

GMR ENERGY (MAURITIUS) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023

**GMR ENERGY (MAURITIUS) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1.

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GMR ENERGY (MAURITIUS) LIMITED
COMPANY INFORMATION

2.

		Date of appointment
DIRECTORS	: Rishikesh Batoosam	30 June 2020
	Akash Beesham Ramessur	05 October 2020
	Sandeep Subash	31 March 2022
	Prakash Kumar Diwan (alternate to Sandeep Subash)	21 June 2022
ADMINISTRATOR AND SECRETARY	: Ocorian Corporate services (Mauritius) Limited Level 6, Tower A 1 Exchange Square Wall Street, Ebene 72201 Republic of Mauritius	
REGISTERED OFFICE	: C/o Ocorian Corporate services (Mauritius) Limited Level 6, Tower A 1 Exchange Square Wall Street, Ebene 72201 Republic of Mauritius	
AUDITORS	: VBS Business Services 1 st Floor, Hennessy Court Pope Hennessy Street Port Louis Republic of Mauritius	
BANKER	: AfrAsia Bank Limited Bowen Square 10, Dr Ferriere Street Port Louis Republic of Mauritius	

**GMR ENERGY (MAURITIUS) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2023
COMMENTARY OF THE DIRECTORS**

3.

The directors are pleased to present their commentary, together with the audited financial statements of GMR Energy (Mauritius) Limited (the "Company") for the year ended 31 December 2023.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of investment holding.

RESULTS AND DIVIDENDS

The Company's loss for the year ended 31 December 2023 is **USD 55,705** (2022: USD 41,650).

The directors do not recommend the payment of a dividend for the year under review (2022: USD Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

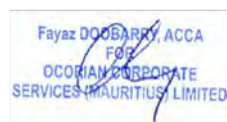
The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

AUDITORS

The auditors, **VBS Business Services** has indicated its willingness to continue in office and will be automatically re-appointed at the next Annual General Meeting.

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By Order of the Board
SECRETARY

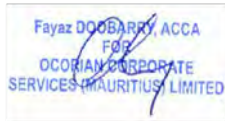


Date : 15 April 2024

**SECRETARY'S CERTIFICATE
TO THE MEMBERS OF GMR ENERGY (MAURITIUS) LIMITED**

UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT

We certify, as secretary of GMR Energy (Mauritius) Limited (the "Company"), that based on records and information made available to us by the directors and shareholders of the Company, the Company has filed with the Registrar of Companies for year ended 31 December 2023, all such returns as are required of the Company under the Mauritius Companies Act.



**OCORIAN CORPORATE SERVICES (MAURITIUS) LIMITED
SECRETARY**

Date : 15 April 2024



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GMR ENERGY (MAURITIUS) LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of GMR Energy (Mauritius) Limited (the "Company"), which comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2023 and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 31.

In our opinion, these financial statements give a true and fair view of the financial position of GMR Energy (Mauritius) Limited as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act for Companies holding a Global Business Licence and in compliance with the requirements of the Mauritius Companies Act in so far as applicable to Global Business Licenced Companies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants (IESBA Code) *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the commentary of the directors and secretary's certificate.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GMR ENERGY (MAURITIUS) LIMITED (CONTINUED)

Report on the Audit of Financial Statements (continued)

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act for companies holding a Global Business Licence and in compliance with the requirements of the Mauritius Companies Act. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GMR ENERGY (MAURITIUS) LIMITED (CONTINUED)

Report on the Audit of Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's members, as a body, those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

A handwritten signature in blue ink, appearing to read 'VBS P', with a horizontal line underneath.

VBS Business Services
Chartered Certified Accountants

Port Louis, Mauritius

Date: 15 April 2024

A handwritten signature in blue ink, appearing to read 'Vijay Bhuguth', with a horizontal line underneath.

Vijay Bhuguth, FCCA
Licensed by FRC

GMR ENERGY (MAURITIUS) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

8.

	Note	2023 USD	2022 USD
EXPENSES			
Impairment of deposit on shares	7 (i)	22,242	15,040
Administration fees		8,430	3,580
Accountancy fees		7,596	4,496
Audit fees		6,497	3,393
Directors' fees		2,400	2,400
Licence fees		2,320	1,920
Rental expense		2,069	5,770
Secretarial fees		1,450	1,200
Sundry expenses		1,375	1,223
Tax fees		804	804
Bank charges		522	1,536
Legal fees		-	288
TOTAL EXPENSES		55,705	41,650
LOSS BEFORE INCOME TAX		(55,705)	(41,650)
Income tax expense	5	-	-
LOSS FOR THE YEAR		(55,705)	(41,650)
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(55,705)	(41,650)

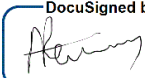
The notes on pages 12 to 31 form an integral part of these financial statements.

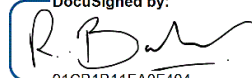
GMR ENERGY (MAURITIUS) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

9.

	Note	2023 USD	2022 USD
ASSETS			
Non-current assets			
Investments in subsidiaries	6	1,883,765	1,883,765
Deposit on shares	7	17,142,271	15,285,513
Total non-current assets		19,026,036	17,169,278
Current assets			
Other receivables	8	1,053	1,572
Cash and cash equivalents		4,670	28,582
Total current assets		5,723	30,154
TOTAL ASSETS		19,031,759	17,199,432
EQUITY AND LIABILITIES			
Equity			
Stated capital	9	103	103
Subscription monies	10	1,884,000	-
Redeemable preference shares	11(ii)	17,209,207	17,209,207
Accumulated losses		(71,766)	(16,061)
Total shareholder's surplus		19,021,544	17,193,249
Current liabilities			
Other payables	12	10,215	6,183
TOTAL EQUITY AND LIABILITIES		19,031,759	17,199,432

Approved by the board on 15 April 2024 and signed on its behalf by:

DocuSigned by:

9A30FCBDBFB7498.....
 Director

DocuSigned by:

91CB1B11FA0F404.....
 Director

The notes on pages 12 to 31 form an integral part of these financial statements.

GMR ENERGY (MAURITIUS) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

10.

	Stated capital USD	Redeemable Class B Preference shares USD	Subscription monies USD	Accumulated losses USD	Total USD
At 01 January 2022	103	-	-	(2,685,204)	(2,685,101)
<i>Transaction with owners of the company</i>					
Additions during the year (Note 11(ii))	-	18,600,000	-	-	18,600,000
Payable converted to redeemable Class B preference shares (Note 13(iv))	-	1,320,000	-	-	1,320,000
Capital reduction	-	(2,710,793)	-	2,710,793	-
<i>Total transaction with owners of the company</i>	103	17,209,207	-	25,589	17,234,899
<i>Total comprehensive income for the year</i>	-	-	-	(41,650)	(41,650)
At 31 December 2022	103	17,209,207	-	(16,061)	17,193,249
Transaction with owners of the company					
Additions during the year	-	-	1,884,000	-	1,884,000
Total transaction with owner of the company	-	-	1,884,000	-	1,884,000
Total comprehensive income for the year	-	-	-	(55,705)	(55,705)
At 31 December 2023	103	17,209,207	1,884,000	(71,766)	19,021,544

The notes on pages 12 to 31 form an integral part of these financial statements.

GMR ENERGY (MAURITIUS) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

11.

	Note	2023 USD	2022 USD
Cash flows from operating activities			
Loss before income tax		(55,705)	(41,650)
<i>Adjustment for:</i>			
Impairment of deposit on shares	7(i)	22,242	15,040
Operating losses before working capital changes		(33,463)	(26,610)
<i>Changes in working capital:</i>			
Changes in prepayments		519	31
Changes in accruals		4,532	230
Net cash used in operating activities		(28,412)	(26,349)
Cash flows from investing activity			
Deposit on shares	7 (i)	(1,879,000)	(1,277,000)
Net cash used in investing activity		(1,879,000)	(1,277,000)
Cash flows from financing activities			
Subscription monies received	10	1,884,000	-
Amount received from related parties	13(iv)	-	1,299,500
Amount repaid to related parties	13(iv)	(500)	-
Amount issued for redeemable class B preference shares	13(iii)	-	18,600,000
Amount redeemed for class A preference share	11(i)	-	(18,567,895)
Net cash from financing activities		1,883,500	1,331,605
Net (decrease) / increase in cash and cash equivalents		(23,912)	28,256
Cash and cash equivalents at beginning of year		28,582	326
Cash and cash equivalents at end of year		4,670	28,582

Non cash transaction are disclosed under Note 14

1. CORPORATE INFORMATION

GMR Energy (Mauritius) Limited is a private company limited by shares, incorporated in Mauritius on 27 February 2008, holds a Global Business Licence under the Financial Services Act 2007 and is regulated by the Financial Services Commission. The Company's registered office is C/o Ocorian Corporate services (Mauritius) Limited, Level 6, Tower A, 1 Exchange Square, Wall Street, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is that of investment holding.

2. MATERIAL ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention except for financial assets and liabilities at amortised cost and are presented in United States Dollar ("USD").

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied for all the years presented, unless otherwise stated.

2.1 *Basis of preparation*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), <as modified by the exemption from consolidation in the Mauritius Companies Act ("IFRS as modified by Mauritius Companies Act") for companies holding a Global Business Licence> and comply with Mauritius Companies Act.

The preparation of financial statements in conformity with IFRS, as modified by Mauritius Companies Act, requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements are described in Note 3.

2.2 *Changes in accounting policy and disclosures*

(i) *New and amended standards*

In the current year, the Company has applied all of the new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 January 2023.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Company (continued)

New accounting standards, amendments and interpretations	Effective date
IFRS 17 Insurance Contracts	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements	01 January 2023
Definition of Accounting Estimates - Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 Income Taxes	01 January 2023
International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12	23 May 2023

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts. IFRS 17 significantly changes the way insurance contracts are measured and presented.

The IFRS 17 approach to the measurement of insurance contract liability is based on the building blocks of present value of future cash flows, risk adjustment for non-financial risk and the contractual service margin. The determination of these components requires actuarial inputs and use of significant judgement and assumptions.

IFRS 17 is expected to have a greater impact on the reporting in the insurance sector. The Company does not have any such contract within its scope and therefore there was no impact of IFRS 17 on the disclosures or amounts reported in these financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The International Accounting Standards Board (IASB) amended IAS 1 to require companies to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting policy information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

For the year ended 31 December 2023, management has reviewed the accounting policies of the Company. Except as already disclosed in the financial statements, no further material accounting policy information is required to be disclosed in the financial statements.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 *Changes in accounting policy and disclosures (continued)*

(i) *New and amended standards adopted by the Company (continued)*

Definition of Accounting Estimates - Amendments to IAS 8

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

These amendments had no effect on the financial statements of the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, companies should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

These amendments had no effect on the financial statements of the Company.

Income Taxes - International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Management has determined that the Company is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Company.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 *Changes in accounting policy and disclosures (continued)*

(ii) New standards and interpretations that are not yet effective and have not been early adopted by the Company

At the date of authorisation of these financial statements, the following standards, amendments and interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective on 01 January 2024)
- Non-current Liabilities with Covenants - Amendments to IAS 1 (effective on 01 January 2024)
- Supplier finance arrangements - Amendments to IAS 7 and IFRS 7 (effective on 01 January 2024)
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 (effective on 01 January 2024)
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28 (effective date yet to be set by the IASB)
- Lack of Exchangeability - Amendments to IAS 21 (effective on 01 January 2025)

There are no other IFRSs, IFRSs amendments or IFRIC interpretations that are not yet effective that would be expected to be relevant and have a material impact on the Company.

2.3 *Summary of material accounting policies*

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in United States dollar (“USD”) which is the Company’s functional currency. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of their fair value gain or loss. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transactions.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 *Summary of material accounting policies (continued)*

(b) **Investments in subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Investment in subsidiaries is shown at cost. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(c) **Consolidated financial statements**

The financial statements contain information about GMR Energy (Mauritius) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company owns 100% in GMR Lion Energy Limited and Karnali Transmission Company Private Limited. The Company has taken advantage of the exemption provided by the Mauritius Companies Act allowing a wholly owned or virtually wholly owned parent company holding a Global Business Licence not to present consolidated financial statements. The ultimate parent, GMR Infrastructure Limited, a company incorporated in India, prepares consolidated financial statements in accordance with Indian Generally Accepted Accounting Principles and not IFRS. The registered office of the ultimate parent is Naman Centre, 7th Floor, Opp. Dena Bank, Plot No.C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051, India.

(d) **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(i) **Classification and initial measurement**

The Company classifies its financial assets in the following measurement categories :

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 *Summary of material accounting policies (continued)*

(d) **Financial instruments (continued)**

Financial assets (continued)

(i) *Classification and initial measurement (continued)*

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(ii) *Subsequent measurement*

Debt instruments

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

The Company's financial assets at amortised cost include cash and cash equivalents which are subsequently measured as follows:

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(iii) *Impairment of financial assets*

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 *Summary of material accounting policies (continued)*

(d) **Financial instruments (continued)**

Financial assets (continued)

(iv) *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

(i) *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables.

As per resolutions dated 12 October 2012, the Class A Preference shares have been converted into Redeemable Class A Preference Shares. The Redeemable Preference Shares are redeemable at the option of the holder of the share, hence had been classified under current liabilities. During the year 2022, the Redeemable Class A Preference Shares have fully been redeemed.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

Financial liabilities (continued)

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Other payables

Other payables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(e) Offsetting of financing instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(f) Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity net of any tax effects.

Preference shares class B which are redeemable at the option of the Company have been classified as equity in the financial statements.

(g) Provisions

Provisions are recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(h) Revenue recognition

Dividend income is recognised when the shareholder's right to receive the payment is established.

(i) Expenses recognition

Expenses are accounted for in the profit or loss on the accruals basis.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of material accounting policies (continued)

(j) Taxation

The tax expense for the year comprises of current tax and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and losses can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(k) Related parties

Related parties are individuals or companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(l) Impairment of non-financial assets

The carrying amounts of assets are assessed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and its value in use, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to profit or loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the company is the USD.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, and over the recognition of deferred taxes. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead. Therefore, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rate. The Company has no significant exposure to foreign exchange risk as most of its financial assets and liabilities are denominated in USD.

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company has no significant exposure to interest-rate risk as it has no interest-bearing financial assets and liabilities.

(iii) Price risk

Equity price risk is the risk of unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The Company has no exposure to price risk at year end.

(b) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. With respect to credit risk arising from financial assets which comprise of cash and cash equivalents, the Company's exposure arises from the default of the counterparties, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. There was no concentration of credit risk as at the reporting date.

Credit risk from balances with banks is managed by the Company by carrying out transactions with banks of good standing and reputation.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) *Credit risk (continued)*

The maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2023	2022
	USD	USD
Cash and cash equivalents	4,670	28,582

The exposure to credit risk on cash and cash equivalents are monitored on an ongoing basis by management and these are considered recoverable.

While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identical impairments loss was immaterial and there has been no significant impact on its statement of financial position.

(c) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains adequate cash reserves to meet its obligations as they fall due and through financing from related parties.

The table below summarises the maturity profile of the Company's financial liabilities at 2023 and 2022, based on contractual undiscounted payments

	Repayable on demand	Repayable within less than 1 year	Total
	USD	USD	USD
2023			
<u>Financial liabilities</u>			
Other payables	-	10,215	10,215
2022			
<u>Financial liabilities</u>			
Other payables	500	5,683	6,183

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(d) *Fair values*

The carrying amounts of cash and cash equivalents, other payables approximate their fair values and hence no fair value hierarchy has been disclosed.

(e) *Capital risk management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

(f) *Financial instruments by category*

Financial assets include cash and cash equivalents that are classified as financial assets at amortised cost.

Financial liabilities include other payables that are classified as financial liabilities at amortised cost.

5. INCOME TAX EXPENSE

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%.

The Company is able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption is taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

At 31 December 2023, the Company had accumulated tax losses of **USD 162,793** (2022: USD 164,942) and is therefore not liable to income tax. Tax losses of **USD 35,612** (2022: USD 14,244) was lapsed during the year.

The tax losses available for set off against future taxable profit of the Company are as follows:

Up to the years ending:	USD
31 December 2024	50,175
31 December 2025	26,671
31 December 2026	26,162
31 December 2027	26,322
31 December 2028	33,463
	162,793

5. INCOME TAX EXPENSE (CONTINUED)

(i) A reconciliation between the applicable income tax rate of 15 % and the actual income tax rate is as follows:

	<u>2023</u>	<u>2022</u>
	USD	USD
Loss for the year	<u>(55,705)</u>	<u>(41,650)</u>
Tax at the rate of 15%	(8,356)	(6,248)
Expenses not deductible for tax purposes	3,336	2,299
Deferred tax asset	<u>5,020</u>	<u>3,949</u>
Actual tax charge	<u>-</u>	<u>-</u>

Deferred income tax

A deferred tax asset of **USD 24,419** (2022: USD 24,741) has not been recognised in respect of tax losses carried forward as the directors consider that it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

6. INVESTMENTS IN SUBSIDIARIES

	<u>2023</u>	<u>2022</u>
	USD	USD
(i) GMR Lion Energy Limited		
Cost:		
At start and end of the year	<u>2,942,117</u>	<u>2,942,117</u>
Impairment:		
At start and end of the year	<u>(1,071,263)</u>	<u>(1,071,263)</u>
Carrying amount at year end	<u><u>1,870,854</u></u>	<u><u>1,870,854</u></u>
(ii) Karnali Transmission Company Private Limited		
Cost:		
At start and end of the year	<u>45,200</u>	<u>45,200</u>
Impairment:		
At start and end of the year	<u>(32,289)</u>	<u>(32,289)</u>
Carrying amount at year end	<u><u>12,911</u></u>	<u><u>12,911</u></u>
Total carrying amount of investments	<u><u>1,883,765</u></u>	<u><u>1,883,765</u></u>

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company holds investments in the following companies:

Name of company	Direct % Holdings	Country of incorporation	Class of shares held	Type of investment	Number of shares 2023/2022	2023	2022
						USD	USD
GMR Lion Energy Limited	100%	Mauritius	Equity	Unquoted	2,942,117	1,870,854 (Cost: 2,942,117)	1,870,854 (Cost: 2,942,117)
Karnali Transmission Company Private Limited	100%	Nepal	Equity	Unquoted	33,024	12,911 (Cost: 45,200)	12,911 (Cost: 45,200)
						<u>1,883,765</u>	<u>1,883,765</u>

During the year ended 31 December 2023, the directors have assessed the recoverable amounts of the above investments and are of the opinion that the investment in the subsidiaries are not subject to impairment.

7. DEPOSIT ON SHARES

	2023	2022
	USD	USD
Advance against equity to be allotted by:		
(i) GMR Lion Energy Limited		
Cost:		
At start of the year	16,150,009	14,873,009
Advanced during the year	1,879,000	1,277,000
At end of the year	<u>18,029,009</u>	<u>16,150,009</u>
Impairment:		
At start of the year	(864,496)	(849,456)
Movement during the year	(22,242)	(15,040)
At end of the year	<u>(886,738)</u>	<u>(864,496)</u>
Carrying amount at year end	<u>17,142,271</u>	<u>15,285,513</u>

GMR ENERGY (MAURITIUS) LIMITED
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7. DEPOSIT ON SHARES (CONTINUED)

	2023	2022
	USD	USD
(ii) Karnali Transmission Company Private Limited		
Cost:		
At start / end of the year	<u>484,139</u>	<u>484,139</u>
Impairment:		
At start / end of the year	<u>(484,139)</u>	<u>(484,139)</u>
Carrying amount at year end	<u>-</u>	<u>-</u>
Total carrying amount of deposit on shares	<u>17,142,271</u>	<u>15,285,513</u>

Deposit on shares represent amount advanced to subsidiaries pending allotment of shares to the Company. During the year ended 31 December 2023, the directors have assessed the recoverable amounts of the above deposits and are of the opinion that the deposit on shares are subject to a further impairment of USD 22,242 in GMR Lion Energy Limited (2022: 15,040).

8. OTHER RECEIVABLES

	2023	2022
	USD	USD
Prepayments	1,053	945
Rental deposit	627	627
Reversal of rental deposit	<u>(627)</u>	<u>-</u>
	<u>1,053</u>	<u>1,572</u>

The Company has entered into rental agreement with The Business Exchange (Mauritius) Limited ("TBEML"), whereby TBEML has accepted to rent the premises to the Company. As per the rental agreement, the rental deposit is of USD 460. Also as per the quotation, there is a fee of USD 166.67 which is refundable. During the year 2023, the rental agreement was cancelled with effect as from 30 April 2023.

9. STATED CAPITAL

	2023	2022
	USD	USD
Issued and fully paid up 100 (2022: 100) ordinary shares of no par value	<u>103</u>	<u>103</u>

Rights of the ordinary shares

The holder of an ordinary share in the Company shall confer on the holder:

- (a) the right to one vote on a poll at a meeting of the company on any resolution;
- (b) the right to an equal share in dividends authorised by the Board; and
- (c) the right to an equal share in the distribution of the surplus assets of the Company.

10. SUBSCRIPTION MONIES

	<u>2023</u>	<u>2022</u>
	USD	USD
At start of the year	-	-
Received during the year	1,884,000	-
At end of the year	1,884,000	-

Share application monies represent advances received from the GMR Energy Projects (Mauritius) Limited.

11. REDEEMABLE PREFERENCE SHARES

	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Number	Number	USD	USD
(i) <i>Redeemable Class A Preference Shares - Liability</i>				
At start of year	-	18,567,895	-	18,567,895
Redeemed during the year	-	(18,567,895)	-	(18,567,895)
At end of the year (Note 13 (ii))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(ii) <i>Redeemable Class B Preference Shares - Equity</i>				
At start of year	17,209,207	-	17,209,207	-
Additions during the year	-	18,600,000	-	18,600,000
Redeemable class B preference shares (Note 13(iv))	-	1,320,000	-	1,320,000
Offset against capital reduction	-	(2,710,793)	-	(2,710,793)
At end of the year (Note 13 (iii))	17,209,207	17,209,207	17,209,207	17,209,207

11. REDEEMABLE PREFERENCE SHARES (CONTINUED)

The rights of the redeemable preference shares are as follows:

(A) Redeemable class A preference shares:

Dividends

The holder of a redeemable class A preference share was entitled to non-cumulative dividends at a rate of 1% of the nominal value and provided further, that the shares are fully paid.

Voting rights

Each redeemable class A preference share was entitled its holder to receive notice of and to attend any annual and special meetings of the Company. The holder of a redeemable class A preference share was not be entitled to any voting rights except as provided under Section 114 of the Companies Act.

Winding up

On winding up, each holder of a redeemable class A preference share had priority to repayment of capital.

Distribution of surplus assets

The holder of a redeemable class A preference share was not be entitled to any surplus assets which might exist after the paid up capital of the Company on ordinary shares has been repaid.

Redemption

Each redeemable class A preference share was redeemable at the option of the holder of the share.

(B) Redeemable class B preference shares :

Dividends

The holder of a redeemable class B preference share shall be entitled to non-cumulative dividends at a rate of 1% of the nominal value and provided further, that the shares are fully paid.

Voting rights

Each redeemable class B preference share shall not entitle its holder to receive notice of and to attend any annual and special meetings of the Company. The holder of a redeemable class B preference share shall not be entitled to any voting rights.

Winding up

On winding up, each holder of a redeemable class B preference Share shall have priority to repayment of capital.

Distribution of surplus assets

The holder of a redeemable class B preference share shall not be entitled to any surplus assets which might exist after the paid up capital of the Company on ordinary shares has been repaid.

Redemption

Each redeemable class B preference share shall be redeemable at the option of the Company.

12. OTHER PAYABLES

	<u>2023</u>	<u>2022</u>
	USD	USD
Accruals	10,215	5,683
Amount due to affiliate (Note 13 (iv))	<u>-</u>	<u>500</u>
	<u>10,215</u>	<u>6,183</u>

The amount due to affiliate was interest - free, unsecured and repayable on demand.

13. RELATED PARTY DISCLOSURES

During the year ended 31 December 2023, the Company carried out transactions with related parties as follows:

	<u>2023</u>	<u>2022</u>
	USD	USD
<i>(i) Fees paid to management entity of the Company – Ocorian Corporate Services (Mauritius) Limited</i>		
Expenses including directors fees incurred by the Company	<u>22,055</u>	<u>13,703</u>
Outstanding balance	<u>4,120</u>	<u>2,520</u>
<i>(ii) Redeemable Class A Preference Shares- GMR Energy Limited</i>		
At start of the year	-	18,567,895
Redeemed during the year	<u>-</u>	<u>(18,567,895)</u>
At end of the year (Note 11(i))	<u>-</u>	<u>-</u>
<i>(iii) Redeemable Class B Preference Shares- GMR Energy Projects (Mauritius) Limited</i>		
At start of the year	17,209,207	-
Addition during the year	-	18,600,000
Payable converted to redeemable class B preference share (Note 13 (iv))	-	1,320,000
Offset against capital reduction	<u>-</u>	<u>(2,710,793)</u>
At end of the year (Note 11(ii))	<u>17,209,207</u>	<u>17,209,207</u>

GMR ENERGY (MAURITIUS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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13. RELATED PARTY DISCLOSURES (CONTINUED)

	<u>2023</u>	<u>2022</u>
	USD	USD
<i>(iv) Amount due to affiliates- GMR Energy Projects (Mauritius) Limited</i>		
At start of the year	500	21,000
Amount received during the year	-	1,299,500
Repaid during the year	(500)	-
Converted to Class B preference shares (Note 13 (iii))	-	(1,320,000)
	<u>-</u>	<u>(1,320,000)</u>
At end of the year (Note 12)	<u>-</u>	<u>500</u>

14. NOTES TO STATEMENT OF CASH FLOWS

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

Reconciliation of liabilities arising from financing activities:

	01 January	Financing cash flows	Non cash Flows	31 December
	USD	USD	USD	USD
31 December 2023				
Amount due to affiliates	500	(500)	-	-
	<u>500</u>	<u>(500)</u>	<u>-</u>	<u>-</u>
31 December 2022				
Amount due to affiliates	21,000	1,299,500	(1,320,000)	500
	<u>21,000</u>	<u>1,299,500</u>	<u>(1,320,000)</u>	<u>500</u>

NON-CASH TRANSACTION

The non cash transaction for the year ended 31 December 2022 consist of:

- A) Amount payable converted to redeemable class B preference share (Note 13(iv)).
- B) Capital reduction offset against redeemable class B preference share (Note 13(iii)).

15. IMMEDIATE AND ULTIMATE PARENT

The directors consider GMR Energy Limited, a company incorporated in India and GMR Power & Urban Infra Ltd, a public company listed on the Indian stock exchange, as the Company's immediate and ultimate parent respectively.

16. GOING CONCERN

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

17. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date requiring amendments in or disclosure to these financial statements for the year ended 31 December 2023.

GMR LION ENERGY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

GMR LION ENERGY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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GMR LION ENERGY LIMITED

COMPANY INFORMATION

		Date of appointment	Date of resignation
DIRECTORS:	Sharmanand Jhurreea	17 February 2020	15 February 2024
	Fatweena Bibi Ameen Uteene Mahamod	17 February 2020	15 February 2024
	Sandeep Subash	26 April 2022	-
	Virat Kongmaneerat	26 August 2022	-
	Rishikesh Batoosam	15 February 2024	-
	Akash Beesham Ramessur	15 February 2024	-
	Diwan Prakash Kumar (Alternate to Sandeep Subash)	15 April 2024	-
ADMINISTRATOR & SECRETARY:	(As from 15 February 2024) Ocorian Corporate Services (Mauritius) Limited Level 6, Tower A 1 Exchange Square Wall Street, Ebene Mauritius		
PREVIOUS ADMINISTRATOR & SECRETARY:	(Up to 14 February 2024) IQ EQ Corporate Services (Mauritius) Ltd 33 Edith Cavell Street Port Louis, 11324 Mauritius		
REGISTERED OFFICE:	(As from 15 February 2024) Level 6, Tower A 1 Exchange Square Wall Street, Ebene Mauritius		
	(Up to 14 February 2024) Edith Cavell Street Port Louis, 11324 Mauritius		
AUDITORS:	RSM (Mauritius) LLP 7 th Floor, Carleton Tower Wall Street, Ebene Mauritius		
BANKER:	AfrAsia Bank Limited Bowen Square 10, Dr Ferriere Street Port Louis Mauritius		

GMR LION ENERGY LIMITED

COMMENTARY OF THE DIRECTORS

The directors are pleased to present their commentary together with the audited financial statements of GMR Lion Energy Limited (the "Company") for the year ended 31 December 2023.

ACTIVITIES OF THE COMPANY

The Company main activity is to engage in investment holding activities.

RESULTS AND DIVIDENDS

The Company's loss for year ended 31 December 2023 was USD 122,978 (2022: loss of USD 15,040).

The directors do not recommend the payment of a dividend for the year under review (2022: USD Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

AUDITORS

The auditors, RSM (Mauritius) LLP, have indicated their willingness to continue in office and will be automatically re-appointed at the next Annual Meeting of the shareholder.

.....
By order of the board

Secretary

Fayaz DOOBARRY, ACCA.
FOR
OCCEAN CORPORATE
SERVICES (MAURITIUS) LIMITED

Date: 15 April 2024

**SECRETARY'S CERTIFICATE
TO THE MEMBER OF GMR LION ENERGY LIMITED**

UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT

We certify, as secretary of the Company, that based on records and information made available to us by the directors and shareholders of the Company, the Company has filed with the Registrar of Companies for the year ended 31 December 2023, all such returns as are required of the Company under the Mauritius Companies Act.

Fayaz DOOBARRY, ACCA
FOR
OCORIAN CORPORATE
SERVICES (MAURITIUS) LIMITED

**OCORIAN CORPORATE SERVICES (MAURITIUS) LIMITED
SECRETARY**

Date: 15 April 2024



RSM

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Independent Auditor's Report To the Shareholder of GMR Lion Energy Limited

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This report is made solely to the shareholder of GMR Lion Energy Limited (the "Company"), in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder for our audit work, for this report, or for the opinion we have formed.

Opinion

We have audited the financial statements of GMR Lion Energy Limited set out on pages 8 to 26, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of GMR Lion Energy Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius. We have fulfilled our other ethical responsibilities in accordance with these requirements and to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and Certificate from the Secretary as required by the Mauritius Companies Act 2001. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Else, we have nothing to report in this regard.

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RSM (Mauritius) is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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Independent Auditor's Report To the Shareholder of GMR Lion Energy Limited (Continued)

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Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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The logo for European Business Awards features three circles in orange, grey, and white, followed by the text 'European Business Awards'.

**Independent Auditor's Report
To the Shareholder of GMR Lion Energy Limited (Continued)**

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have no relationship with, or interests in, the Company, other than in our capacity as auditor;
- We have obtained all information and explanations we have required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

A handwritten signature in black ink, appearing to be "RSM".

**RSM (Mauritius) LLP
Chartered Accountants
Ebene, Mauritius**

A handwritten signature in black ink, appearing to be "Prashant Calcutteea".

**Prashant Calcutteea, FCA
Licensed by FRC**

Date: 15 April 2024

GMR LION ENERGY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 USD	2022 USD
INCOME		-	-
EXPENSES			
Accountancy fees		7,550	3,200
Audit fee		6,561	3,455
Professional fees		3,450	3,400
Licence and registration fees		2,225	2,625
Bank charges		1,540	760
Secretarial and administration fees		1,500	1,500
Disbursement		100	100
Directors' fees		1,500	-
Tax fees		1,300	-
Penalty fees		150	-
Total expenses		25,876	15,040
LOSS FROM OPERATIONS		(25,876)	(15,040)
Amount receivable written-off		(109)	-
Impairment of advance towards investment	6	(96,993)	-
LOSS BEFORE INCOME TAX		(122,978)	(15,040)
Income tax expense	10	-	-
LOSS FOR THE YEAR		(122,978)	(15,040)
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(122,978)	(15,040)

The notes on pages 12 to 26 form an integral part of these financial statement.
Auditor's report is on pages 5 to 7.

GMR LION ENERGY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 USD	2022 USD
ASSETS			
Non-current assets			
Investment in subsidiary	5	145,402	145,402
Advance towards investment	6	18,774,446	17,014,439
Total non-current assets		18,919,848	17,159,841
Current assets			
Other receivable and prepayments	7	976	1,085
Cash and cash equivalents	8	2,810	1,294
Total current assets		3,786	2,379
TOTAL ASSETS		18,923,634	17,162,220
EQUITY AND LIABILITIES			
Equity			
Stated capital	9	2,942,117	2,942,117
Share application monies	11	18,029,009	16,150,009
Accumulated losses		(2,058,737)	(1,935,759)
Total equity		18,912,389	17,156,367
Liability			
Current liability			
Accruals		11,245	5,853
Total current liability		11,245	5,853
TOTAL EQUITY AND LIABILITY		18,923,634	17,162,220

Authorised for issue by the Board of directors on 15 April 2024
and signed on its behalf by:

DocuSigned by:

91CB1B11FA0F404...

Director

DocuSigned by:

9A30FCBDBFB7498...

Director

The notes on pages 12 to 26 form an integral part of these financial statement.
Auditor's report is on pages 5 to 7.

GMR LION ENERGY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Stated capital USD	Share application monies USD	Accumulated losses USD	Total USD
At 01 January 2022	2,942,117	14,873,009	(1,920,719)	15,894,407
Advance towards equity	-	1,277,000	-	1,277,000
Loss for the year	-	-	(15,040)	(15,040)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(15,040)	(15,040)
At 31 December 2022	2,942,117	16,150,009	(1,935,759)	17,156,367
Advance towards equity	-	1,879,000	-	1,879,000
Loss for the year	-	-	(122,978)	(122,978)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(122,978)	(122,978)
At 31 December 2023	2,942,117	18,029,009	(2,058,737)	18,912,389

The notes on pages 12 to 26 form an integral part of these financial statement.
Auditor's report is on pages 5 to 7.

GMR LION ENERGY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023 USD	2022 USD
Cash flows from operating activities			
Loss before income tax		(122,978)	(15,040)
<i>Adjustments for:</i>			
Amount receivable written-off		109	-
Impairment of advance towards investment	6	96,993	-
<i>Changes in working capital:</i>			
Change in accruals		5,392	(4,200)
Net cash used in operating activities		(20,484)	(19,240)
Cash flows from investing activities			
Advance towards investment	6	(1,857,000)	(1,258,000)
Net cash used in investing activities		(1,857,000)	(1,258,000)
Cash flow from financing activity			
Share application monies	11	1,879,000	1,277,000
Net cash from financing activity		1,879,000	1,277,000
Net movement in cash and cash equivalents		1,516	(240)
Cash and cash equivalents at start of the year		1,294	1,534
Cash and cash equivalents at end of the year		2,810	1,294

The notes on pages 12 to 26 form an integral part of these financial statement.
Auditor's report is on pages 5 to 7.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

GMR Lion Energy Limited is a private limited company, incorporated in Mauritius on 29 February 2008. The Company holds a Global Business Licence under the Financial Services Act 2007 and is regulated by Financial Services Commission. The Company's registered office is Level 6, Tower A, 1 Exchange Square, Wall Street, Ebene, Mauritius.

The Company principal activity is that of investment holding.

2. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated.

(i) Basis of presentation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost and are denominated in United States Dollar ("USD").

The Company is a holder of a Global Business Licence and has a subsidiary. The Company has elected, in accordance with the Fourteenth Schedule of the Mauritius Companies Act 2001, Section 12, not to prepare group financial statements in accordance with Section 211 of the Mauritius Companies Act 2001 "Contents and form of financial statements".

The basis of preparation of these financial statements complies with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB"). Instead of presenting consolidated financial statements of the Group, the Company only presents separate financial statements as would have been required under IAS 27 - Separate Financial Statements, had the Company complied with IFRS.

2.1 Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Company

During the year under review, the following standards, amendments and interpretations were effective. The Company has not early adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

New accounting standards, amendments and interpretations	Effective date
IFRS 17 Insurance Contracts	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements	01 January 2023
Definition of Accounting Estimates - Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 Income Taxes	01 January 2023
International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12	23 May 2023

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies

(i) New and amended standards adopted by the Company (continued)

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts. IFRS 17 significantly changes the way insurance contracts are measured and presented.

The IFRS 17 approach to the measurement of insurance contract liability is based on the building blocks of present value of future cash flows, risk adjustment for non-financial risk and the contractual service margin. The determination of these components requires actuarial inputs and use of significant judgement and assumptions.

IFRS 17 is expected to have a greater impact on the reporting in the insurance sector. The Company does not have any such contract within its scope and therefore there was no impact of IFRS 17 on the disclosures or amounts reported in these financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The International Accounting Standards Board (IASB) amended IAS 1 to require companies to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting policy information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

For the year ended 31 December 2023, management has reviewed the accounting policies of the Company. Except as already disclosed in the financial statements, no further material accounting policy information is required to be disclosed in the financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

These amendments had no effect on the financial statements of the Company.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(i) New and amended standards adopted by the Company (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, companies should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

Income Taxes - International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Management has determined that the Company is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Company.

(ii) New standards and interpretations that are not yet effective and have not been early adopted by the Company

At the date of authorisation of these financial statements, the following standards, amendments and interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective on 01 January 2024)
- Non-current Liabilities with Covenants - Amendments to IAS 1 (effective on 01 January 2024)
- Supplier finance arrangements - Amendments to IAS 7 and IFRS 7 (effective on 01 January 2024)
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 (effective on 01 January 2024)
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28 (effective date yet to be set by the IASB)
- Lack of Exchangeability - Amendments to IAS 21 (effective on 01 January 2025)

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

Foreign currency translation*(i) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in USD which is the Company's functional currency. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company as the investments are made in USD and the performance of the company is evaluated in USD.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Such balances are translated at year end exchange rates.

Current and deferred income tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offshore current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxed levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

Investments in subsidiary

Subsidiaries are those entities (including special purpose entities) over which the Company has control. The Company controls an entity when it is exposed to or the rights to variables returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Investment in subsidiaries is shown at cost where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to profit or loss. The disposal of the investment, that is, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Consolidated financial statements

The financial statements contain information about GMR Lion Energy Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company owns 73% of the issued share capital of GMR Upper Karnali Hydropower Limited. The Company has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly owned or virtually owned parent company holding a Global Business Licence not to present consolidated financial statements. The ultimate parent, GMR Infrastructure Limited, a company incorporated in India, prepares consolidated financial statements in accordance with Indian Generally Accepted Accounting Principles.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

GMR LION ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**2.2 Summary of material accounting policies (continued)****Financial instruments (continued)***Financial assets (continued)**Initial recognition and measurement (continued)*

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Company's financial assets include cash and cash equivalents and other receivable.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash and cash equivalents and other receivable.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

Financial instruments (continued)

*Financial assets (continued)**Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses ("ECL") under IFRS 9 to all its receivables.

The Company's approach to ECL reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company's financial liability consist of accruals.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**2.2 Summary of material accounting policies (continued)****Financial instruments (continued)***Financial liabilities (continued)**Payables*

Payables are stated at their nominal value.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Stated capital

Ordinary shares are classified as equity.

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Expenses recognition

Expenses are accounted for in profit or loss on the accruals basis.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

Share application monies

Share application monies relate to capital contribution received from the shareholder, being either cash or non-monetary assets, which are non-reciprocal (i.e. no financial or non-financial obligation exists). Share application monies are classified as equity.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's financial statements require directors to make judgments, estimates, and assumptions that affect the reported amount of expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment of the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the financial statements:

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Determination of functional currency

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in note 2.1 (a), the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, and over the recognition of deferred taxes. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. No deferred tax is recognized in the financial statements.

GMR LION ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)*Estimates and assumptions*

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of subsidiary

The investee company is engaged in the development of a 900 MW Karnali Hydropower project in Nepal for sale of power to buyers in Bangladesh, India and Nepal. The power generated by the project would be exported through a cross border transmission system. The project calculations use cash flow projections based on the business plan of the Karnali Hydropower project in Nepal. Cash flows are based on the duration of the projects and also on potential buyers or potential strategic investors to invest in the project.

As at 31 December 2023, the equity value of GMR Upper Karnali Hydropower Limited (GUKHL) in the valuation report is INR 2,159.8 million considering a discount rate of 19.5%. Following an impairment assessment taking into consideration the share application monies of the Company held in GUKHL, the carrying value of the investment is less than its recoverable amount.

The Company provided an impairment against advance towards investment amounting to **USD 96,993** (2022: USD Nil) in GUKHL based on recoverability. The conclusion is based on the valuation report as at 31 December 2023.

4. FINANCIAL RISK MANAGEMENT

In its ordinary operations, the Company is exposed to various financial risks. Details of those are risks set out below:

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), concentration risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial risk factors (continued)**Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk as it has no interest bearing financial assets and liabilities.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rate. The Company has no significant exposure to foreign exchange risk as it does not have any financial assets or liabilities which are denominated in a currency other than the USD, the Company's functional currency.

Concentration risk

The Company holds investment in Nepal, which involves certain consideration and risks not typically associated with investment in other more developed countries. Future economic and political development in Nepal could affect the operation of the investee Company.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial assets which potentially subject the Company to concentrations of credit risk consist principally of bank balances. Cash and cash equivalents are held in reputable financial institutions. Accordingly, the Company has no significant concentration of credit risk. The maximum exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2023	2022
	USD	USD
Other receivable	-	109
Cash and cash equivalents	2,810	1,294
	-----	-----
	2,810	1,403
	=====	=====

The financial assets are neither past due nor impaired at the reporting date. The cash and cash equivalents are maintained with reputable bank.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial risk factors (continued)**Liquidity risk*

Liquidity is the risk that the Company will not be able to meet its financial obligation as they fall due.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of related party loans. However liquidity risk, if any, is managed through the financial support of the shareholder.

The table below summarises the maturity profile of the Company's financial liabilities at the financial position date based on contractual undiscounted payments:-

	Less than one year	
	2023 USD	2022 USD
Accruals	11,245	5,853
	<u>11,245</u>	<u>5,853</u>

Fair Values

The carrying amounts of cash and cash equivalents and other payables approximate their fair values.

5. INVESTMENT IN SUBSIDIARY

Name of investee company	Country of incorporation	Types of shares held	% Holding 2023 & 2022	Number of shares 2023 & 2022	Carrying amount	
					2023 USD	2022 USD
GMR Upper Karnali Hydropower Limited ('GUKHL')	Nepal	Ordinary	73%	1,095,000	<u>145,402</u>	<u>145,402</u>

The investee company is engaged in the development of a 900 MW Upper Karnali Hydropower project in Nepal for sale of power to buyers in Bangladesh, India and Nepal. The power generated by the project would be exported through a cross border transmission system. In this regard, an MoU has been signed with Bangladesh Power Development Board ('BPDB'), Govt. of Bangladesh on in April 2018 for a minimum of 500 MW power. Negotiations and discussions for signing of the Power Purchase Agreements ('PPA') are in very advanced stage and expected to be concluded soon. Additionally, some of the Indian states have also shown strong interest in procuring power from the project. Further, a Deed of Agreement for taking possession of the Forest Land admeasuring 252 Ha has been executed. The acquisition of private land is also progressing well. As at 31 December 2023, the equity value of GUKHL in the valuation report is INR 2,159.8 million considering a discount rate of 19.5%. Following an impairment assessment taking into consideration the share application monies of the Company held in GUKHL, the carrying value of the investment is less than its recoverable amount.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6. ADVANCE TOWARDS INVESTMENT

GMR Upper Karnali Hydropower Limited	2023 USD	2022 USD
At start of the year	17,014,439	15,756,439
Advance during the year	1,857,000	1,258,000
Impaired during the year	(96,993)	-
At end of the year	<u>18,774,446</u>	<u>17,014,439</u>

Advance towards investment represent advances made to the Company's subsidiary GMR Upper Karnali Hydropower Limited, pending allotment of shares. The Company provided an impairment against advance towards investment amounting to USD 96,993 (2022: USD Nil) in GUKHL based on recoverability. The conclusion is based on the valuation report as at 31 December 2023.

7. OTHER RECEIVABLE AND PREPAYMENTS

	2023 USD	2022 USD
Prepayments	976	976
Other receivable	-	109
	<u>976</u>	<u>1,085</u>

8. CASH AND CASH EQUIVALENTS

	2023 USD	2022 USD
<i>Cash at bank</i>		
Current accounts	<u>2,810</u>	<u>1,294</u>

9. STATED CAPITAL

	Number of shares		2023 USD	2022 USD
	2023	2022		
<i>Issued and fully paid up</i>				
At start and end the of year	<u>2,942,117</u>	<u>2,942,117</u>	<u>2,942,117</u>	<u>2,942,117</u>

The par value of each ordinary share is USD 1.

The holding of an ordinary share in the Company shall confer on the holder:

- the right to one vote on a poll at a meeting of the Company on any resolution;
- the right to an equal share in dividends authorised by the Board; and
- the right to an equal share in the distribution of the surplus assets of the Company.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. INCOME TAX EXPENSE

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%.

The Company is able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption is taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritian tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

At 31 December 2023, the Company had accumulated tax losses of **USD 81,385** (2022: USD 87,654) and is therefore was not liable to income tax. The loss of **USD 32,104** carried forward up to 31 December 2023 (2022: USD 162,207) has been lapsed.

The tax losses are available for set off against taxable profits of the Company as follows:

Up to the years ending:

	USD
31 December 2024	15,780
31 December 2025	11,120
31 December 2026	13,610
31 December 2027	15,040
31 December 2028	25,835

	81,385
	=====

A reconciliation between the accounting loss and the actual tax charge is presented below:

	2023	2022
	USD	USD
Loss before tax	(122,978)	(15,040)
	-----	-----
Applicable income tax at the rate of 15%	(18,447)	(2,256)
Impact of:		
Expenses not deductible for tax purposes	14,571	-
Deferred tax asset	3,876	2,256
	-----	-----
Income tax charge	-	-
	=====	=====

Deferred income tax

A deferred income tax asset of **USD 12,208** (2022: USD 13,148) has not been recognised in respect of tax losses carried forward as the directors consider that it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. SHARE APPLICATION MONIES

GMR Energy (Mauritius) Limited	2023 USD	2022 USD
At start of the year	16,150,009	14,873,009
Advance towards equity during the year	1,879,000	1,277,000
At end of the year	18,029,009	16,150,009

This represents funds received from the parent, GMR Energy (Mauritius) Limited, pending allotment of shares.

12. RELATED PARTY TRANSACTIONS

<i>Key Management services</i>	2023 USD	2022 USD
Ocorian Corporate Services Limited -Administrator		
Expenses including directors' fees incurred by the Company	4,550	-
Outstanding balance	4,550	-
 IQ EQ Corporate Services (Mauritius) Ltd -Previous administrator		
Expenses including directors' fees incurred by the Company	14,150	8,200
Outstanding balance	600	-
Receivable from IQ EQ	-	109

The compensation to key management personnel is provided on commercial terms and conditions.

13. PARENT AND ULTIMATE PARENT COMPANIES

GMR Energy (Mauritius) Limited, a company registered in Mauritius is regarded as the parent. GMR Power and Urban Infra Limited, a company incorporated in India is regarded as the ultimate parent.

14. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date requiring amendments in or disclosure to these financial statements for the year ended 31 December 2023.

INDEPENDENT AUDITOR'S REPORT

To the members of Karnali Transmission Company Private Limited

Report on the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying Ind AS financial statements of **Karnali Transmission Company Private Limited** (the "**Company**"), which comprise the Balance Sheet as at 31st March, 2024, the Statement of Profit and Loss, Statement of Changes in Equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the mater(s) prescribed in the basis for qualified opinion paragraph*, the said IND AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2024 its losses including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

The Underlying Ind AS financial statements of the company for the financial year ended 31st March 2024 prepared in accordance with the applicable corporate laws of Nepal, have not been audited by us. We have relied upon such audited financial statements and statutory auditors' report for the year ended 31 March 2024 provided to us by the management, for the purpose of expressing our audit opinion and have not performed detailed verification of the underlying transactions which have been covered by the statutory auditors in the course of their audit. Our scope of audit is limited to conversion of audited Nepali Rupees (NPR) designated financial statements into INR based financial statements considering the applicable exchange rate and considering the applicable Ind AS (Indian Accounting Standards).

Responsibility of Management for Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income / loss, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**GIRISH
MURTHY & KUMAR**
Chartered Accountants

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **GIRISH MURTHY & KUMAR**
Chartered Accountants

Firm's registration number: 000934S

**ACHYUTHA
VENKATA
SATISH
KUMAR**

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A.V.SATISH KUMAR

Partner

Membership number: 26526

UDIN: 24026526BKFEVB3179

Place: Bangalore

Date: 02-05-2024

GMR Upper Karnali Hydropower Limited
Balance Sheet as on 31st March 2024

Amount in Rs.'00

Particulars	Notes	31-March-24	31-March-23
Assets			
Non-current assets			
Property, Plant & Equipment	1	2,141,800	2,114,475
Capital work-in-progress	2	19,959,793	18,224,845
Other Intangible assets			
Financial Assets			
Loans			
Other non current assets	3	372,969	372,969
		22,474,562	20,712,289
Current assets			
Financial Assets			
Cash and cash equivalents	4	125,712	87,771
Loans	5	16,645	28,749
Others			
Current Tax Assets (Net)	6	112	146
Other current assets	7	-	-
Advance Tax		42	3,450
		142,510	120,116
Total Assets		22,617,072	20,832,405
Equity and liabilities			
Equity			
Equity Share Capital	8	93,750	93,750
Other Equity	9	12,488,341	10,842,816
		12,582,091	10,936,566
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	10	-	-
Provision	11	2,832	-
		2,832	-
Current liabilities			
Financial Liabilities			
Other financial liabilities	12	10,023,028	9,882,556
Borrowings	12a	-	-
Other current liabilities	13	5,737	9,832
Provisions		3,384	3,450
		10,032,148	9,895,839
Total Equity and liabilities		22,617,072	20,832,405

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 0009345

**ACHYUTHA
VENKATA
SATISH
KUMAR**

A.V.Satish Kumar

Partner

Membership no.: 26526

Firm Reg No: 0009345

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

**MANOJ
KUMAR
DIXIT**

Manoj Kumar Dixit

Director

DIN: 09355400

Place: New Delhi

Date: 02.05.2024

**Ashis
Basu**

Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 02.05.2024

GMR Upper Karnali Hydropower Limited
Statement of profit and loss for the period ended 31st March 2024

Amount in Rs.'00

Particulars	Notes	31-March-24	31-March-23
Other Income			
Total Income		-	-
Expenses			
Employee benefits expense			
Finance cost			
Depreciation			
Other expenses	14	17,547	14,587
Total Expenses		17,547	14,587
Profit / (Loss) before tax		(17,547)	(14,587)
Tax expenses			
Current tax		42	3,450
Profit/(loss) for the period from continuing operations		(17,589)	(18,037)
Profit/(loss) for the period		(17,589)	(18,037)
Other comprehensive income			-
Total comprehensive income for the period		(17,589)	(18,037)
Earnings per equity share (For continuing operations)			
Basic		(11.73)	(12.02)
Diluted		(11.73)	(12.02)

The accompanying notes form an integral part of the financial statements.
 This is the statement of profit & Loss referred to our report of even date

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 0009345

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A.V.Satish Kumar

Partner

Membership no.: 26526

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

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Manoj Kumar Dixit

Director

DIN: 09355400

Place: New Delhi

Date: 02.05.2024

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Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 02.05.2024

GMR Upper Karnali Hydropower Limited
Statement of Change in Equity for the period ended March 31, 2024

	Share capital	Share Application Money	Retained Earning	Other Equity	Total Equity
	Rs.	Rs.	Rs.		Rs.
As at March 31, 2021	93,750	7,900,280	(440,803)	7,459,477	7,553,227
Net Profit/(Loss)	-	2,397,181	(13,284)	2,383,898	2,383,898
As at March 31, 2022	93,750	10,297,462	(454,087)	9,843,375	9,937,125
Net Profit/(Loss)	-	1,017,479	(18,037)	999,441	999,441
As at March 31, 2023	93,750	11,314,940	(472,124)	10,842,816	10,936,566
Net Profit/(Loss)	-	1,663,114	(17,589)	1,645,525	1,645,525
As at March 31, 2024	93,750	12,978,055	(489,713)	12,488,341	12,582,091

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 0009345

ACHYUTHA VENKATA SATISH KUMAR P
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A.V.Satish Kumar

Partner

Membership no.: 26526

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

MANOJ KUMAR DIXIT
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Manoj Kumar Dixit

Director

DIN: 09355400

Place: New Delhi

Date: 02.05.2024

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Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 02.05.2024

GMR Upper Karnali Hydropower Limited
Cash Flow Statement for the period ended 31st March, 2024

Amount in Rs.'00

Particulars	31-March-24	31-March-23
Cash flow from operating activities		
Profit before tax from continuing operations	(17,547)	(14,587)
Profit before tax	(17,547)	(14,587)
Tax paid	(42)	(3,450)
Operating profit before working capital changes	(17,589)	(18,037)
Increase/(decrease) in other current liabilities	(4,162)	3,399
Increase/(decrease) from financial liabilities	140,471	225,912
Finance cost	-	-
(Increase)/decrease in loans and advances	12,104	(14,351)
(Increase)/decrease in Other Current Tax Asset	3,443	(130)
Net cash flow from/ (used in) operating activities (A)	134,267	196,793
Cash flows from investing activities		
Depreciation	11,629	11,778
(Increase)/ decrease in other current assets	-	-
Increase / (Decrease) in current borrowings	-	-
(Increase)/ decrease in other non current assets	-	625,000
(Increase)/ decrease in other non current Loan	-	-
Purchase/ Sale of FA, including CWIP and capital advances	(1,773,902)	(2,043,434)
Net cash flow from/ (used in) investing activities (B)	(1,762,272)	(1,406,656)
Cash flows from financing activities		
Share application money received	1,663,114	1,017,479
Increase / (decrease) in Non Current Provision	2,832	-
Proceeds from Bridge Loan	-	-
Proceeds from Share Application Money	-	-
Net cash flow from/ (used in) in financing activities (C)	1,665,946	1,017,479
Net increase/(decrease) in cash and cash equivalents (A + B + C)	37,941	(192,384)
Cash and cash equivalents at the beginning of the period	87,771	280,155
Cash and cash equivalents at the end of the period	125,712	87,771
Components of cash and cash equivalents		
With banks- on current account	125,567	87,738
Cash in Hand	145	32
Total cash and cash equivalents	125,712	87,771

Notes:

1. The above cash flow statement has been compiled from and is based on the balance sheet as at September 30th, 2023 and the related profit and loss account for the year ended on that date.

2. Effective April 1, 2017, the company adopted the amendment to Ind AS 7, which requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The reconciliation is given as below:

Reconciliation to liabilities whose cash flow movements are disclosed as part of financing activities.

Particulars	1-Apr-23	Cash flows	Non-Cash changes	31-Mar-24
			Fair value changes	
Short term Borrowings-Related party	-	-	-	-
Short term Borrowings-Bank	-	-	-	-
Total	-	-	-	-

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 0009345

ACHYUTHA
VENKATA
SATISH
KUMAR

A.V.Satish Kumar

Partner

Membership no.: 26526

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

MANOJ
KUMAR
DIXIT

Manoj Kumar Dixit

Director

DIN: 09355400

Place: New Delhi

Date: 02.05.2024

Ashis
Basu

Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 02.05.2024

GMR Upper Karnali Hydropower Limited

1. Property, Plant & Equipment

Particulars	Amount in Rs.'00							
	Land	Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Total
Cost or Valuation								
As at 31st March 2022	1,736,309	336,638	35,034	33,598	876	51,916	9,902	2,204,272
Additions	0	0	0	0	159	1,194	575	1,928
Disposals	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-
As at 31st March 2023	1,736,309	336,638	35,034	33,598	1,035	53,110	10,477	2,206,200
Additions	-	38,838	-	117	-	-	-	38,955
Disposals	-	-	-	-	-	-	-	-
As at 31st March 2024	1,736,309	375,476	35,034	33,714	1,035	53,110	10,477	2,245,155
Depreciation and impairment								
As at 31st March 2022	-	18,453	19,224	13,550	674	20,582	7,465	79,948
Depreciation for the year	-	5,487	1,389	1,856	9	2,477	561	11,778
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 31st March 2023	-	23,941	20,612	15,406	683	23,059	8,026	91,726
Depreciation for the Period	-	5,725	1,088	1,857	15	2,414	529	11,629
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 31st March 2024	-	29,666	21,701	17,263	698	25,473	8,555	103,355
Net Book Value								
As at 31st March 2022	1,736,309	318,185	15,810	20,047	202	31,334	2,437	2,124,323
As at 31st March 2023	1,736,309	312,697	14,421	18,192	352	30,051	2,451	2,114,475
As at 31st March 2024	1,736,309	345,811	13,333	16,451	337	27,637	1,922	2,141,800

GMR Upper Karnali Hydropower Limited
Statement of standalone assets and liabilities

Amount in Rs '00'

	Particulars	31-March-24 (Audited)	31-March-23 (Audited)
1	ASSETS		
	a) Non-current assets		
	Property, plant and equipment	2,141,800	2,114,475
	Capital work in progress	19,959,793	18,224,845
	Financial assets		
	Loans and advances	-	-
	Other non-current assets	372,969	372,969
		22,474,562	20,712,289
	b) Current assets		
	Financial assets		
	Loans and advances	16,645	28,749
	Cash and cash equivalents	125,712	87,771
	Current tax assets (net)	112	146
	Other current assets	42	3,450
		142,510	120,116
	TOTAL ASSETS (a+b)	22,617,072	20,832,405
2	EQUITY AND LIABILITIES		
	a) Equity		
	Equity share capital	93,750	93,750
	Other equity	12,488,341	10,842,816
	Total equity	12,582,091	10,936,566
	b) Non-current liabilities		
	Financial liabilities		
	Provisions	2,832	-
	Other non-current liabilities		
		2,832	-
	c) Current liabilities		
	Financial liabilities		
	Borrowings	-	-
	Other financial liabilities	10,023,028	9,882,556
	Other current liabilities	5,737	9,832
		10,032,148	9,895,839
	TOTAL EQUITY AND LIABILITIES (a+b+c)	22,617,072	20,832,405

For Girish Murthy & Kumar
Chartered Accountants
Firm Registration Number: 000934S
ACHYUTHA
VENKATA
SATISH
KUMAR
A.V.Satish Kumar
Partner
Membership no.: 26526
Firm Reg No: 000934S
Place: Bangalore
Date: 02.05.2024

For and on behalf of the Board of directors

MANOJ
KUMAR
DIXIT

Manoj Kumar Dixit
Director
DIN: 09355400

Place: New Delhi
Date: 02.05.2024

Ashis
Basu

Ashis Basu
Director
DIN: 01872233

Place: New Delhi
Date: 02.05.2024

Statement of standalone financial results for quarter and Twelve months ended March 31, 2024					
	Particulars	Quarter ended			Year Ended
		31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
		Unaudited	Unaudited	Unaudited	Audited
A	Continuing Operations				
1	Revenue				
	b) Other income				
	i) Foreign exchange fluctuations (net)	-	-	-	-
	Total revenue	-	-	-	-
2	Expenses				
	(f) Other expenses	17,547.30	1,741.27	17,547.30	14,587.18
	Total expenses	17,547.30	1,741.27	17,547.30	14,587.18
3	Profit/(loss) from continuing operations before exceptional items and tax expense (3-4)	(17,547.30)	(1,741.27)	(17,547.30)	(14,587.18)
4	Exceptional items	-	-	-	-
5	Profit/(loss) from continuing operations before tax expenses (3 ± 4)	(17,547.30)	(1,741.27)	(17,547.30)	(14,587.18)
6	Tax expenses of continuing operations				
	(a) Current tax	41.61	0.01	41.61	3,450.00
	(b) Deferred tax	-	-	-	-
7	Profit/(loss) after tax from continuing operations (5 ± 6)	(17,588.91)	(1,741.28)	(17,588.91)	(18,037.18)
B	Discontinued Operations				
8	Profit/(loss) from discontinued operations before tax expenses	-	-	-	-
9	Tax expenses of discontinued operations				
	(a) Current tax	-	-	-	-
	(b) Deferred tax	-	-	-	-
10	Profit/(loss) after tax from discontinued operations (8 ± 9)	-	-	-	-
11	Profit/(loss) after tax for respective periods (7 + 10)	(17,588.91)	(1,741.28)	(17,588.91)	(18,037.18)
12	Other Comprehensive Income				
	(A) (i) Items that will not be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
	(B) (i) Items that will be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
13	Total other comprehensive income, net of tax for the respective periods	-	-	-	-
14	Total comprehensive income for the respective periods (11 ± 13)	(17,588.91)	(1,741.28)	(17,588.91)	(18,037.18)
15	Paid-up equity share capital (face value Rs 10 per share)	150,000.00	150,000.00	150,000.00	150,000.00
16	Earnings per equity share				
	i) Basic & diluted EPS	(11.73)	(1.16)	(11.73)	(12.02)
	ii) Basic & diluted EPS from continuing operations	(11.73)	(1.16)	(11.73)	(12.02)

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 000934S

ACHYUTHA
VENKATA
SATISH
KUMAR

A.V. Satish Kumar

Partner

Membership no.: 26526

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

MANOJ
KUMAR
DIXIT

Digitally signed by MANOJ KUMAR
 DIXIT
 DN: c=IN, o=Personal,
 2.5.4.20=6021996016428c111896,
 1.2.1.1=955080306c12196a79c7507
 955080306c12196a79c7507,
 st=Delhi,
 email=manoj@955080306c12196a79c7507
 955080306c12196a79c7507,
 o=GMR Upper Karnali Hydropower Limited,
 ou=MANOJ KUMAR DIXIT
 Date: 2024.05.02 16:13:18 +05'30'

Manoj Kumar Dixit

Director

DIN: 09355400

Place: New Delhi

Date: 02.05.2024

Ashis
Basu

Digitally signed by Ashis Basu
 DN: c=IN, o=Personal,
 2.5.4.20=6021996016428c111896,
 1.2.1.1=955080306c12196a79c7507,
 955080306c12196a79c7507,
 st=Delhi,
 email=ashis@955080306c12196a79c7507
 955080306c12196a79c7507,
 o=GMR Upper Karnali Hydropower Limited,
 ou=ASHIS BASU
 Date: 2024.05.02 16:08:04 +05'30'

Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 02.05.2024

GMR Upper Karnali Hydropower Limited

		Amount in Rs.'00	
		31-March-24	31-March-23
2	Capital Work in Progress		
	Civil works	337,701	337,701
	Salaries, allowances and benefits to employees	754,663	697,822
	Contribution to provident fund and others	37,652	33,864
	Staff welfare expenses	101,018	96,669
	Rent	626,107	557,380
	Rates and Taxes	735,258	734,320
	Bank/ other finance charges	454,424	337,168
	Repairs & Maintenance - Others	1,060,696	987,496
	Consultancy & Professional Charges	6,511,135	6,440,323
	Electricity charges	16,167	15,698
	Meetings & Seminars	52,490	50,775
	Travelling and conveyance	642,592	609,919
	Communication Expenses	51,444	49,272
	Insurance	22,922	20,367
	Depreciation	103,355	91,726
	Gift and compliment	27	27
	Guest House Maintenance	73,489	70,139
	Printing & Stationery	26,741	22,348
	Membership & Subscription	6,466	5,654
	Miscellaneous Expenses	446,937	430,914
	Advertisement Expenses	5,995	5,995
	Miscellaneous Income	18,367	18,222
	Interest Others	7,621,272	6,377,462
	Exchange Rate Gain	15,520	15,520
	Project Development Expenses	305,129	285,547
		19,959,793	18,224,845
Amount in Rs.'00			
3	Other non current assets	Non Current	
	Margin Deposit	372,969	372,969
	Capital Advances	-	-
	BANK DEPOSITS	-	-
		372,969	372,969
Amount in Rs.'00			
4	Cash and cash equivalents	Current	
	Cash in Hand	145	32,48
	Balances with bank in current accounts	125,567	87,738.19
		125,712	87,771
Amount in Rs.'00			
5	Financial Assets	Non Current	
	Loans	Current	
	Advances recoverable in cash or kind	31-March-24	31-March-23
	Loan and advances to related parties	-	-
		16,645	28,749
		-	-
		16,645	28,749
Amount in Rs.'00			
6	Current Tax Assets (Net)	31-March-24	
	Advance income-tax (net of provision for taxation)	112	146
		112	146
Amount in Rs.'00			
7	Other Current Assets	31-March-24	
	Interest accrued on Call account	-	-
	Advance recoverable	-	-
	Interest Accrued on Fixed Deposits	-	-
		-	-
Amount in Rs.'00			
8	Share capital	Equity Shares	
	Authorised Share Capital	No.s	
	Equity shares, face value of Rs.62.50 each	INR	
	As at March 31, 2022	19,000,000	11,875,000
	Increase/(decrease)during the year	-	-
	As at March 31, 2023	19,000,000	11,875,000
	Increase/(decrease)during the year	41,000,000	25,625,000
	As at March 31, 2024	60,000,000	37,500,000
	Issued Equity Capital	No.s	
	Equity shares of Rs.62.50 each issued, subscribed & Rs 6.25 paid	INR	
	As at March 31, 2022	1,500,000	93,750
	Increase/(decrease)during the year	-	-
	As at March 31, 2023	1,500,000	93,750
	Increase/(decrease)during the year	-	-
	As at March 31, 2024	1,500,000	93,750

A) Reconciliation of Shares Outstanding at the beginning and end of the reporting year

Amount in Rs.'00

Equity Shares	31-March-24		31-March-23	
	No.	Amounts in INR	No.	Amounts in INR
At the beginning of the year	1,500,000	937,500	1,500,000	937,500
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,500,000	937,500	1,500,000	937,500

B) Terms/ rights attached to equity shares

The company has only one class of shares having a par value of Rs.62.5 per share. Each holder of equity is entitled to one vote per share. In the event of liquidation of the company the holder of equity shares would be entitled to receive remaining assets of the company after distribution of all preferential amounts.

C) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

shares held by holding/ultimate holding company and/ or their subsidiaries/associates
Equity shares allotted for consideration other than cash (issued on May 02, 2008)
(Shares of NPR 100 (Paid up NPR 10) each issued other than cash to Nepal Electricity Authority LTD.)

	31-March-24	31-March-23
No. of shares	405000	405000

D) Out of equity issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

Particulars	31-March-24	31-March-23
Shares held by GMR Lion Energy Limited(Holding Company)	1,095,000	1,095,000

E) Details of shareholders holding more than 5% shares in the company

Particulars	31-March-24		31-March-23	
	No	% holding in	No	% holding in
Shares held by GMR Lion Energy Limited(Holding Company)	1095000	73%	1095000	73%
Shares held by Nepal Electricity Authority	405000	27%	405000	27%

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

9 Other Equity

As at March 31, 2022
Profit/(loss for the period)
As at March 31, 2023
Profit/(loss for the period)
As at March 31, 2024

money pending allotment	Reserves & Surplus		Total
	Retained Earning		
As at March 31, 2022	10,297,462	454,087	9,843,375
Profit/(loss for the period)	1,017,479	18,037	999,441
As at March 31, 2023	11,314,940	472,124	10,842,816
Profit/(loss for the period)	1,663,114	17,589	1,645,525
As at March 31, 2024	12,978,055	489,713	12,488,341

10 Financial Liability -Borrowings

Term loans
Nepal rupee term loan from banks (secured)

	Non Current		Current	
	31-March-24	31-March-23	31-March-24	31-March-23
	-	-	-	-

Disclosed under the Current maturities of Long term borrowings in Other financial liabilities Note no.12.

* (Secured by mortgage of Fixed Assets (Land and Building etc.) existing or to be created in future owned by the company in favor of Nepal Investment Bank Ltd. Further secured by way of Letter of Comfort in favor of Nepal Investment Bank Ltd. from GMR Energy Ltd. Further secured by way of acknowledgment letter from Government of Nepal through Investment Board of the Government of Nepal, as per Section 14.1 of Project Development Agreement, of company's assignment/transfer of company's rights or benefits. Further secured by way of assignment of rights and benefits as per Section 14.1 of Project Development Agreement. Further secured by way of hypothecation of entire Work in Progress. The Bridge Gap Loan is for three years from the first disbursement date (i.e. 22nd Dec 2014 and 11th Feb 2016) or till three months after financial closure whichever is earlier. The loan carries interest rate @ 11.90 % p.a. Interest will be paid on each financial quarter ending as per Nepal Financial Year. The interest rate shall be reviewed semi annually.

11 Provisions

Provision for gratuity
Provision for Expenses
Provision for Leave Encashment
Others (Provision for Tax net of Advance Tax)

	Non Current		Current	
	31-March-24	31-March-23	31-March-24	31-March-23
	-	2,361	-	-
	2,832	-	-	-
	-	-	3,342	-
	-	-	42	-
	2,832	2,361	3,384	-

12 Other financial liabilities

Current maturities of Long term borrowings*
Interest accrued but not due on borrowings
Retention Money
Non trade payables-Group Companies
Non trade payables-Others

	Amount in Rs.'00	
	31-March-24	31-March-23
	9,374,744	9,374,744
	562,061	467,956
	2,232	2,232
	-	-
	83,991	37,625
	10,023,028	9,882,556

* (Secured by mortgage of Fixed Assets (Land and Building etc.) existing or to be created in future owned by the company in favor of Nepal Investment Bank Ltd. Further secured by way of Letter of Comfort in favor of Nepal Investment Bank Ltd. from GMR Energy Ltd. Further secured by way of acknowledgment letter from Government of Nepal through Investment Board of the Government of Nepal, as per Section 14.1 of Project Development Agreement, of company's assignment/transfer of company's rights or benefits. Further secured by way of assignment of rights and benefits as per Section 14.1 of Project Development Agreement. Further secured by way of hypothecation of entire Work in Progress. The Bridge Gap Loan is for three years from the first disbursement date (i.e. 22nd Dec 2014 and 11th Feb 2016) or till three months after financial closure whichever is earlier. The loan carries interest rate @11.90 % p.a. Interest will be paid on each financial quarter ending as per Nepal Financial Year. The interest rate shall be reviewed semi annually.

12 Borrowings

Short term loan

	Amount in Rs.'00	
	31-March-24	31-March-23
	-	-

13 Other current liabilities

TDS Payable
Other statutory dues
Others

	Amount in Rs.'00	
	31-March-24	31-March-23
	5,737	5,026
	-	-
	-	4,806
	5,737	9,832

GMR Upper Karnali Hydropower Limited**Notes to Statement of profit and loss for the period ended 31st March 2024****Amount in Rs.'00****14 Other expenses**

	31-March-24	31-March-23
Donation	-	-
Business Promotion	5,622	6,176
Audit Fees	3,909	3,555
Advertisement	7,699	4,008
Rates & Taxes	318	848
	17,547	14,587

Payment to auditor

	31-March-24	31-March-23
As auditor:		
Audit fee	-	-
Other services (certification fees)	-	-
	-	-

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

1. Corporate Information:

Karnali Transmission Company Private Limited, incorporated in Nepal on April 27, 2010 under Companies Act, is promoted by GMR Energy (Mauritius) Limited (incorporated in Mauritius), the Holding Company, to develop the transmission line for power evacuation of 900MW of Upper Karnali Hydro Electric Project in Karnali River. The registered address of the company is Kupundole Height, Ward No-1, Lalitpur Metropolitan City, Nepal. The Company has executed Project Development Agreement with the Government of Nepal on 19th September 2014 which authorizes the Company for development and implementation of the Project. The Company has signed the Joint Development Agreement with IFC Infra ventures (World Bank Group) on 22nd December 2014.

2. Summary of Significant Accounting Policies

a. Basis of Preparation:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of Companies Act, 2013 (the 'Act') (to the extent notified). The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (INR).

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle
- b) Held primarily for the purpose of trading
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in normal operating cycle
- b) It is held primarily for the purpose of trading
- c) It is due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. Property, plant and equipment

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment as at 31 March 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2015.

Property plant and equipment are stated at acquisition cost less accumulated depreciation and cumulative impairment. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Recognition:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- a. it is probable that future economic benefits associated with the item will flow to the entity;
- and
- b. the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced at intervals, Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognized.

Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalized as fixed assets.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

Assets under installation or under construction as at the balance sheet date are shown as Capital Work in Progress and the related advances are shown as Loans and advances.

All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / attributable to construction of project, borrowing cost incurred prior to the date of commercial operation and trial run expenditure are shown under

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

Capital Work-in-Progress. These expenses are net of recoveries and income from surplus funds arising out of project specific borrowings after taxes.

Intangible assets

Intangible assets comprise technical know-how and computer software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The above periods also represent the management estimated economic useful life of the respective intangible assets.

Depreciation

The depreciation on the property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of Companies Act, 2013. Assets individually costing less than Rs. 5,000, which are fully depreciated in the year of acquisition.

Depreciation on additions is being provided on a pro-rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed of during the year is being provided up to the dates on which such assets are sold/disposed of. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Leasehold land is amortised over the tenure of the lease except in case of power plants where it is amortised from the date of commercial operation. Leasehold improvements are the amortised over the primary period of the lease or estimated useful life whichever is shorter.

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d. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency- “Nepali Rupee”). The standalone financial statements are presented in Indian rupee (INR), which is Company's presentation currency.

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- a) Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- b) Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. They are deferred in equity of the related to qualifying cash flow hedges and qualifying net investment in foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation difference on assets and

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liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation difference on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised on other comprehensive income.

Exchange differences pertaining to long term foreign currency loans obtained or re-financed on or after 1 April 2015:

The exchange differences pertaining to long term foreign currency working capital loans obtained or re-financed on or after 1 April 2015 is charged off or credited to profit & loss account under Ind AS.

Forward Exchange Contracts not intended for trading or speculations purposes

The premium or discount arising at the inception of forward exchange contracts is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the Statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the year.

e. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

f. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset 's recoverable amount is the higher of an asset's or cash generating units' (CGUs) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre—tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill (if available) is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives (if available) are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

g. Provisions, Contingent liabilities, Contingent assets, and Commitments

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material,

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provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost."

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

h. Retirement and other Employee Benefits

Re measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- i. The date of the plan amendment or curtailment, and
- ii. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- i. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ii. Net interest expense or income.

Short term employee benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short—term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long—term employee benefit for measurement purposes. Such long—term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year—

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end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non—current liability.

Defined benefit plans

Gratuity is a defined benefit scheme which is funded through policy taken from Life insurance corporation of India and Liability (net of fair value of investment in LIC) is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days' salary (based on last drawn basic salary) for each completed year of service. The cost of providing benefits under the scheme is determined on the basis of actuarial valuation under projected unit credit (PUC) method.

Re measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- a. The date of the plan amendment or curtailment, and
- b. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b. Net interest expense or income

Long term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

i. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- a. Debt instruments at amortised cost
- b. Debt instruments at fair value through other comprehensive income (FVTOCI)
- c. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost: A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI: A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously

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recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also

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recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- b. Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on;

- a. Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- a. All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- b. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the following provision matrix at the reporting date:

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- a. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
- b. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- c. Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings: This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs

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when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

j. Cash and Cash Equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

k. Foreign currencies

The financial statements are presented in INR, which is the company's Presentation currency. Exchange rate is fixed 1INR = 1.6NPR for all accounting periods.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

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- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

I. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Company's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- a) Disclosures for valuation methods, significant estimates and assumptions
- b) Contingent consideration
- c) Quantitative disclosures of fair value measurement hierarchy
- d) Investment in unquoted equity shares (discontinued operations)

m. Revenue recognition

Revenue from sale of energy is recognized on accrual basis in accordance with the provisions of the Power Purchase Agreement (PPA), after Commercial Operation Date and includes unbilled revenue accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to customers based on the units of energy delivered and the rate agreed with the customers.

The Claims for delayed payment charges and any other claims, which the Company is entitled to under the PPAs, are accounted for in the year of acceptance.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

n. Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends: Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

o. Taxes on income

Current income tax

Tax expense comprises current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Nepal Income Tax Act.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- a. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- b. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- a. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- b. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Minimum Alternate Tax (MAT) is not applicable in Nepal.

p. Earnings per share

Basic Earnings per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earnings per Share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

q. Significant accounting judgments, estimates and assumptions:

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

r. Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

15. Contingent Liability-as at 31st March 2024 is NIL, 31st March 2023: NIL

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

16. Capital commitments/ Other commitments:

Amount in '00"

Schedule for Ageing of CWIP as on 31 Mar 2024:					
Amount in CWIP/IAUD for a period of					
Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Project in progress	4356	4195	4147	265067	277765
Total	4356	4195	4147	265067	277765

Schedule for Ageing of CWIP as on 31 Mar 2023:					
Amount in CWIP/IAUD for a period of					
Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Project in progress	2325	4852	6017	260215	273409
Total	2325	4852	6017	260215	273409

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances is INR Nil as on 31st March 2024.

17. Employee Benefits:

Gratuity and Leave Encashment:

Defined Benefit Plan - As per Actuarial Valuation as at 31 March 2024 - Liability towards Leave Encashment and Gratuity – NA

18. Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Amount in '00"

Particulars	31 st March 2024	31 st March 2023
Nominal value of Equity Shares(INR Per share)	INR 62.5	INR 62.5
Total No. of Equity Shares outstanding at the beginning of the Period/Year	33,024	33,024
Total No. of Equity Shares outstanding at the end of the Period/Year	33,024	33,024
Weighted average No. of Equity shares for Basic earnings per Share	33,024	33,024
Profit as per Profit and loss Account	(573)	(275)
Less: Dividend on Preference shares (including tax thereon)	-	-
Profit/ (Loss) for Earning per share	(573)	(275)
Earnings per Share (EPS)	(1.73)	(0.83)

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

19. Related Party Disclosures

Names of related parties and related party relationship

Enterprises that control the Company	GMR Energy Limited (Holding Company) GMR Energy (Mauritius) Limited GMR Infrastructure Limited (GIL) GMR Enterprises Private Limited
Ultimate Holding Company	GMR Enterprises Private Limited
Fellow Subsidiary Companies	GMR Infrastructure Limited GMR Sports Private Limited GMR League Games Private Limited GMR Infratech Private Limited Cadence Enterprises Private Limited PHL Infrastructure Finance Company Private Limited Vijay Nivas Real Estates Private Limited Fabcity Properties Private Limited Kondampeta Properties Private Limited Hyderabad Jabilli Properties Private Limited Leora Real Estates Private Limited Pashupati Artex Agencies Private Limited Ravivarma Realty Private Limited GMR Solar Energy Private Limited Rajam Enterprises Private Limited Grandhi Enterprises Private Limited Ideaspace Solutions Private Limited National SEZ Infra Services Private Limited Kakinada Refinery and Petrochemicals Private Limited Corporate Infrastructure Services Private Limited GMR Bannerghatta Properties Private Limited Kirthi Timbers Private Limited AMG Healthcare Destination Private Limited GMR Holding (Malta) Limited GMR Infrastructure (Malta) Limited GMR Holdings (Overseas) Limited GMR Holdings (Mauritius) Limited Crossridge Investments Limited Interzone Capital Limited GMR Holdings Overseas (Singapore) Pte Limited GMR Business & Consultancy LLP GMR Energy Limited (GEL) GMR Power Corporation Limited (GPCL) GMR Vemagiri Power Generation Limited (GVPGL) GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL) GMR Mining & Energy Private Limited (GMEL) GMR Kamalanga Energy Limited (GKEL)

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

Himtal Hydro Power Company Private Limited (HHPPL)
GMR Energy (Mauritius) Limited (GEML)
GMR Lion Energy Limited (GLEL)
GMR Upper Karnali Hydropower Limited (GUKPL)
GMR Energy Trading Limited (GETL)
GMR Consulting Services Private Limited (GCSPL)
GMR Coastal Energy Private Limited (GCEPL)
GMR Bajoli Holi Hydropower Private Limited (GBHHPL)
GMR Londa Hydropower Private Limited (GLHPPL)
GMR Kakinada Energy Private Limited (GKEPL)
GMR Energy (Cyprus) Limited (GECL)
GMR Energy (Netherlands) B.V. (GENBV)
PT Dwikarya Sejati Utma (PTDSU)
PT Duta Sarana Internusa (PTDSI)
PT Barasentosa Lestari (PTBSL)
SJK Powergen Limited (SJK)
PT Unsoco (PT)
GMR Warora Energy Limited (Formerly EMCO Energy Limited)
Indo Tausch Trading DMCC (ITTD)
GMR Maharashtra Energy Limited (GMAEL)
GMR Bundelkhand Energy Private Limited (GBEPL)
GMR Rajam Solar Power Private Limited (formerly known as GMR Uttar Pradesh Energy Private Limited (GUPEPL)
GMR Hosur Energy Limited (GHOEL)
GMR Gujarat Solar Power Private Limited (GGSPPL)
Karnali Transmission Company Private Limited (KTCPL)
Marsyangdi Transmission Company Private Limited (MTCPL)
GMR Indo-Nepal Energy Links Limited (GINELL)
GMR Indo-Nepal Power Corridors Limited (GINPCL)
GMR Generation Assets Limited (formerly known as GMR Renewable Energy Limited (GREEL))
GMR Energy Projects (Mauritius) Limited (GEPML)
GMR Infrastructure (Singapore) Pte Limited (GISPL)
GMR Coal Resources Pte Limited (GCRPL)
GMR Power Infra Limited (GPIL)
GMR Highways Limited (GMRHL)
GMR Tambaram Tindivanam Expressways Limited (GTTEPL)
GMR Tuni Anakapalli Expressways Limited (GTAEPL)
GMR Ambala Chandigarh Expressways Private Limited (GACEPL)
GMR Pochanpalli Expressways Limited (GPEPL)
GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL)
GMR Chennai Outer Ring Road Private Limited (GCORRPL)
GMR Kishangarh Udaipur Ahmedabad Expressways Limited (GKUAEL)

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

GMR Highways Projects Private Limited (GHPPL)
GMR Hyderabad International Airport Limited (GHIAL)
Gateways for India Airports Private Limited (GFIAL)
Hyderabad Airport Security Services Limited (HASSL)
GMR Hyderabad Airport Resource Management Limited (GHARML)
GMR Hyderabad Aerotropolis Limited (HAPL)
GMR Hyderabad Aviation SEZ Limited (GHASL)
GMR Aerospace Engineering Limited (GAEL) (formerly known as MAS GMR Aerospace Engineering Company Limited)
GMR Aero Technic Limited (GATL) (formerly known as MAS GMR Aero Technic Limited (MGATL))
Hyderabad Duty Free Retail Limited (HDFRL)
GMR Airport Developers Limited (GADL)
GADL International Limited (GADLIL)
GADL (Mauritius) Limited (GADLML)
GMR Hotels and Resorts Limited (GHRL)
GMR Hyderabad Airport Power Distribution Limited (GHAPDL)
Delhi International Airport Private Limited (DIAL)
Delhi Aerotropolis Private Limited (DAPL)
Delhi Duty Free Services Private Limited (DDFS)
Delhi Airport Parking Services Private Limited (DAPSL)
GMR Airports Limited (GAL)
GMR Airport Global Limited (GAGL)
GMR Airports (Mauritius) Limited (GALM)
GMR Aviation Private Limited (GAPL)
Raxa Security Services Limited (Raxa)
GMR Krishnagiri SEZ Limited (GKSEZ)
Advika Properties Private Limited (APPL)
Aklima Properties Private Limited (AKPPL)
Amartya Properties Private Limited (AMPPL)
Baruni Properties Private Limited (BPPL)
Bougainvillea Properties Private Limited (BOPPL)
Camelia Properties Private Limited (CPPL)
Deepesh Properties Private Limited (DPPL)
Eila Properties Private Limited (EPPL)
Gerbera Properties Private Limited (GPL)
Lakshmi Priya Properties Private Limited (LPPPL)
Honeysuckle Properties Private Limited (HPPL)
Idika Properties Private Limited (IPPL)
Krishnapriya Properties Private Limited (KPPL)
Larkspur Properties Private Limited (LAPPL)
Nadira Properties Private Limited (NPPL)
Padmapriya Properties Private Limited (PAPPL)
Prakalpa Properties Private Limited (PPPL)
Purnachandra Properties Private Limited (PUPPL)

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

	<p>Shreyadita Properties Private Limited (SPPL) Pranesh Properties Private Limited (PRPPL) Sreepa Properties Private Limited (SRPPL) Radhapriya Properties Private Limited (RPPL) Asteria Real Estates Private Limited (AREPL) GMR Hosur Industrial City Private Limited (GHICL) Namitha Real Estates Private Limited (NREPL) Honey Flower Estates Private Limited (HFEPL) GMR Hosur EMC Limited (GHEMCL) GMR SEZ and Port Holdings Limited (GSPHL) East Godavari Power Distribution Company Private Limited (EGPDCPL) Suzone Properties Private Limited (SUPPL) GMR Utilities Private Limited (GUPL) Lilliam Properties Private Limited (LPPL) GMR Corporate Affairs Private Limited (GCAPL) Dhruvi Securities Private Limited (DSPL) Kakinada SEZ Limited (KSL) GMR Business Process and Services Private Limited (GBPSPL) GMR Infrastructure (Mauritius) Limited (GIML) GMR Infrastructure (Cyprus) Limited (GICL) GMR Infrastructure Overseas Limited (GIOL) GMR Infrastructure (UK) Limited (GIUL) GMR Infrastructure (Global) Limited (GIGL) GMR Energy (Global) Limited (GEGL) Kakinada Gateway Port Limited (KGPL) GMR Goa International Airport Limited (GGIAL) GMR SEZ Infra Services Limited (GSISL) GMR Infrastructure (Overseas) Limited (GIOL) GMR Infra Developers Limited (GIDL)</p>
Enterprises where significant influence exists	Nil
Enterprises where key management personnel and their relative exercise significant influence	None
Key Management Personnel	<p>Mr. Ashis Basu-Member of Committee of Representative Mr. Manoj Kumar Dixit- Member of Committee of Representative</p> <p>Mr. G. Subba Rao -Member of Committee of Representative</p>

Related party transactions

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

The following table provides the total amount of transactions that have been entered into with related parties during the year ending 31st March 2024 and the closing balance as on 31st March 2024 and 31st March 2023.

a) No transactions with related parties have been entered during the year.

b) Closing balances with the above related parties is:

Particulars	(Amount in "00")	
	31 st March 2024	31 st March 2023
Equity Share capital – GEML	20,640	20,640
Share Application money received – GEML	2,72,655	2,72,655
Loan & Advances- GUK	Nil	Nil

No compensation has been provided to key management personnel.

20. Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in accounting policies, to the financial statements.

a. Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2024 and March 31, 2023.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

As at March 31, 2024

(Amount in “00”)

Particulars	Fair value through consolidated statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying value	Total Fair value
Financial assets					
(i) Loans	-	-	307	307	307
(ii) Cash and cash equivalents	-	-	10711	10711	10711
Total	-	-	11,017	11,017	11,017
Financial liabilities					
Trade Payables & Other financial liabilities	-	-	7642	7642	7642
Total	-	-	7642	7642	7642

As at March 31, 2023

(Amount in ‘00’.)

Particulars	Fair value through consolidated statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying value	Total Fair value
Financial assets					
(i) Loans	-	-	673	673	673
(ii) Cash and cash equivalents	-	-	14062	14062	14062
Total	-	-	14,736	14,736	14,736
Financial liabilities					
Trade Payables & Other financial liabilities	-	-	6453	6453	6453
Total	-	-	6453	6453	6453

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

Financial risk management objectives and policies

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- i. Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- ii. Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Financial instruments and cash deposits- Credit risk from balances with banks and financial institutions is managed by the company's treasury department in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

Liquidity Risk

Maturity profile of the Group's financial liabilities based on contractual undiscounted payments as on 31st March 2024

(Amount in "00")

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	INR	INR	INR	INR	INR	INR
Year ended 31st March 2023						
Trade Payables & Other financial liabilities		7642		-		7642
Total		7,642	-	-	-	7,642

Maturity profile of the Company's financial liabilities based on contractual undiscounted payments as on 31st March 2023

(Amount in "00")

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	INR	INR	INR	INR	INR	INR
Year ended 31st March 2022						
Trade Payables & Other financial liabilities		6453				6453
Total		6,453	-	-	-	6,453

21. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long-term and short-term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and sale of certain assets, long-term and short-term bank borrowings and issue of non-convertible / convertible debt securities and strategic partnership with investors.

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference share, share premium and all other equity reserves attributable to the equity holders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

debt divided by total capital plus total debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

(Amount in "00")

Particulars	March 31, 2024	March 31, 2023
Borrowings other than convertible preference shares (refer notes 19 and 24)	-	-
Total debt (i)	-	-
Capital components		
Equity share capital	20640	20640
Other equity	272655	272655
Non-controlling interests	-	-
Convertible preference shares (refer note 19)	-	-
Total Capital (ii)	293295	293295
Capital and borrowings (iii = i + ii)	2,93,295	2,93,295
Gearing ratio (%) (i / iii)	0.00%	0.00%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no material breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

22. The Company has entered into certain cancelable operating lease agreements mainly for office premises. The lease rentals considered under Capital Work in Progress for the period as per the agreement are as follows:

(Amount in "00")

Particulars	For year ended 31 st March 2024	For year ended 31 st March 2023
Lease Rentals under cancelable leases	1,248	1,087

23. Expenditure in Foreign Currency – Nil
24. Deferred Tax Assets and Deferred Tax Liability have not been recognized in financials as there is no timing difference.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

25. Pending Litigations: Pending litigations which would impact its financial position.

S.No	Parties	Court	Litigation Details	Current Update
1.	<u>Ratan Bhandari vs. Office of PM, Nepal & Others</u>	SUPREME COURT OF NEPAL	The Petitioner has filed this Writ Petition against Nepal govt. and other govt. departments of Nepal, including Investment Board of Nepal, KTCPL, GUKHPL challenging the execution of Project Development Agreement between GMR and IBN on 19.09.2014 on the grounds that Draft of PDA was required be published, Initial tender was for 300 MW but now agreement is for 900 MW, 4180 MW power can be generated which is now reduced to produce only 900 MW and that 88% of the power of 900 MW will be exported to India and load shedding problem of Nepal will not be reduced.	We have replied that PDA has been executed in most transparent manner and in compliance of all Constitutional provisions and other prevailing laws and hence the same is legal & binding on the parties.
2.	<u>Janmdev Jaisi (Second) & Others vs. Govt. of Nepal & Others</u>	SUPREME COURT OF NEPAL	The Petitioners have filed this Writ Petition against Nepal govt. and other govt. departments of Nepal, including Investment Board of Nepal, GMR-ITD Consortium, KTCPL, GUKHPL challenging the extension given up to Sept. 2018, for Financial Closure (FC) of the project GMR Upper Karnali Hydro Power Ltd. under the Project Development Agreement (PDA) dated 19.09.2014 executed with Investment Board of Nepal (IBN) on the grounds that FC was to be achieved in two years from PDA date, extendable by one year for valid reason only But GMR could not prove the cause of its failure of FC due to situation beyond its control, the ground of Earthquake which occurred in	We have replied that extraneous circumstances beyond the control of the company and the efforts made to achieve FC within time stipulated, have been explained in the application submitted before IBN and the decision of IBN in granting extension is justified. Further that, all issues raised are of a contractual nature. Contractual matters do not come under the writ jurisdiction. Also keeping in view the legal position already settled by Hon'ble Supreme Court of Nepal, that courts will not interfere in policy matters regarding classification, selection or implementation of power projects, the writ petition is liable to be dismissed.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

			<p>April, 2015 and GMR could not mention that what function was performed in the time of seven months between PDA and the earthquake for project review, short-list of creditors and potential contractors and the ground of Blockade occurred only after one year from the date of PDA only after proclamation of the Constitution on September 20, 2015.</p>	
3.	<p><u>Ratan Bhandari vs. Govt. of Nepal, Investment board of Nepal & others</u></p>	<p>SUPREME COURT OF NEPAL</p>	<p>The petitioner has, filed this petition against GoN, IBN & others, inter-alia, challenging the decision of the Council of Ministers dated 15th July 2022 whereby two years' extension of time w.e.f. the said date has been granted to the company for achieving the Financial Closure.</p>	<p>The said extension of time for achieving financial closure has been duly granted by GoN in accordance with clause 3.4.1 of PDA, necessitated due to the extraneous circumstances beyond control of the company, after detailed examination of the application of the company by the high-level committee headed by Vice Chairman of the Planning Commission of Nepal. Further that, all issues raised are of a contractual nature. Contractual matters do not come under the writ jurisdiction. Also keeping in view, the legal position already settled by Hon'ble Supreme Court of Nepal, that courts will not interfere in policy matters regarding classification, selection or implementation of power projects, the writ petition is liable to be dismissed. In the matter, an interim stay against the implementation of the said decision dated 15.07.2022 of Govt. of Nepal regarding extension of time was granted by the Single Judge Bench of the Hon'ble Supreme Court on 03.11.2022. GoN, IBN as well as the company filed the applications for vacation of said interim stay. During hearing held on 29.12.2022, it was decided by Hon'ble Supreme Court that all the petitions themselves would be decided on priority. However, during hearing held on 02.01.2023, the matter , inter-alia, as to whether</p>

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

				<p>the agreement for power generation with foreign investors is of the nature of treaty regarding natural resources which needs to be ratified by the Parliament in accordance with Article 156 (2) (d) of the interim constitution of Nepal, 2007 and Article 279 (2) (d) of the Constitution of Nepal-2015 or not , has now been referred to the Constitution Bench of Supreme Court of Nepal vide order dated 02.01.2023. Since the issue already stands decided by a Three Judges Special Bench of Supreme Court of Nepal in <i>Adv. Madhav Kumar Basnet's case (NKP 2072 vol 6, decision no. 9412) & other cases, the reference is liable to be returned and this writ petition is also liable to be dismissed on merits.</i></p>
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26. Foreseeable losses: The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

27. There are no micro and small enterprises to which the company owes dues which are outstanding for more than 45 days as at 31st March 2023 and 31st March 2022. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2024

28. Effective Tax Reconciliation (ETR)

Effective Tax Reconciliation for the year ended March 31, 2024

(Amount in “00.)

	Year ended 31-Mar-24	Year ended 31-Mar-23
Income tax		
Accounting profit before tax	(573)	(275)
Tax rate	25.75	25.75
Tax at the applicable tax rate %	-	-
Deferred tax	NA	NA
Tax effect of expenses that are not deductible in determining taxable profit:		
Other non-deductible expenses	-	-
At the effective income tax rate	-	-
Total tax expense reported in the statement of profit and loss	-	-

29. The Previous year’s figures have been re-grouped and reclassified, wherever necessary, to confirm to those of current year.

30. Recent accounting pronouncements:

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies and include corresponding amendments to IND AS 107 and IND AS 34. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting

INDEPENDENT AUDITOR’S REPORT

To the members of GMR Upper Karnali Hydropower Limited

Report on the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying Ind AS financial statements of **GMR Upper Karnali Hydropower Limited** (the “**Company**”), which comprise the Balance Sheet as at 31st March, 2024, the Statement of Profit and Loss , Statement of Changes in Equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as “Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the mater(s) prescribed in the basis for qualified opinion paragraph*, the said IND AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2024 its losses including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

The Underlying Ind AS financial statements of the company for the financial year ended 31st March 2024 prepared in accordance with the applicable corporate laws of Nepal, have not been audited by us. We have relied upon such audited financial statements and statutory auditors’ report for the year ended 31 March 2024 provided to us by the management, for the purpose of expressing our audit opinion and have not performed detailed verification of the underlying transactions which have been covered by the statutory auditors in the course of their audit. Our scope of audit is limited to conversion of audited Nepali Rupees (NPR) designated financial statements into INR based financial statements considering the applicable exchange rate and considering the applicable Ind AS (Indian Accounting Standards).

Responsibility of Management for Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income / loss, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**GIRISH
MURTHY & KUMAR**
Chartered Accountants

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **GIRISH MURTHY & KUMAR**
Chartered Accountants

Firm's registration number: 000934S

ACHYUTHA
VENKATA
SATISH
KUMAR

Digitally signed by ACHYUTHAVENKATA
SATISH KUMAR
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A.V.SATISH KUMAR

Partner

Membership number: 26526

UDIN: 24026526BKFEBU6598

Place: Bangalore

Date: 02-05-2024

GMR Upper Karnali Hydropower Limited
Balance Sheet as on 31st March 2024

Amount in Rs.'00

Particulars	Notes	31-March-24	31-March-23
Assets			
Non-current assets			
Property, Plant & Equipment	1	2,141,800	2,114,475
Capital work-in-progress	2	19,959,793	18,224,845
Other Intangible assets			
Financial Assets			
Loans			
Other non current assets	3	372,969	372,969
		22,474,562	20,712,289
Current assets			
Financial Assets			
Cash and cash equivalents	4	125,712	87,771
Loans	5	16,645	28,749
Others			
Current Tax Assets (Net)	6	112	146
Other current assets	7	-	-
Advance Tax		42	3,450
		142,510	120,116
Total Assets		22,617,072	20,832,405
Equity and liabilities			
Equity			
Equity Share Capital	8	93,750	93,750
Other Equity	9	12,488,341	10,842,816
		12,582,091	10,936,566
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	10	-	-
Provision	11	2,832	-
		2,832	-
Current liabilities			
Financial Liabilities			
Other financial liabilities	12	10,023,028	9,882,556
Borrowings	12a	-	-
Other current liabilities	13	5,737	9,832
Provisions		3,384	3,450
		10,032,148	9,895,839
Total Equity and liabilities		22,617,072	20,832,405

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 0009345

ACHYUTHA VENKATA SATISH KUMAR P

A.V.Satish Kumar

Partner

Membership no.: 26526

Firm Reg No: 0009345

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

MANOJ KUMAR DIXIT

Manoj Kumar Dixit

Director

DIN: 09355400

Place: New Delhi

Date: 02.05.2024

Ashis Basu

Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 02.05.2024

GMR Upper Karnali Hydropower Limited
Statement of profit and loss for the period ended 31st March 2024

Amount in Rs.'00

Particulars	Notes	31-March-24	31-March-23
Other Income			
Total Income		-	-
Expenses			
Employee benefits expense			
Finance cost			
Depreciation			
Other expenses	14	17,547	14,587
Total Expenses		17,547	14,587
Profit / (Loss) before tax		(17,547)	(14,587)
Tax expenses			
Current tax		42	3,450
Profit/(loss) for the period from continuing operations		(17,589)	(18,037)
Profit/(loss) for the period		(17,589)	(18,037)
Other comprehensive income			-
Total comprehensive income for the period		(17,589)	(18,037)
Earnings per equity share (For continuing operations)			
Basic		(11.73)	(12.02)
Diluted		(11.73)	(12.02)

The accompanying notes form an integral part of the financial statements.
 This is the statement of profit & Loss referred to our report of even date

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 0009345

ACHYUTHA VENKATA SATISH KUMAR
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A.V.Satish Kumar

Partner

Membership no.: 26526

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

MANOJ KUMAR DIXIT
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Manoj Kumar Dixit

Director

DIN: 09355400

Place: New Delhi

Date: 02.05.2024

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Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 02.05.2024

GMR Upper Karnali Hydropower Limited
Statement of Change in Equity for the period ended March 31, 2024

	Share capital	Share Application Money	Retained Earning	Other Equity	Total Equity
	Rs.	Rs.	Rs.		Rs.
As at March 31, 2021	93,750	7,900,280	(440,803)	7,459,477	7,553,227
Net Profit/(Loss)	-	2,397,181	(13,284)	2,383,898	2,383,898
As at March 31, 2022	93,750	10,297,462	(454,087)	9,843,375	9,937,125
Net Profit/(Loss)	-	1,017,479	(18,037)	999,441	999,441
As at March 31, 2023	93,750	11,314,940	(472,124)	10,842,816	10,936,566
Net Profit/(Loss)	-	1,663,114	(17,589)	1,645,525	1,645,525
As at March 31, 2024	93,750	12,978,055	(489,713)	12,488,341	12,582,091

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 0009345

ACHYUTHA VENKATA SATISH KUMAR P
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A.V.Satish Kumar

Partner

Membership no.: 26526

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

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Manoj Kumar Dixit

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Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 02.05.2024

GMR Upper Karnali Hydropower Limited
Cash Flow Statement for the period ended 31st March, 2024

Amount in Rs.'00

Particulars	31-March-24	31-March-23
Cash flow from operating activities		
Profit before tax from continuing operations	(17,547)	(14,587)
Profit before tax	(17,547)	(14,587)
Tax paid	(42)	(3,450)
Operating profit before working capital changes	(17,589)	(18,037)
Increase/(decrease) in other current liabilities	(4,162)	3,399
Increase/(decrease) from financial liabilities	140,471	225,912
Finance cost	-	-
(Increase)/decrease in loans and advances	12,104	(14,351)
(Increase)/decrease in Other Current Tax Asset	3,443	(130)
Net cash flow from/ (used in) operating activities (A)	134,267	196,793
Cash flows from investing activities		
Depreciation	11,629	11,778
(Increase)/ decrease in other current assets	-	-
Increase / (Decrease) in current borrowings	-	-
(Increase)/ decrease in other non current assets	-	625,000
(Increase)/ decrease in other non current Loan	-	-
Purchase/ Sale of FA, including CWIP and capital advances	(1,773,902)	(2,043,434)
Net cash flow from/ (used in) investing activities (B)	(1,762,272)	(1,406,656)
Cash flows from financing activities		
Share application money received	1,663,114	1,017,479
Increase / (decrease) in Non Current Provision	2,832	-
Proceeds from Bridge Loan	-	-
Proceeds from Share Application Money	-	-
Net cash flow from/ (used in) in financing activities (C)	1,665,946	1,017,479
Net increase/(decrease) in cash and cash equivalents (A + B + C)	37,941	(192,384)
Cash and cash equivalents at the beginning of the period	87,771	280,155
Cash and cash equivalents at the end of the period	125,712	87,771
Components of cash and cash equivalents		
With banks- on current account	125,567	87,738
Cash in Hand	145	32
Total cash and cash equivalents	125,712	87,771

Notes:

1. The above cash flow statement has been compiled from and is based on the balance sheet as at September 30th, 2023 and the related profit and loss account for the year ended on that date.

2. Effective April 1, 2017, the company adopted the amendment to Ind AS 7, which requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The reconciliation is given as below:

Reconciliation to liabilities whose cash flow movements are disclosed as part of financing activities.

Particulars	1-Apr-23	Cash flows	Non-Cash changes	31-Mar-24
			Fair value changes	
Short term Borrowings-Related party	-	-	-	-
Short term Borrowings-Bank	-	-	-	-
Total	-	-	-	-

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 000934S

ACHYUTHA
VENKATA
SATISH
KUMAR

A.V.Satish Kumar

Partner

Membership no.: 26526

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

MANOJ
KUMAR
DIXIT

Manoj Kumar Dixit

Director

DIN: 09355400

Place: New Delhi

Date: 02.05.2024

Ashis
Basu

Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 02.05.2024

GMR Upper Karnali Hydropower Limited

1. Property, Plant & Equipment

Particulars	Amount in Rs.'00							
	Land	Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Total
Cost or Valuation								
As at 31st March 2022	1,736,309	336,638	35,034	33,598	876	51,916	9,902	2,204,272
Additions	0	0	0	0	159	1,194	575	1,928
Disposals	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-
As at 31st March 2023	1,736,309	336,638	35,034	33,598	1,035	53,110	10,477	2,206,200
Additions	-	38,838	-	117	-	-	-	38,955
Disposals	-	-	-	-	-	-	-	-
As at 31st March 2024	1,736,309	375,476	35,034	33,714	1,035	53,110	10,477	2,245,155
Depreciation and impairment								
As at 31st March 2022	-	18,453	19,224	13,550	674	20,582	7,465	79,948
Depreciation for the year	-	5,487	1,389	1,856	9	2,477	561	11,778
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 31st March 2023	-	23,941	20,612	15,406	683	23,059	8,026	91,726
Depreciation for the Period	-	5,725	1,088	1,857	15	2,414	529	11,629
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 31st March 2024	-	29,666	21,701	17,263	698	25,473	8,555	103,355
Net Book Value								
As at 31st March 2022	1,736,309	318,185	15,810	20,047	202	31,334	2,437	2,124,323
As at 31st March 2023	1,736,309	312,697	14,421	18,192	352	30,051	2,451	2,114,475
As at 31st March 2024	1,736,309	345,811	13,333	16,451	337	27,637	1,922	2,141,800

GMR Upper Karnali Hydropower Limited
Statement of standalone assets and liabilities

Amount in Rs '00'

Particulars		31-March-24 (Audited)	31-March-23 (Audited)
1	ASSETS		
	a) Non-current assets		
	Property, plant and equipment	2,141,800	2,114,475
	Capital work in progress	19,959,793	18,224,845
	Financial assets		
	Loans and advances	-	-
	Other non-current assets	372,969	372,969
		22,474,562	20,712,289
	b) Current assets		
	Financial assets		
	Loans and advances	16,645	28,749
	Cash and cash equivalents	125,712	87,771
	Current tax assets (net)	112	146
	Other current assets	42	3,450
		142,510	120,116
	TOTAL ASSETS (a+b)	22,617,072	20,832,405
2	EQUITY AND LIABILITIES		
	a) Equity		
	Equity share capital	93,750	93,750
	Other equity	12,488,341	10,842,816
	Total equity	12,582,091	10,936,566
	b) Non-current liabilities		
	Financial liabilities		
	Provisions	2,832	-
	Other non-current liabilities		
		2,832	-
	c) Current liabilities		
	Financial liabilities		
	Borrowings	-	-
	Other financial liabilities	10,023,028	9,882,556
	Other current liabilities	5,737	9,832
		10,032,148	9,895,839
	TOTAL EQUITY AND LIABILITIES (a+b+c)	22,617,072	20,832,405

For Girish Murthy & Kumar
Chartered Accountants
Firm Registration Number: 000934S
ACHYUTHA
VENKATA
SATISH
KUMAR
A.V.Satish Kumar
Partner
Membership no.: 26526
Firm Reg No: 000934S
Place: Bangalore
Date: 02.05.2024

For and on behalf of the Board of directors

MANOJ
KUMAR
DIXIT

Manoj Kumar Dixit
Director
DIN: 09355400

Place: New Delhi
Date: 02.05.2024

Ashis
Basu

Ashis Basu
Director
DIN: 01872233

Place: New Delhi
Date: 02.05.2024

Statement of standalone financial results for quarter and Twelve months ended March 31, 2024					
	Particulars	Quarter ended			Year Ended
		31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
		Unaudited	Unaudited	Unaudited	Audited
A	Continuing Operations				
1	Revenue				
	b) Other income				
	i) Foreign exchange fluctuations (net)	-	-	-	-
	Total revenue	-	-	-	-
2	Expenses				
	(f) Other expenses	17,547.30	1,741.27	17,547.30	14,587.18
	Total expenses	17,547.30	1,741.27	17,547.30	14,587.18
3	Profit/(loss) from continuing operations before exceptional items and tax expense (3-4)	(17,547.30)	(1,741.27)	(17,547.30)	(14,587.18)
4	Exceptional items	-	-	-	-
5	Profit/(loss) from continuing operations before tax expenses (3 ± 4)	(17,547.30)	(1,741.27)	(17,547.30)	(14,587.18)
6	Tax expenses of continuing operations				
	(a) Current tax	41.61	0.01	41.61	3,450.00
	(b) Deferred tax	-	-	-	-
7	Profit/(loss) after tax from continuing operations (5 ± 6)	(17,588.91)	(1,741.28)	(17,588.91)	(18,037.18)
B	Discontinued Operations				
8	Profit/(loss) from discontinued operations before tax expenses	-	-	-	-
9	Tax expenses of discontinued operations				
	(a) Current tax	-	-	-	-
	(b) Deferred tax	-	-	-	-
10	Profit/(loss) after tax from discontinued operations (8 ± 9)	-	-	-	-
11	Profit/(loss) after tax for respective periods (7 + 10)	(17,588.91)	(1,741.28)	(17,588.91)	(18,037.18)
12	Other Comprehensive Income				
	(A) (i) Items that will not be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
	(B) (i) Items that will be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
13	Total other comprehensive income, net of tax for the respective periods	-	-	-	-
14	Total comprehensive income for the respective periods (11 ± 13)	(17,588.91)	(1,741.28)	(17,588.91)	(18,037.18)
15	Paid-up equity share capital (face value Rs 10 per share)	150,000.00	150,000.00	150,000.00	150,000.00
16	Earnings per equity share				
	i) Basic & diluted EPS	(11.73)	(1.16)	(11.73)	(12.02)
	ii) Basic & diluted EPS from continuing operations	(11.73)	(1.16)	(11.73)	(12.02)

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 000934S

ACHYUTHA
VENKATA
SATISH
KUMAR

A.V. Satish Kumar

Partner

Membership no.: 26526

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

MANOJ
KUMAR
DIXIT

Digitally signed by MANOJ KUMAR
DIXIT
DN: c=IN, o=Personal,
2.5.4.20=6021996016420c111896,
1.2.1.1=175950d80306c12196a79c7507
995676, email=6021996016420c111896,
st=Delhi,
serialNumber=D44e15645286240804857
45861348, cn=MANOJ KUMAR DIXIT
Date: 2024.05.02 16:13:18 +05'30'

Manoj Kumar Dixit

Director

DIN: 09355400

Place: New Delhi

Date: 02.05.2024

Ashis
Basu

Digitally signed by Ashis Basu
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995676, email=6021996016420c111896,
st=Delhi,
serialNumber=D44e15645286240804857
45861348, cn=ASHIS BASU
Date: 2024.05.02 16:08:04 +05'30'

Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 02.05.2024

A) Reconciliation of Shares Outstanding at the beginning and end of the reporting year

Amount in Rs.'00

Equity Shares	31-March-24		31-March-23	
	No.	Amounts in INR	No.	Amounts in INR
At the beginning of the year	1,500,000	937,500	1,500,000	937,500
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,500,000	937,500	1,500,000	937,500

B) Terms/ rights attached to equity shares

The company has only one class of shares having a par value of Rs.62.5 per share. Each holder of equity is entitled to one vote per share. In the event of liquidation of the company the holder of equity shares would be entitled to receive remaining assets of the company after distribution of all preferential amounts.

C) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

shares held by holding/ultimate holding company and/ or their subsidiaries/associates
Equity shares allotted for consideration other than cash (issued on May 02, 2008)
(Shares of NPR 100 (Paid up NPR 10) each issued other than cash to Nepal Electricity Authority LTD.)

	31-March-24	31-March-23
No. of shares	405000	405000

D) Out of equity issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

Particulars	31-March-24	31-March-23
Shares held by GMR Lion Energy Limited(Holding Company)	1,095,000	1,095,000

E) Details of shareholders holding more than 5% shares in the company

Particulars	31-March-24		31-March-23	
	No	% holding in	No	% holding in
Shares held by GMR Lion Energy Limited(Holding Company)	1095000	73%	1095000	73%
Shares held by Nepal Electricity Authority	405000	27%	405000	27%

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

9 Other Equity

As at March 31, 2022
Profit/(loss for the period)
As at March 31, 2023
Profit/(loss for the period)
As at March 31, 2024

money pending allotment	Reserves & Surplus		Total	
	Retained Earning			
As at March 31, 2022	10,297,462	-	454,087	9,843,375
Profit/(loss for the period)	1,017,479	-	18,037	999,441
As at March 31, 2023	11,314,940	-	472,124	10,842,816
Profit/(loss for the period)	1,663,114	-	17,589	1,645,525
As at March 31, 2024	12,978,055	-	489,713	12,488,341

10 Financial Liability -Borrowings

Term loans
Nepal rupee term loan from banks (secured)

	Non Current		Current	
	31-March-24	31-March-23	31-March-24	31-March-23
	-	-	-	-

Disclosed under the Current maturities of Long term borrowings in Other financial liabilities Note no.12.

* (Secured by mortgage of Fixed Assets (Land and Building etc.) existing or to be created in future owned by the company in favor of Nepal Investment Bank Ltd. Further secured by way of Letter of Comfort in favor of Nepal Investment Bank Ltd. from GMR Energy Ltd. Further secured by way of acknowledgment letter from Government of Nepal through Investment Board of the Government of Nepal, as per Section 14.1 of Project Development Agreement, of company's assignment/transfer of company's rights or benefits. Further secured by way of assignment of rights and benefits as per Section 14.1 of Project Development Agreement. Further secured by way of hypothecation of entire Work in Progress. The Bridge Gap Loan is for three years from the first disbursement date (i.e. 22nd Dec 2014 and 11th Feb 2016) or till three months after financial closure whichever is earlier. The loan carries interest rate @ 11.90 % p.a. Interest will be paid on each financial quarter ending as per Nepal Financial Year. The interest rate shall be reviewed semi annually.

11 Provisions

Provision for gratuity
Provision for Expenses
Provision for Leave Encashment
Others (Provision for Tax net of Advance Tax)

	Non Current		Current	
	31-March-24	31-March-23	31-March-24	31-March-23
	-	2,361	-	-
	2,832	-	-	-
	-	-	3,342	-
	-	-	42	-
	2,832	2,361	3,384	-

12 Other financial liabilities

Current maturities of Long term borrowings*
Interest accrued but not due on borrowings
Retention Money
Non trade payables-Group Companies
Non trade payables-Others

	Amount in Rs.'00	
	31-March-24	31-March-23
	9,374,744	9,374,744
	562,061	467,956
	2,232	2,232
	-	-
	83,991	37,625
	10,023,028	9,882,556

* (Secured by mortgage of Fixed Assets (Land and Building etc.) existing or to be created in future owned by the company in favor of Nepal Investment Bank Ltd. Further secured by way of Letter of Comfort in favor of Nepal Investment Bank Ltd. from GMR Energy Ltd. Further secured by way of acknowledgment letter from Government of Nepal through Investment Board of the Government of Nepal, as per Section 14.1 of Project Development Agreement, of company's assignment/transfer of company's rights or benefits. Further secured by way of assignment of rights and benefits as per Section 14.1 of Project Development Agreement. Further secured by way of hypothecation of entire Work in Progress. The Bridge Gap Loan is for three years from the first disbursement date (i.e. 22nd Dec 2014 and 11th Feb 2016) or till three months after financial closure whichever is earlier. The loan carries interest rate @11.90 % p.a. Interest will be paid on each financial quarter ending as per Nepal Financial Year. The interest rate shall be reviewed semi annually.

12 Borrowings

Short term loan

	Amount in Rs.'00	
	31-March-24	31-March-23
	-	-

13 Other current liabilities

TDS Payable
Other statutory dues
Others

	Amount in Rs.'00	
	31-March-24	31-March-23
	5,737	5,026
	-	-
	-	4,806
	5,737	9,832

GMR Upper Karnali Hydropower Limited**Notes to Statement of profit and loss for the period ended 31st March 2024****Amount in Rs.'00****14 Other expenses**

	31-March-24	31-March-23
Donation	-	-
Business Promotion	5,622	6,176
Audit Fees	3,909	3,555
Advertisement	7,699	4,008
Rates & Taxes	318	848
	17,547	14,587

Payment to auditor

	31-March-24	31-March-23
As auditor:		
Audit fee	-	-
Other services (certification fees)	-	-
	-	-

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

1. Corporate Information:

GMR Upper Karnali Hydropower Limited, incorporated in Nepal on May 2, 2008 under Companies Act, is promoted by GMR Lion Energy Limited (incorporated in Mauritius), the Holding Company, to develop and operate 900MW Hydro based power project in Karnali River, Aachham and Dailekh District. The registered address of the company is Kupundole Height, Ward No-1, Lalitpur Metropolitan City, Nepal. The company is in the process of setting up of the project.

The company has applied for the Generation license on 15.05.2013. The Company has executed Project Development Agreement with the Government of Nepal on 19th September 2014 which authorizes the Company for development and implementation of the Project. The Company has signed the Joint Development Agreement with IFC Infra ventures (World Bank Group) on 22nd December 2014.

Information on other related party relationships of the Company is provided in Note no 21.

2. Summary of Significant Accounting Policies

a. Basis of Preparation:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of Companies Act, 2013 (the 'Act') (to the extent notified). The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (INR).

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle
- b) Held primarily for the purpose of trading
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in normal operating cycle
- b) It is held primarily for the purpose of trading
- c) It is due to be settled within twelve months after the reporting period, or

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
All other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. Property, plant and equipment

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment as at 31 March 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2015.

Property plant and equipment are stated at acquisition cost less accumulated depreciation and cumulative impairment. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Recognition:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- a. it is probable that future economic benefits associated with the item will flow to the entity; and
- b. the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced at intervals, Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognized.

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalized as fixed assets.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

Assets under installation or under construction as at the balance sheet date are shown as Capital Work in Progress and the related advances are shown as Loans and advances.

All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / attributable to construction of project, borrowing cost incurred prior to the date of commercial operation and trial run expenditure are shown under Capital Work-in-Progress. These expenses are net of recoveries and income from surplus funds arising out of project specific borrowings after taxes.

Intangible assets

Intangible assets comprise technical know-how and computer software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The above periods also represent the management estimated economic useful life of the respective intangible assets.

Depreciation

The depreciation on the property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of Companies Act, 2013. Assets individually costing less than Rs. 5,000, which are fully depreciated in the year of acquisition.

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

Depreciation on additions is being provided on a pro-rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed of during the year is being provided up to the dates on which such assets are sold/disposed of. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Leasehold land is amortised over the tenure of the lease except in case of power plants where it is amortised from the date of commercial operation. Leasehold improvements are the amortised over the primary period of the lease or estimated useful life whichever is shorter.

d. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency- “Nepali Rupee”). The standalone financial statements are presented in Indian rupee (INR), which is Company's presentation currency.

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- a) Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- b) Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. They are deferred in equity of the related to qualifying cash flow hedges and qualifying net investment in foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation difference on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation difference on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised on other comprehensive income.

Exchange differences pertaining to long term foreign currency loans obtained or re-financed on or after 1 April 2015:

The exchange differences pertaining to long term foreign currency working capital loans obtained or re-financed on or after 1 April 2015 is charged off or credited to profit & loss account under Ind AS.

Forward Exchange Contracts not intended for trading or speculations purposes

The premium or discount arising at the inception of forward exchange contracts is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the Statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the year.

e. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

f. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units' (CGUs) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

Goodwill (if available) is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives (if available) are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

g. Provisions, Contingent liabilities, Contingent assets, and Commitments

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost."

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

h. Retirement and other Employee Benefits

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- i. The date of the plan amendment or curtailment, and
- ii. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- i. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ii. Net interest expense or income.

Short term employee benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short—term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long—term employee benefit for measurement purposes. Such long—term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year—end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non—current liability.

Defined benefit plans

Gratuity is a defined benefit scheme which is funded through policy taken from Life insurance corporation of India and Liability (net of fair value of investment in LIC) is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days' salary (based on last drawn basic salary) for each completed year of service. The cost of providing benefits under the scheme is determined on the basis of actuarial valuation under projected unit credit (PUC) method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

Past service costs are recognised in profit or loss on the earlier of:

- a. The date of the plan amendment or curtailment, and
- b. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b. Net interest expense or income

Long term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

i. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- a. Debt instruments at amortised cost
- b. Debt instruments at fair value through other comprehensive income (FVTOCI)
- c. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

Debt instruments at amortised cost: A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI: A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on

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Notes to financial statements for the year ended 31st March 2024

an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, Margin deposits, trade receivables and bank balance

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Notes to financial statements for the year ended 31st March 2024

- b. Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on;

- a. Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- a. All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- b. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the following provision matrix at the reporting date:

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

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Notes to financial statements for the year ended 31st March 2024

- a. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
- b. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- c. Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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Notes to financial statements for the year ended 31st March 2024

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings: This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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Notes to financial statements for the year ended 31st March 2024

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

e. Cash and Cash Equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

f. Foreign currencies

The financial statements are presented in INR, which is the company's Presentation currency. Exchange rate is fixed 1INR = 1.6NPR for all accounting periods.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign

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Notes to financial statements for the year ended 31st March 2024

operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

g. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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Notes to financial statements for the year ended 31st March 2024

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Management comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Management and the Company's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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Notes to financial statements for the year ended 31st March 2024

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- a) Disclosures for valuation methods, significant estimates and assumptions
- b) Contingent consideration
- c) Quantitative disclosures of fair value measurement hierarchy
- d) Investment in unquoted equity shares (discontinued operations)

h. Revenue recognition

Revenue from sale of energy is recognized on accrual basis in accordance with the provisions of the Power Purchase Agreement (PPA), after Commercial Operation Date and includes unbilled revenue accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to customers based on the units of energy delivered and the rate agreed with the customers.

The Claims for delayed payment charges and any other claims, which the Company is entitled to under the PPAs, are accounted for in the year of acceptance.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

i. Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends: Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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Notes to financial statements for the year ended 31st March 2024

j. Taxes on income

Current income tax

Tax expense comprises current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Nepal Income Tax Act.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- a. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- b. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- a. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business

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Notes to financial statements for the year ended 31st March 2024

combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- b. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Minimum Alternate Tax (MAT) is not applicable in Nepal.

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Notes to financial statements for the year ended 31st March 2024

k. Earnings per share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

l. Significant accounting judgments, estimates and assumptions:

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

m. Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

n. Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently

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Notes to financial statements for the year ended 31st March 2024

involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

o. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

15. Contingent Liability-

Particulars	(Amount in Rs "00")	
	31 st March, 2024	31 st March, 2023
Contingent Liability		
Bank Guarantees to Investment Board of Nepal.	2,81,250	2,81,250
Bank Guarantees to Bangladesh Power Development Board	41,10,500	37,95,500

BG to BPDB is USD 5,000,000/-, Spot Exchange Rate is Used as on 31st March 2024: 82.21 INR = 1 USD and as on 31st March 2023: 75.91 INR = 1 USD respectively for Conversion.

16. Capital commitments/ Other commitments:

(Amount in Rs "00")

Schedule for Ageing of CWIP as on 31 Mar 2024:					
Amount in CWIP/IAUD for a period of					
Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Project in progress	17,34,948	20,41,507	13,13,260	1,48,70,078	1,99,59,793
Total	17,34,948	20,41,507	13,13,260	1,48,70,078	1,99,59,793

Schedule for Ageing of CWIP as on 31 Mar 2023:					
Amount in CWIP/IAUD for a period of					
Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Project in progress	20,41,507	13,13,260	14,49,207	1,34,20,871	1,82,24,845
Total	20,41,507	13,13,260	14,49,207	1,34,20,871	1,82,24,845

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances is INR ("00") 1,32,281 /- as on 31st March 2023.

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17. Employee Benefits:

The company has determined the liability for gratuity and long term compensated absences in accordance with revised AS 15.

Disclosures as envisaged in revised AS 15 in respect of Gratuity and leave encashment are given below:

Gratuity and Leave Encashment:

Defined Benefit Plan - As per Actuarial Valuation as at 31 March 2024 - Liability towards Leave Encashment and Gratuity – NA

18. Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Particulars	(Amount in Rs “00”)	
	31 st March 2024	31 st March 2023
Nominal value of Equity Shares(INR Per share)	INR 62.5	INR 62.5
Total No. of Equity Shares outstanding at the beginning of the Period/Year	1,500,000	1,500,000
Total No. of Equity Shares outstanding at the end of the Period/Year	1,500,000	1,500,000
Weighted average No. of Equity shares for Basic earnings per Share	1500,000	1500,000
Profit as per Profit and loss Account	(17,589)	(18,037)
Less: Dividend on Preference shares (including tax thereon)	-	-
Profit/ (Loss) for Earning per share	(17,589)	(18,037)
Earnings per Share (EPS)	(0.12)	(0.012)

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Notes to financial statements for the year ended 31st March 2024

19. Related Party Disclosures

Names of related parties and related party relationship

GMR Upper Karnali Hydropower Limited - Related Parties as on 31 March 2023		
(i)	Enterprises that control the Company	GMR Enterprises Limited GMR Infrastructure Limited GMR Energy Limited GMR Energy (Mauritius) Limited GMR Lion Energy Limited (GLEL)
(ii)	Ultimate Holding Company	GMR Enterprises Private Limited
(iii)	Fellow Subsidiary Companies	GMR Infrastructure Limited GMR Sports Private Limited GMR League Games Private Limited GMR Infratech Private Limited Cadence Enterprises Private Limited PHL Infrastructure Finance Company Private Limited Vijay Nivas Real Estates Private Limited Fabcity Properties Private Limited Kondampeta Properties Private Limited Hyderabad Jabilli Properties Private Limited Leora Real Estates Private Limited Pashupati Artex Agencies Private Limited Ravivarma Realty Private Limited GMR Solar Energy Private Limited Rajam Enterprises Private Limited Grandhi Enterprises Private Limited Ideaspace Solutions Private Limited National SEZ Infra Services Private Limited Kakinada Refinery and Petrochemicals Private Limited Corporate Infrastructure Services Private Limited GMR Bannerghatta Properties Private Limited Kirthi Timbers Private Limited AMG Healthcare Destination Private Limited GMR Holding (Malta) Limited GMR Infrastructure (Malta) Limited GMR Holdings (Overseas) Limited GMR Holdings (Mauritius) Limited Crossridge Investments Limited Interzone Capital Limited GMR Holdings Overseas (Singapore) Pte Limited GMR Business & Consultancy LLP GMR Energy Limited (GEL) GMR Power Corporation Limited (GPCL)

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

GMR Vemagiri Power Generation Limited (GVPGL)
GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL)
GMR Mining & Energy Private Limited (GMEL)
GMR Kamalanga Energy Limited (GKEL)
GMR Energy (Mauritius) Limited (GEML)
GMR Lion Energy Limited (GLEL)
GMR Upper Karnali Hydropower Limited (GUKPL)
GMR Energy Trading Limited (GETL)
GMR Consulting Services Private Limited (GCSPL)
GMR Coastal Energy Private Limited (GCEPL)
GMR Bajoli Holi Hydropower Private Limited (GBHHPL)
GMR Londa Hydropower Private Limited (GLHPPL)
GMR Kakinada Energy Private Limited (GKEPL)
GMR Energy (Cyprus) Limited (GECL)
GMR Energy (Netherlands) B.V. (GENBV)
PT Dwikarya Sejati Utma (PTDSU)
PT Duta Sarana Internusa (PTDSI)
PT Barasentosa Lestari (PTBSL)
SJK Powergen Limited (SJK)
PT Unsoco (PT)
GMR Warora Energy Limited (Formerly EMCO Energy Limited)
Indo Tausch Trading DMCC (ITTD)
GMR Maharashtra Energy Limited (GMAEL)
GMR Bundelkhand Energy Private Limited (GBEPL)
GMR Rajam Solar Power Private Limited (formerly known as GMR Uttar Pradesh Energy Private Limited (GUPEPL)
GMR Hosur Energy Limited (GHOEL)
GMR Gujarat Solar Power Private Limited (GGSPPL)
Karnali Transmission Company Private Limited (KTCPL)
Marsyangdi Transmission Company Private Limited (MTCPL)
GMR Indo-Nepal Energy Links Limited (GINELL)
GMR Indo-Nepal Power Corridors Limited (GINPCL)
GMR Generation Assets Limited (formerly known as GMR Renewable Energy Limited (GREEL))
GMR Energy Projects (Mauritius) Limited (GEPML)
GMR Infrastructure (Singapore) Pte Limited (GISPL)
GMR Coal Resources Pte Limited (GCRPL)
GMR Power Infra Limited (GPIL)
GMR Highways Limited (GMRHL)
GMR Tambaram Tindivanam Expressways Limited (GTTEPL)
GMR Tuni Anakapalli Expressways Limited (GTAEPL)
GMR Ambala Chandigarh Expressways Private Limited (GACEPL)
GMR Pochanpalli Expressways Limited (GPEPL)
GMR Hyderabad Vijayawada Expressways Private Limited

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

(GHVEPL)
GMR Chennai Outer Ring Road Private Limited (GCORRPL)
GMR Kishangarh Udaipur Ahmedabad Expressways Limited (GKUAEL)
GMR Highways Projects Private Limited (GHPPL)
GMR Hyderabad International Airport Limited (GHIAL)
Gateways for India Airports Private Limited (GFIAL)
Hyderabad Airport Security Services Limited (HASSL)
GMR Hyderabad Airport Resource Management Limited (GHARML)
GMR Hyderabad Aerotropolis Limited (HAPL)
GMR Hyderabad Aviation SEZ Limited (GHASL)
GMR Aerospace Engineering Limited (GAEL) (formerly known as MAS GMR Aerospace Engineering Company Limited)
GMR Aero Technic Limited (GATL) (formerly known as MAS GMR Aero Technic Limited (MGATL))
Hyderabad Duty Free Retail Limited (HDFRL)
GMR Airport Developers Limited (GADL)
GADL International Limited (GADLIL)
GADL (Mauritius) Limited (GADLML)
GMR Hotels and Resorts Limited (GHRL)
GMR Hyderabad Airport Power Distribution Limited (GHAPDL)
Delhi International Airport Private Limited (DIAL)
Delhi Aerotropolis Private Limited (DAPL)
Delhi Duty Free Services Private Limited (DDFS)
Delhi Airport Parking Services Private Limited (DAPSL)
GMR Airports Limited (GAL)
GMR Airport Global Limited (GAGL)
GMR Airports (Mauritius) Limited (GALM)
GMR Aviation Private Limited (GAPL)
Raxa Security Services Limited (Raxa)
GMR Krishnagiri SEZ Limited (GKSEZ)
Advika Properties Private Limited (APPL)
Aklima Properties Private Limited (AKPPL)
Amartya Properties Private Limited (AMPPL)
Baruni Properties Private Limited (BPPL)
Bougainvillea Properties Private Limited (BOPPL)
Camelia Properties Private Limited (CPPL)
Deepesh Properties Private Limited (DPPL)
Eila Properties Private Limited (EPPL)
Gerbera Properties Private Limited (GPL)
Lakshmi Priya Properties Private Limited (LPPPL)
Honeysuckle Properties Private Limited (HPPL)
Idika Properties Private Limited (IPPL)
Krishnapriya Properties Private Limited (KPPL)
Larkspur Properties Private Limited (LAPPL)

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

		<p>Nadira Properties Private Limited (NPPL) Padmapriya Properties Private Limited (PAPPL) Prakalpa Properties Private Limited (PPPL) Purnachandra Properties Private Limited (PUPPL) Shreyadita Properties Private Limited (SPPL) Pranesh Properties Private Limited (PRPPL) Sreepa Properties Private Limited (SRPPL) Radhapriya Properties Private Limited (RPPL) Asteria Real Estates Private Limited (AREPL) GMR Hosur Industrial City Private Limited (GHICL) Namitha Real Estates Private Limited (NREPL) Honey Flower Estates Private Limited (HFEPL) GMR Hosur EMC Limited (GHEMCL) GMR SEZ and Port Holdings Limited (GSPHL) East Godavari Power Distribution Company Private Limited (EGPDCPL) Suzone Properties Private Limited (SUPPL) GMR Utilities Private Limited (GUPL) Lilliam Properties Private Limited (LPPL) GMR Corporate Affairs Private Limited (GCAPL) Dhruvi Securities Private Limited (DSPL) Kakinada SEZ Limited (KSL) GMR Business Process and Services Private Limited (GBPSPL) GMR Infrastructure (Mauritius) Limited (GIML)</p>
(iv)	Enterprises where significant influence exists	Nil
(v)	Enterprises where key management personnel and their relative exercise significant influence	None
(vi)	Key Management Personnel	<p>Mr. Ashis Basu Mr. Sanjay Narayan Barde Mr. Ashis Basu Mr. Manoj Kumar Dixit Mr. Kulman Ghising Mr Amrinder Kumar Maggu Mr. Virat Kongmaneerat (With effect from 09 September 2022)</p>

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the year ending 31st March 2023 and 31st March 2022 and the closing balance as on 31st March 2023 and 31st March 2022.

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

a) No transactions with related parties have been entered during the year.

b) Closing balances with the above related parties is:

(Amount in Rs."00")

Name of the company	31 March 2024	31 March 2023
i. Share Capital - Equity Share capital Enterprises that control the company-GLEL	9,3750	9,3750
ii. Share Application money Enterprises that control the company-GLEL	1,29,78,055	1,13,14,940
ii. Other Liabilities		
Fellow Subsidiary Companies – GMR Consult.	Nil	Nil
Fellow Subsidiary Companies – KTCPL	Nil	Nil

No compensation has been provided to key management personnel.

20. Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in accounting policies, to the financial statements.

a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2024 and March 31, 2023.

GMR Upper Karnali Hydropower LimitedNotes to financial statements for the year ended 31st March 2024

As at March 31, 2024

(Amount in Rs"00")

Particulars	Fair value through consolidated statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying value	Total Fair value
Financial assets					
(i) Loans	-	-	16,645	16,645	16,645
(ii) Cash and cash equivalents	-	-	1,25,712	1,25,712	1,25,712
Total	-	-	1,42,357	1,42,357	1,42,357
Financial liabilities					
Other financial liabilities	-	-	1,00,23,028	1,00,23,028	1,00,23,028
Total	-	-	1,00,23,028	1,00,23,028	1,00,23,028

As at March 31, 2023

(Amount in Rs "00")

Particulars	Fair value through consolidated statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying value	Total Fair value
Financial assets					
(i) Loans	-	-	28,749	28,749	28,749
(ii) Cash and cash equivalents	-	-	87,771	87,771	87,771
Total	-	-	1,16,519	1,16,519	1,16,519
Financial liabilities					
Other financial liabilities	-	-	98,82,556	98,82,556	98,82,556
Total	-	-	98,82,556	98,82,556	98,82,556

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

Financial risk management objectives and policies

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- i. Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- ii. Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Financial instruments and cash deposits- Credit risk from balances with banks and financial institutions is managed by the company's treasury department in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

(Amount in Rs “00”)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	INR	INR	INR	INR	INR	INR
Year Ended on 31/03/2024						
Borrowings						
Other financial liabilities	1,00,23,028					1,00,23,028
Total	1,00,23,028					1,00,23,028
Year Ended on 31/03/2023						
Borrowings						
Other financial liabilities	98,82,556					98,82,556
Total	98,82,556					98,82,556

21. The Company has entered into certain cancelable operating lease agreements mainly for office premises. The lease rentals considered under Capital Work in Progress for the period as per the agreement are as follows:

(Amount in Rs “00”)

Particulars	For year ended 31 st March 2024	For year ended 31 st March 2023
Lease Rentals under cancelable leases	58,460	54,199
Lease Rentals under non-cancelable leases	-	-

22. Expenditure in Foreign Currency – Nil
23. Deferred Tax Assets and Deferred Tax Liability have not been recognized in financials as there is no timing difference.
24. Trade Payable Aeging

Ageing of Trade Payable as on 31 Mar 2024:					
Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,40,471		2,25,912	96,56,644	1,00,23,027

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

Total		1,40,471	-	2,25,912	96,56,644	1,00,23,027
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Ageing of Trade Payable as on 31 Mar 2023:					
Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	2,25,912	3,35,425	93,21,219	98,82,556
Total		2,25,912	3,35,425	93,21,219	98,82,556

25. Foreseeable losses: The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

26. There are no micro and small enterprises to which the company owes dues which are outstanding for more than 45 days as at 31st March 2024 and 31st March 2023. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

27. Segment Reporting

The company is engaged primarily in the business of setting and running of Power Plants. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly, separate primary and secondary segment reporting disclosures as envisaged in Accounting Standard (Ind AS-108) on Segmental Reporting issued by the ICAI are not applicable to the present activities of the company.

28. Fair Value

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the financial statements is reasonable approximation of fair value.

29. Capital Management

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

(Amount in Rs''00'')

Particulars	At 31 March 2024	At 31 March 2023
Borrowings	93,74,744	93,74,744
Total debts	93,74,744	93,74,744
Capital Components		
Share Capital	93,750	93,750
Equity	1,24,88,341	1,08,42,816
Total Capital	1,25,82,091	1,09,36,566
Capital and net debt	2,19,56,835	2,03,11,
Gearing ratio (%)	43%	46%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023.

Pending Litigations: The Company does not have any pending litigations which would impact its financial position

S. No	Parties	Court	Litigation Details	Current Update
1	Chandra Kumari Thani & Ors. vs. Govt. of Nepal, Investment board of Nepal	SUPREME COURT OF NEPAL	Challenging enhancement of project capacity from 300 MW to 900 MW and other non-compliance of legal procedures.	Since PDA has been signed on 19.09.2014 between GMR and IBN, the Writ has become infructuous.

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

2	Sharad Singh Bhandari vs. Govt. of Nepal & ors.	SUPREME COURT OF NEPAL	Seeking declaration that the project development agreement dated September 19, 2014 executed with Investment Board, Government of Nepal is against the interest of Nepal and its people and also amongst others, is against the provisions of Investment Board Act, 2011, Environment Protection Act, 1997, Water Resources Act, 1992 and the same should be declared null and void.	We have replied that PDA has been executed in most transparent manner and in compliance of all Constitutional provisions and other prevailing laws and hence the same is legal & binding on the parties.
3	Ratan Bhandari vs. Govt. of Nepal, Investment board of Nepal	SUPREME COURT OF NEPAL	Seeking declaration that the project development agreement dated September 19, 2014 executed with Investment Board, Government of Nepal is against the interest of Nepal and its people and also amongst others, is against the provisions of Investment Board Act, 2011, Environment Protection Act, 1997, Water Resources Act, 1992 and the same should be declared null and void.	We have replied that PDA has been executed in most transparent manner and in compliance of all Constitutional provisions and other prevailing laws and hence the same is legal & binding on the parties.
4	Janmadev Jaisi vs. Govt. of Nepal, Investment board of Nepal	SUPREME COURT OF NEPAL	Seeking declaration that additional time of one year i.e. up to Sept 2017 granted by IBN to GMR for achieving Financial Closure if not in the interest of Nepali Public and is against the interest of Nepal.	We have replied that all the efforts made to achieve FC within time stipulated, have been explained in the application and the decision of IBN in granting extension is justified and as per the terms of PDA.
5	Janmadev Jaisi (Second) vs. Govt. of Nepal, Investment board of Nepal	SUPREME COURT OF NEPAL	Seeking declaration that additional time of one year i.e. up to Sept 2018 granted by IBN to GMR for achieving Financial Closure if not in the interest of Nepali Public and is against the interest of Nepal.	We have replied that all the efforts made to achieve FC within time stipulated, have been explained in the application and the decision of IBN in granting extension is justified and as per the terms of PDA.

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

6	Ratan Bhandari vs. Govt. of Nepal, Investment board of Nepal & others	SUPREME COURT OF NEPAL	<p>The petitioner has, inter-alia, challenged the decision of the Council of Ministers dated 15th July 2022 whereby two years extension of time w.e.f. the said date has been granted to the company for achieving the Financial Closure.</p>	<p>The said extension of time for achieving financial closure has been duly granted by GoN in accordance with clause 3.4.1 of PDA, necessitated due to the extraneous circumstances beyond control of the company, after detailed examination of the application of the company by the high-level Expert committee headed by Hon'ble Vice Chairman of the Planning Commission of Nepal. An interim stay against the implementation of the said decision dated 15.07.2022 of Govt. of Nepal regarding extension of time was granted by the Single Judge Bench of the Hon'ble Supreme Court on 03.11.2022. The GoN, IBN as well as the company filed the applications for vacation of said interim stay and replies on merits also , establishing that the PILs are baseless and are liable to be dismissed.</p> <p>Presently, the Constitution Bench of Hon'ble Supreme Court of Nepal is hearing these PILs which have been clubbed together.</p>
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GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

30. Effective Tax Reconciliation (ETR)

Effective Tax Reconciliation for the year ended March 31, 2024	(Amount in Rs.)	
	Year ended 31-Mar-24	Year ended 31-Mar-23
Income tax		
Accounting profit before tax	(17,589)	(18,037)
Tax rate	20.00%	20.00%
Tax at the applicable tax rate of 20% (March 31, 2024: 20%)	-	-
Deferred tax	NA	NA
Tax effect of expenses that are not deductible in determining taxable profit:		
Other non-deductible expenses	-	-
At the effective income tax rate	-	-
Total tax expense reported in the statement of profit and loss	-	-

31. New Indian Accounting Standard (Ind AS) issued but not yet effective

Ind AS 115 'Revenue from Contracts with Customers' was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 and permits two possible methods of transition:

retrospectively to each prior reporting period presented in accordance with Ind AS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or

retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the Company expects there to be a change in the manner that variable consideration in certain revenue arrangements is recognized from the current practice of recognizing such revenue as the services are performed and the variable consideration is earned to estimating the achievability of the variable conditions when the Company begins delivering services and recognizing that amount over the contractual period. The Company also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

Amendments to Indian Accounting Standards (Ind AS) issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the company as the company has no deductible temporary differences or assets that are in the scope of the amendments.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

32. The Previous year's figures have been re-grouped and reclassified, wherever necessary, to confirm to those of current year.

33. Recent accounting pronouncements.

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies and include corresponding amendments to IND AS 107 and IND AS 34. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31st March 2024

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. Also there is corresponding amendment to IND AS 101. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

**For Girish Murthy &
Kumar**

Chartered Accountants

Firm Registration Number: 000934S

**ACHYUTHA
VENKATA
SATISH
KUMAR**

Digitally signed by ACHYUTHAVENKATA
SATISH KUMAR
DN: cn=QIPERSONAL, o=D 2.5.4.65,
c=IN, email=achyutha17@rediffmail.com,
ou=000934S, serialNumber=1776244,
phone=
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A.V.Satish Kumar

Partner

Membership no.: 26526

Place: Bangalore

Date: 02.05.2024

For and on behalf of the Board of directors

**Ashis
Basu**

Digitally signed by Ashis Basu
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9644, postalCode=122002, street=DLF
I, Oakwood, Sector 25, Sanderpur
Ghos68, Gurgaon,
phoneNumber=0114800980002046980099
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serialNumber=83afca956a0928b52cb390
1cc24922a0c41e08b0271660818028cc
722f051, o=Personal, cn=Ashis Basu
Date: 2024.05.02 16:08:54 +05'30'

Ashis Basu

Director

DIN no: 01872233

Place: New Delhi

Date: 02.05.2024

**MANOJ
KUMAR
DIXIT**

Digitally signed by MANOJ KUMAR
DIXIT
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KUMAR DIXIT
Date: 2024.05.02 16:09:52 +05'30'

Manoj Kumar Dixit

Director

DIN no: 09355400

Place: New Delhi

Date: 02.05.2024