlement, while further strengthening our balance sheet through a reduction in consolidated debt.

We also strengthened our capital base through a preferential issuance of equity shares and warrants aggregating to ₹1,200 crore. The capital raised provides additional financial flexibility and supports our growth aspirations, particularly in areas aligned with long-term sector opportunities, including renewable energy and smart infrastructure.

Another significant achievement during the year was the successful resolution of two long-standing matters relating to GKEL. Favorable Supreme Court judgments resulted in the recovery of substantial outstanding dues from Haryana DISCOM, together with interest amounting to ₹1,140 crore, while also eliminating a significant contingent liability arising from a legacy arbitration dispute. Further, GMR Energy Limited acquired the residual stake in GKEL, making it a wholly owned subsidiary. GKEL also successfully refinanced its debt at significantly improved terms.

As a result of all these strategic initiatives, GPUIL enters the next phase of its journey with a stronger balance sheet, a simplified portfolio, improved financial flexibility and a solid foundation to pursue future growth opportunities.

Operational Excellence and a Future-Ready Energy Platform

Our operating energy portfolio delivered a resilient performance during FY 2025-26. GMR Warora Energy Limited achieved its highest-ever Plant Load Factor of 84.9%, after customer curtailment, with machine availability of approximately 94%. GMR Kamalanga Energy Limited recorded a Plant Load Factor of 86.6%, after customer curtailment, with machine availability of approximately 91%. Supported by adequate fuel availability and disciplined operational practices, both plants continued to reliably meet their contractual commitments and provide a stable earnings base for the Company.

The strength of these assets provides a dependable foundation for future growth. At Kamalanga, we are progressing with plans for an addition of 350 MW Unit 4. The project benefits from significant infrastructure already developed during the earlier phases, including foundations for major equipment and common facilities. Long-term PPAs have already been secured for 187.5 MW of capacity, while efforts continue to tie up the balance capacity and advance the project towards implementation.

At the same time, we are broadening our participation across the evolving energy value chain. As India's power sector increasingly shifts towards renewable energy, storage and dispatchable solutions, we have initiated the development of a renewable energy portfolio including hybrid and Firm & Dispatchable Renewable Energy (FDRE) opportunities focused on serving Commercial and Industrial customers. During the year, new entities were incorporated to pursue renewable energy opportunities across multiple states, and the approximately 5 MW solar project at Bhogapuram Airport was successfully commissioned in May 2026. While these initiatives are at an early stage, they represent important building blocks in our strategy to participate in energy transition through a disciplined and value-focused approach.

Our hydro portfolio also continues to hold long-term strategic relevance, particularly in the context of growing demand for clean and reliable energy. The 900 MW Upper Karnali Hydroelectric Project in Nepal remains an important opportunity, and progress has been made in advancing discussions with strategic partners and pursuing the requisite approvals. We will continue to pursue such opportunities in a calibrated manner, with a strong emphasis on project viability, risk management, capital discipline and long-term value creation.

Smart Energy and Digital Utilities

Our Smart Energy and Digital Utilities business continued to gain momentum during the year. The smart metering projects being implemented across Uttar Pradesh achieved important milestones, with approximately 3.9 million smart meters installed and integrated by April 2026. An additional variation order for 1.02 Million meters has also been received from the State. These projects not only strengthen our presence in an emerging growth segment but also establish a foundation for long-term, technology-led and recurring revenue streams.

India's power sector is undergoing a fundamental transformation, with increasing emphasis on digitalization, operational efficiency and consumer-centric service delivery. Smart metering is emerging as a critical enabler of this transition by improving energy accounting, reducing losses and enhancing the overall efficiency of distribution networks.

With the Government continuing to drive power distribution reforms and smart meter deployment under RDSS, we believe the opportunity in digital utility infrastructure remains substantial. Leveraging our execution capabilities and operational experience, we are well positioned to participate in this evolving opportunity and contribute to the modernization of India's power distribution ecosystem.

Sustainability as a Core Driver

Sustainable development has been integral to the GMR Group since its inception. It forms the basis on which we build and operate all our projects. Our assets, recognized as national assets of the highest quality, reflect this commitment. To uphold these standards, we have consistently invested significant resources in ensuring compliance with environmental standards, implementing pollution control measures, and adopting rigorous environment, health, and safety (EHS) norms across operations.

I am pleased to share that we continued to strengthen our sustainability performance during the year through initiatives focused on energy efficiency, water stewardship, circular economy practices and operational safety. Our thermal power plants maintained 100% fly ash utilization, while ongoing efforts to improve resource efficiency and environmental performance remained a key focus area across our operations. Sustainability continues to be embedded in our operating philosophy as we pursue long-term growth while maintaining the highest standards of governance and responsible business practices.

I am delighted to share that our efforts have been acknowledged through several prestigious recognitions:

- **GMR Kamalanga Energy Limited (GKEL)** was honoured with the **National Award for Excellence in Energy Management** by the Confederation of Indian Industry (CII) and became the **first plant in India to achieve a Platinum Rating under the CII Blue Rating System for Water Management**, reflecting its leadership in resource efficiency and sustainability.
- **GMR Warora Energy Limited (GWEL)** was recognised as an **Energy Efficient Unit** by CII, reinforcing its continued focus on energy conservation and operational excellence.
- **GKEL** and **GWEL** were awarded a **5-Star Safety Rating** and received the **Golden Trophy – Safety Shield** from the National Safety Council of India (NSCI), while **GWEL** was also honoured with the **Sarva Shrestha Puraskar** for its outstanding safety performance.
- **GWEL** received the prestigious **IMC Ramkrishna Bajaj National Quality (RBNQA) Business Excellence Award 2025**, underscoring its strong operational, management and business excellence practices.

Delivering on Our Social Commitments

Your Company has continued its tradition of caring for the communities and stakeholders as part of its Corporate Social Responsibility programme, implemented through the GMR Varalakshmi Foundation (GMRVF), an associate of your Company. The Foundation is currently active across various GMR business locations, addressing local community needs through interventions in education, healthcare, livelihoods and community development.

Under its thrust area of Education, the Foundation supported approximately 22,000 children through initiatives across government schools and communities in various locations. In addition, 36 students supported by the Foundation were selected for the National Means-cum-Merit Scholarship (NMMS), while another 25 students secured admission to Gurukul schools. The Foundation also introduced innovative learning initiatives, including special robotics classes for around 300 students across eight government schools at Warora and three Mini Science Centres at Kamalanga benefiting over 800 students.

On the healthcare, sanitation and community development front, GMRVF's six Mobile Medical Units provided primary healthcare services to over 1,00,000 people across different locations. The Foundation continued its sanitation interventions, including support for 25 Individual Sanitary Lavatories at Majra Rai village, Warora, taking the cumulative number of ISLs facilitated by the Foundation in Warora over the past seven years to 1,024. Road safety awareness programmes at highway locations reached over 25,000 people during National Road Safety Month. An AI-based model developed with IIIT Hyderabad for detection of wrong-side driving was successfully piloted at Toopran resulting in reduction of traffic violations.

Under Empowerment and Livelihoods, GMRVF continued to create pathways for skill development and employment. A temporary skill training centre, the Kashi Viswanath Kaushal Vikas Kendra, was initiated at Varanasi with six courses, with around 100 students completing the first batch. An MoU was also signed with the Government of Uttar Pradesh for establishing a permanent skill centre in Varanasi. Livelihood initiatives supported 685 people in farm-related activities at Warora and around 300 farmers at Kamalanga. Other interventions included support for vegetable cultivation, poultry farming, fish farming and other agricultural activities.

The Foundation's efforts also received recognition during the year. The Precision Farming Project at Warora was adjudged Runner-Up in the Group-level Continuous Improvement Project (CIP) Competition in the Promising Innovation category.

Good Governance Reinforcing Stakeholder Trust

Strong governance remains fundamental to GPUIL's approach to creating sustainable long-term value. Our culture continues to be guided by the seven core values of the GMR Group: Humility, Entrepreneurship, Delivering the Promise, Learning & Inner Excellence, Teamwork & Respect for the Individual, Social Responsibility and Financial Prudence. These values shape our decisions and actions, ensuring that business objectives are pursued with integrity, accountability and a long-term perspective.

These principles are reflected in the way we govern our businesses, with structured oversight mechanisms, robust controls and a culture of accountability underpinning our operations. Our governance framework is supported by comprehensive internal control and risk management processes, regular reviews by internal audit teams and independent

assessments by external experts. The observations and recommendations arising from these reviews are closely monitored by the Audit Committee and the Board, reinforcing transparency, accountability and effective decision-making across the organisation.

As we advance our growth agenda, we remain committed to maintaining strong governance standards, protecting stakeholder interests and fostering the trust that underpins our long-term success.

Looking Ahead with Confidence

India's growth story continues to be underpinned by strong economic fundamentals, rising infrastructure investments and an accelerating energy transition. The increasing demand for reliable, affordable and sustainable energy, supported by progressive policy initiatives and technological advancements, is creating significant opportunities across the energy value chain. At the same time, an evolving global environment reinforces the importance of prudent risk management, operational resilience and disciplined capital allocation.

Against this backdrop, the transformation undertaken across our businesses over the past several years has created a stronger, more focused and future-ready platform for growth. Through portfolio optimization, operational excellence and a disciplined approach to capital management, we have strengthened our competitive position and enhanced our ability to capture emerging opportunities in a rapidly evolving energy landscape.

Building on our capabilities across thermal power, renewable energy, smart metering, smart mobility and other emerging energy solutions, we are well positioned to participate in the next phase of India's energy transition. We see attractive opportunities in areas such as Firm and Dispatchable Renewable Energy (FDRE), energy storage, digital utilities and other technology-led solutions that support a more reliable, flexible and sustainable energy ecosystem.

As we look ahead, we remain confident in our ability to create enduring value for all stakeholders by leveraging our operational expertise, strong execution capabilities and commitment to responsible growth. With a resilient business foundation, a healthy balance sheet and a clear strategic direction, we are well positioned to contribute meaningfully to India's evolving energy landscape while delivering sustainable long-term growth.

Closing Remarks

I would like to conclude by expressing my sincere gratitude to our customers, suppliers, business partners, and all other stakeholders for their continued trust and confidence in the GMR Group. I extend my heartfelt appreciation to our employees, whose commitment, resilience, and pursuit of excellence remain the foundation of our success. I also thank our Board of Directors and senior leadership team for their invaluable guidance, stewardship, and unwavering support.

Above all, I am deeply grateful to our shareholders for their enduring faith in our vision and potential. With your continued support, I am confident that GPUIL will reach even greater heights in the years ahead. Together, we remain committed to building on a strong foundation and shaping a smarter future.

Stay safe and healthy
Warm regards,

G.M. Rao
Chairman
GMR Group